

Minnesota State University, Mankato

FY15-20 Facilities and Administration Costs Procedure

All externally funded projects must include facilities and administration (F&A) costs. Principal Investigators (PIs) 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 2 CFR Parts 200 et al. - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards: http://www.ecfr.gov/cgi-bin/text-idx?SID=30122d289db56ae9f4fa6ee581f60288&tpl=/ecfrbrowse/Title02/2tab_02.tpl.

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 October 25, 2018.)

- On campus 38.1% of MSU personnel cost, including fringe benefits
- Off campus 10.6% of MSU personnel cost, including fringe benefits

State, Local, Foundation or Corporate Grants and Contracts:

- On campus 12% of Total Direct Costs or the maximum allowed by the agency
- Off campus 8% of Total Direct Costs or the maximum allowed by the agency

Any federal flow-through funding (regardless of the pass-through agency) should maintain federal rates and regulations.

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.

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 agency 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.
- Reduced or waived rates not documented by the funding agency will be supplemented by the PI's division/college, requiring a match account to be identified on the 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 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 by one of the following scenarios, as applicable:

F&A recovery less than \$540,000

\$160,000 to Research and Sponsored Programs for support staffing grant coordinator(s)

Remaining amount distributed:

71% to the appropriate division or college generating the activity in the previous year

14.5% to Library Services for research support and resources

14.5% to Finance and Administration for post award support

F&A recovery greater than/equal to \$540,000

50% to the appropriate division or college generating the activity in the previous year

30% to 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% to Finance and Administration for post award support

Any reallocation variance will need to be reviewed and approved by the Associate Vice President of Research and Dean of Graduate Studies.

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 1st, 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. By July 1st, each division or college will have a transparent and documented process for distribution of their F&A budget for use in generating new research, grant and contract activity or in support for continued activity. A copy will be submitted to the Associate Vice President of Research and Dean of Graduate Studies to keep on file. Interested faculty and staff should contact their respective Vice President or Dean directly for additional information on how to request these funds.

Use of Funds Distributed

- Proposal development costs: postage, printing, staff time, etc.
- Proposal development activities: grant writing assistance; project investigator training; peer review and research mentoring; travel to meet with collaborators, program officers and institutions with which MSUM must subcontract, etc.
- Personnel expenses, i.e. separation pay related to grant funded positions
- 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
- Pre and post award support
- Subscriptions to external funding search services
- Training and workshops for faculty and staff
- 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
- Other expenditures that provide direct benefit to projects supported by external funding

Carry Forward Process

1. Fund balances do not automatically carry forward into the next fiscal year.
 - a. Finance and Administration will disseminate F&A reports to divisions/colleges by June 30th, with a reminder to submit by October 1st: (1) use of funds reports, and (2) plans to request carry forward.

2. By October 1st each year, each division and/or college will be required to send the Budget Office and the Associate Vice President of Research and Dean of Graduate Studies the following:
 - a. a report on the use of funds during the preceding fiscal year, and
 - b. a plan for the use of any fund balance from the F&A distributed the previous fiscal year.

The Associate Vice President of Research and Dean of Graduate Studies will review and approve the reports/plans.

4. If plans have not been received by October 1st, 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. 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, as outlined in #2 of this section.
 - a. This exception would be for expenditures requiring accumulation of 1-3 years of budget to purchase (i.e. large equipment, personnel/separation expenses, etc.)
6. The F&A accounts will maintain a zero or positive balance each fiscal year. Negative amounts will require the college/division head to transfer funds and cover deficit balances.

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. This Fund will be treated as a reserve and used to support activities in line with the uses of funds detailed in this procedure.

A subgroup of the Budget Sub Meet & Confer (BSMC), the Associate Vice President of Research and Dean of Graduate Studies, and representatives from Research and Sponsored Programs will manage the Grant and Contract Incentive Fund process. The BSMC subgroup will report on how the Grant and Contract Incentive Funds were reallocated in its year-end report submitted to the Budget Office by October 1st.

The Facilities and Administration (F&A) Process will be reviewed during FY20.