

FACILITIES AND ADMINISTRATION COST (formerly known as Indirect Costs)

I. INTRODUCTION

Minnesota Statute 16A.127 requires Facilities and Administration (F&A) cost recovery on all sponsored project activities, St. Cloud State University reserves the right to decline any proposal that does not include F&A costs.

II. F&A RATES

- 33.4% federal
- 12% non-federal

III. REDISTRIBUTION OF F&A RECOVERY

Recovered F&A funds support the University and its strategic goals. Recovered funds will be distributed as follows:

- 50% to the University's General Fund
- 25% to Research and Sponsored Programs
- 10% to College/School
- 10% to Unit
- 5% to Principal Investigator

F&A funds will be redistributed in the fiscal year following the fiscal year they were collected. F&A returns must be spent within the fiscal year they are received. If any College, Unit or PI has a negative grant balance, this must be rectified before any F&A return can be received. A Unit is an official recognized, academic or administrative entity (e.g. department or center). The PIs portion of F&A return will be split evenly among PIs, unless an alternate agreement has been made and approved by all co-PIs.

SUPPLEMENTAL INFORMATION

Process and Calculation

F&A cost is calculated and included within a proposal budget prior to submission to an external funding agency.

Federal Funds. Proposals to and awards from federal agencies must include F&A costs at the rate set forth in the University's agreement negotiated with the U.S. Department of Health and Human Services, except as provided otherwise by federal regulations, *on-campus rate 33.4% and off-campus rate 16.4% effective 07/01/2018 – 06/30/2022 and provisional 07/01/2022 – 06/30/2025.*

F&A costs on *federal flow-through** funds must be included at the appropriate federal rate, except as provided otherwise by federal regulations.

**Federal flow-through funds are awards to SCSU from State of Minnesota agencies, city and county government entities, and other non-federal agencies (including other institutions of higher education) that are funded by federal agencies.*

Federal Funds F&A Calculation

Step 1: Total Direct Cost – Exclusions* = Modified Total Direct Cost

Step 2: Modified Total Direct Cost x 33.4% = F&A Cost

Step 3: Total Direct Cost + F&A Cost = Total Project Costs

** Exclusions include equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of \$25,000.*

Non-federal Funds. Proposals to and awards from non-federal entities must include 12% F&A costs.

Non-federal Funds F&A Calculation

Step 1: Total Direct Cost x 12% = F&A Cost

Step 2: Total Direct Cost + F&A Cost = Total Project Costs

Exceptions to Using the defined F&A Rates

Funding Agency Limits F&A Rate

Some external funding entities limit the F&A rate that SCSU can charge to sponsored projects. The limited F&A rate must be published in the funding entity's written guidelines (*request for proposal, request for application, broad agency announcement, or other published guidelines*), be published on their web site, or be confirmed in writing by the funding agency (*a rate reduction requested by a program officer or agency staff person does not constitute as an entity's published F&A rate*). The lower rate must be applicable to all proposals submitted for that particular program or that agency (*not solely to SCSU's proposal.*) ***The PI(s) must provide evidence of the published rate with the Proposal Approval Form submitted to the Office of Research and Sponsored Programs prior to submission.*** If such documentation cannot be provided, SCSU's full applicable F&A rate will apply.

Requesting an F&A Cost Variation

If the above exception does not apply, but the PI believes there is justification for a rate reduction, the PI can submit a request for variation for consideration. To do so, PIs must attach a brief summary of the request with justification to the associated Proposal Approval Form. The request must be endorsed by their Dean/Vice President prior to submitting to the Office of Research and Sponsored Programs. The request will be reviewed and considered by the Associate Provost for Research, and if needed, additional information may be requested. SCSU reserves the right to decline any proposal that does not include F&A costs.

Redistribution of F&A Recovery

Funds redistributed are meant to support continued and new scholarly activity, research portfolios, and foster new grants and contracts for the University.

Examples of expected uses for F&A Recovery:

- Purchase of research supplies.
- Purchase or repair of research equipment and computers.
- Research related travel for faculty or student researchers to professional meetings or to funding agencies.
- Support for undergraduate or graduate research assistants or staff engaged in research activities.
- Support for activities related to obtaining additional funding such as cost share or grant preparation activities.
- Membership in Research Societies, the purchase of research-related publications (books, subscriptions to research journals) and publication costs.

F&A Recovery cannot be used for:

- Travel unrelated to research.
- Teaching supplies or equipment unless it is part of a research project.
- Salaries and fringes for the Principal Investigator(s).
- Entertainment including celebrations/parties.

Other notes

- If there is a disagreement over whether a specific expense can be paid using the F&A

Recovery, the Associate Provost for Research has authority to make the final decision regarding approval of the expenditure.

- When a faculty member who has an F&A recovery fund leaves the university, funds will not be redistributed.
- Items purchased with F&A Recovery are property of the University.

Definitions

Allowable Cost: Those categories of costs that can be charged to a grant or contract, such as salaries, equipment and supplies. Allowable costs vary by funding agency.

Direct Cost: Clearly identifiable costs related to a specific project. General categories of direct costs include but are not limited to salaries and wages, fringe benefits, supplies, contractual services, travel and communication, equipment, and computer use.

Exclusions: Defined by SCSU's federally-negotiated rate agreement (*issued by the U.S. Department of Health and Human Services*), modified total direct costs shall exclude equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of \$25,000.

F&A Cost Rate: A rate, expressed as a percentage, established by negotiation with the cognizant federal agency on the basis of the institution's projected costs for the year. The rate is used in computing the dollar amount charged to the grant/contract to reimburse the institution for Facilities and Administration costs incurred in doing the project work. Defined by SCSU's federally-negotiated rate agreement (*issued by the U.S. Department of Health and Human Services*), SCSU's federal rate is applied to modified total direct costs (MTDC) base and a non-federal rate is applied to total direct costs.

F&A Cost Recovery: F&A collected by the University are distributed throughout the institution to cover general expenses attributable to a specific project.

Facilities and Administrative (F&A) Cost: Formally referred to as Indirect Costs, costs that are incurred for common or joint objectives and, therefore, cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity.

Examples of F&A expenses to the University include utilities, library services, research and sponsored programs administration, business (accounting and purchasing) and payroll services, facility maintenance costs, and depreciation or use allowance costs for buildings and equipment.

Federal Flow-Through Funds: Awards to SCSU from State of Minnesota agencies, city and county government entities, and other non-federal agencies (including other institutions of higher education) that are funded by federal agencies.

Indirect Costs: See Facilities and Administrative (F&A) Costs.

Modified Total Direct Costs (MTDC): Defined by SCSU's federally-negotiated rate agreement (*issued by the U.S. Department of Health and Human Services*), the basic indirect costs are calculated on a subset of direct costs, normally excluding among other costs, equipment, space rental, alterations and renovations, and subaward/subcontract costs in excess of the first \$25,000.

Off-Campus Rate: For all activities performed in facilities not owned by SCSU and to which rent is directly allocated to the project(s), the off-campus rate will apply.

Sponsored Projects: All externally funded grants, contracts and other sponsored agreements.

Total Direct Cost: All costs that can be accurately identified and assigned with a particular sponsored project.

Total Project Cost: The total allowable direct and indirect costs incurred by the institution to carry out an approved project or activity.