Minnesota State University, Mankato
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

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 account will be established in each division or college from which expenditures will be made.
2. By October 1, the budget for F&A recovery from activity collected in the previous year will be added to the appropriate division or college cost center and the pre and post award cost centers.

3. Each division or college will have a process for distribution of these funding during the fiscal year for use in generating new research, grant and contract activity or in support for continued activity through a written request for use of the funds made to the appropriate Vice President or Dean.
4. Funds in these accounts do not automatically carry forward to the next fiscal year. By September 1, each division or college will be required to submit a report to the Budget Office on the use of funds during the preceding fiscal year and a plan for the use of any fund balance to be carried forward for the next fiscal year.

Reallocation of Unused F&A Funds

The carry forward balance of any unused F&A funds by Colleges, Divisions or Pre/Post Award offices will be moved to the Grant and Contract Incentive Fund the following fiscal year unless a plan for the use of unexpended funds is submitted to the Budget Office. A Sub Group of BSMC and a representative of the Research and Sponsored Programs office will administer the Grant and Contract Incentive Fund. The purpose of this Grant and Contract Incentive Fund is 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 throughout the fiscal year. Applicants will be subject to the uses of funds detailed in this policy.

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.