

Minnesota State University, Mankato

FY10-12 Facilities and Administration Costs (formerly called Indirect Costs)

All externally funded projects must include facilities and administration (F&A) costs. Project Investigators (PI) s are responsible for including F&A costs in their budget.

Definition of Facilities and Administration (F&A) Costs

F&A costs are broad categories of costs. "Facilities" is defined as depreciation and use allowances, interest on debt associated with certain buildings, equipment and capital improvements, operation and maintenance expenses, and library expenses. "Administration" is defined as general administration and general expenses, departmental administration, sponsored projects administration, student administration and services, and all other types of expenditures not listed specifically under one of the subcategories of Facilities (including cross allocations from other pools). See OMB Circular A-21 <http://www.whitehouse.gov/omb/circulars/a021/a021.html>

F&A Rates

Federal Grants and Contracts: (The federal rate was negotiated with the Department of Human and Health Services Central States Office and dated February 18, 2005.)

On campus 46% of MSU personnel cost, excluding fringe benefits

Off campus 15% of MSU personnel cost, excluding fringe benefits

OFF-CAMPUS DEFINITION: For all activities performed in facilities not owned by the institution and to which rent is directly allocated to the project(s), the off campus rate will apply. Actual costs will be apportioned between on-campus and off-campus components. Each portion will bear the appropriate rate. In addition to the University not owning the space, one other criterion should be met: a) the space is remote from the University campus, OR b) no University entity bears a lease cost for occupying the space. Factors indicating that a space is remote include significant distance from the main campus, and use of separate (non-University) services such as mail, telephone, network and other support services.

State, Local, Foundation or Corporate Grants and Contracts:

8% of Total Direct Costs or the maximum allowed by the agency

Policy on Variances or Waiver of F&A Costs

In accordance with Minnesota Statute 16A.127, Minnesota State University, Mankato (MSUM) requires F&A recovery on all externally funded activity. MSUM reserves the right to reject any proposal that does not include F&A costs. MSUM does not allow variances or waiver of F&A recovery except as allowed by these guidelines. If the funding entity has a policy prohibiting full F&A recovery or has special requirements regarding F&A cost recovery to the University, the PI is responsible for submitting a copy of that policy to the Office of Research and Sponsored Programs with the Campus Approval for Externally Funded Projects (CAEFP) form.

F&A Budget Distribution

The purpose and goal of the Grants and Contracts F&A Recovery budget distribution is to provide funding and support for continued and new activity in research, grants, and contracts to the University.

Distribution Formula

By October 1 of each year, University funds equivalent to the amount of F&A costs recovered from grants and contracts in the previous year will be distributed as follows:

- 50%** to the appropriate division or college generating the activity in the previous year
- 30%** to Office of Research and Sponsored Programs to provide administrative support to faculty and staff for research, grants and other outside funding
- 10%** to Library Services for research support and resources
- 10%** Student Affairs Initiative/Post Award Support

Use of Funds Distributed to Divisions and Colleges

- Proposal development costs (postage, printing, staff time)
- Travel to seek possible funding, to engage in research or creative activity, or to present research or creative results
- Equipment and supplies purchased or leased to support research or creative activity
- Matching funds required by granting agencies
- Service Contracts
- Research Assistantships (including tuition reimbursement) and student help
- Adjunct or other staff time to replace time reassigned for research, project support, or proposal development
- Other expenditures that provide direct benefit to projects supported by external funding.

Use of Funds for Administrative Support to Faculty and Staff

- Funds allocated to the Office of Finance and Administration will be used to provide post award support.
- Funds allocated to the Office of Research and Sponsored Programs (RASP) will be used to supplement its operating and personnel budget. Additionally, the RASP allocation will be used for the following:
 1. No less than 15% of the RASP Allocation will be used to support proposal development activities by faculty and staff such as grant writing assistance; project investigator training; undergraduate or graduate student help during proposal development or project implementation such as preliminary data acquisition and analysis; peer review and research mentoring; travel to meet with collaborators, program officers and institutions with which MSUM must subcontract.
 2. Subscriptions to external funding search services
 3. Training and Workshops for faculty and staff
 4. Salary for graduate assistants who will provide grant mining and proposal development assistance to colleges

Use of Funds Distributed to Library Services

- Acquisition of resources that support faculty research and scholarship beyond normal purchases that support curriculum or departmental needs
- Acquisition of research-related resources of university wide interest

- Purchase of trial subscriptions to research resources

Distribution Process

1. A unique F&A cost center is established in each division or college from which expenditures can be made.
2. By **October 1**, a new budget distribution for F&A indirect recovery from activity collected in the previous year will be added to the appropriate cost center based on the Distribution Formula.
3. Each division or college will have a process for distribution of their F&A budget for use in generating new research, grant and contract activity or in support for continued activity. Interested faculty and staff should contact their respective Vice President or Dean for information on how to request these funds.

Carry Forward Process

- 1. Fund balances can only carry forward one fiscal year, and do not automatically carry forward**
2. By **September 1** each year, each division and/or college will be required to submit:
 - a. a report to the Budget Office on the use of funds during the preceding fiscal year
 - b. a plan for the use of any fund balance from the F&A distributed the previous fiscal year
3. Fund balance includes only the balance on the previous year's F&A activity.
4. If plans have not been received in the Budget Office by September 1, the carry forward balance of any unused F&A funds by Colleges, Divisions or Pre/Post Award offices will be moved to a Grant and Contract Incentive Fund.
5. Any balances from years prior will also automatically be moved to the Grant and Contract Incentive Fund for reallocation
6. An exception to this carry forward would require the division and/or college to submit a detailed plan for the need to accumulate carry forward for more than one year by September 1 to the Budget Office. This exception would be for some large piece of equipment that would require accumulation of 1-3 years of budget to purchase.

7. Reallocation of Unused F&A Funds (Grant and Contract Incentive Fund)

The purpose of this Grant and Contract Incentive Fund is to reallocate unused funds to provide Colleges, Divisions and Project Investigators with support so that they might increase their competitiveness for external funding opportunities. Administrators, faculty and staff may apply for

funds to support proposal development activities through the External Funded Grant (EFG Process). Applicants will be subject to the uses of funds detailed in this policy.

A Sub Group of Budget Sub Meet & Confer (BSMC) the Dean of Graduate Studies and Research and representatives of the Research and Sponsored Programs office will manage the Grant and Contract Incentive Fund process.

The Subgroup of BSMC will include a chart detailing how Grant and Contract Incentive Funds were reallocated in its year end report that will be submitted to the Budget Office by September 1.

The Facilities and Administration (F&A) Process will be reviewed during FY12.