

WAYNE STATE UNIVERSITY

University Policy

03-5 Facilities And Administrative Costs Distribution Policy (Second Release)

1.0 Purpose

- 1.1 The purpose of this university policy is to define the policy and process for the distribution of facilities and administrative (F&A) recovery resulting from externally sponsored grants and contracts.

2.0 Guidelines

- 2.1 The following guidelines will be applied to the submission of proposals in order to achieve appropriate F&A cost recovery. The guidelines also apply to grants and contracts that are awarded without the submission of a formal proposal.
 - A. Proposals submitted to the Federal Government will include full F&A costs, except where an agency rate is specified or the nature of the program precludes F&A cost recovery.
 - B. Proposals to any state or local governmental agencies will contain full F&A cost requests except where an agency rate is specified. If the agency sets specific rates for F&A costs, the maximum allowed rate will be used. Any F&A cost rate that differs from those established above must receive written approval from the Sponsored Program Administration (SPA) office prior to submission to the granting agency.
 - C. Proposals submitted to private non-profit associations and foundations will contain F&A cost requests consistent with established association/foundation policies. SPA will review policy statements by non-profit organizations regarding the level of F&A cost support and determine the rate to be applied. University acceptance of these awards will not constitute a waiver of F&A costs.
 - D. Proposals submitted to profit-making corporations will contain requests for the appropriate on or off-campus F&A cost rate as determined by SPA.
 - E. The Vice President for Research or his/her designee is the authorized representative to assign appropriate F&A cost charges to sponsored research, education and public service grants and contracts. He/she will

also distribute the revenues to be returned to individuals and units pursuant to university policy governing such returns.

F. Requests to waive F&A costs in whole or in part require the support of the faculty member, departmental chairperson and dean, and is based upon written documentation of corporate policy. If approved by the Vice President for Research or his/her designated representative, the agreed upon F & A amount will be divided in the same proportions as if full F&A costs were collected.

3.0 F&A Cost Return Policies

3.1 F&A cost recovery offsets real and actual costs incurred by the University as part of externally-sponsored research. The F&A cost rates are negotiated on a regular schedule with the Federal Government and are based on real costs associated with conducting research with the following components included: building use/depreciation; equipment use/depreciation; interest; operation and maintenance; and library and administration components.

3.2 Cost Recover

Percentage portions of the F&A costs recovered through sponsored projects within a school, college, institute or center will be returned to the principal investigator, department, dean/director, provost and vice presidents where appropriate, following collection from the sponsor of the allowable costs. The distribution will be set periodically by the Vice-President for Research based upon the review of recommendations received from a committee appointed by the President of the University or his/her designee.

3.3 Uses of F&A Cost Shares

Funds recovered pursuant to this policy will be given discrete account identities. Principal investigators, departmental chairpersons and dean/directors may use these funds for equipment, supplies, research-related travel and allied services to increase research capabilities and meet research costs.

Limited salary uses may be made of these funds in accordance with the following principles:

A. Recovered funds may not be used to supplement salaries for faculty or staff during the period of the individual's contract obligation to the university. This will not prevent the use of such funds for summer salary determined in accordance with policies prescribed by the University. Use of these funds for summer salaries requires written approval of the dean.

B. Since funds recovered under this university policy are not recurring, they will not be used for any personnel purpose that creates a continuing obligation for the university. Accordingly, these funds will not be used to hire any full-time or part-time personnel who, upon expiration of recovered funds, would still have an employment right at the University. This will not prevent these funds from being used, however, for salary for Research Assistants/associates/scientists or post-docs on subsidy condition, nor will it prevent the use of these funds for hiring support staff for limited durations or on subsidy condition, consistent with university policies.

3.4 Individual Accounts

A minimum of \$100 will be required to establish individual accounts for project directors and principal investigators or co-principal investigators.

When there is more than one principal investigator, the F&A costs distribution amount due will be divided equally between or among co-principal investigators unless a different arrangement is established prior to receipt of the grant and is filed in writing, with all pertinent signatures, with SPA.

SPA will periodically compute returns based on accounting records of actual revenue earned and report to the investigator(s).

When a principal investigator leaves the University, the balance of his/her share of F&A cost funds will revert to the department.

3.5 Departmental Accounts

Departments will receive a return of all F&A cost recovery generated by their faculties in their role as principal investigators and co-principal investigators who are separately budgeted in inter-departmental grants. When faculty are engaged jointly in funded projects across departmental lines, F&A cost funds will be shared equally between or among the departments of the co-principal investigators unless a different arrangement is established prior to receipt of the grant and is filed in writing, with all pertinent signatures, in SPA.

Computation and periodic reporting of departmental shares will be the responsibility of SPA. The funds may be distributed within the department by the chair or his/her designee for research-related activities.

3.6 College/School Accounts

College/schools will receive a prescribed return of F&A cost revenues generated by their faculty in their role as principal investigators and co-principal investigators who are separately budgeted in inter-collegiate grants.

When college/school faculty are engaged jointly in funded projects across collegiate lines, F&A cost funds will be shared equally between or among the colleges/schools of the co-principal investigators unless a different arrangement is established prior to receipt of the grant and is filed in writing, with all pertinent signatures, with SPA.

Computation and periodic reporting of college/school shares will be the responsibility of SPA. The funds may be distributed within the college/school at the discretion of the dean or his/her designee for research-related activities.

In colleges/schools that are not departmentalized or otherwise subdivided, both the normal departmental and college/school shares will go to the college/school.

3.7 Center/Institute Accounts

Because centers/institutes vary in their organizational relations with colleges/schools, and because the commitment of faculty members to the activities of centers/institutes varies, special principles will apply to the recovery of F&A cost funds by centers/institutes.

- A. Only those centers and institutes that have approval for operation consistent with the provisions of the Statute on Center and Institutes adopted by the Board of Governors on March 29, 1985, are eligible for F&A cost recovery. In cases of research entities informally entitled "centers" or "institutes," only the principal investigator(s) will receive distribution shares. Shares that would normally go to the department and the dean will be added to the share of the Research Stimulation Fund.
- B. Accounts will be established for centers/institutes for any F&A cost funds due the center/institute from sponsored research activities conducted by center/institute staff or faculty or by college/school faculty who engage as principal or co-principal investigators in the sponsored programs of centers/institutes.
- C. Individual accounts will be established for principal or co-principal investigators who are assigned full-time to the center/institute. F&A cost recovery will be treated for the purposes of these accounts as are faculty in paragraph 3.5.
- D. In those instances which a center/institute is part of a college/school:
 1. A grant awarded to an investigator engaged wholly by the center/institute will result in the school/college receiving the normal college share and the center/institute receiving the normal department share;

2. A grant awarded to a center/institute for one or more co-principal investigator(s) who is (are) assigned primarily to academic departments within the college/school will result in the college/school receiving the normal college share and the department(s) and the center/institute sharing the normal departmental share equally unless another arrangement has been made prior to receipt of the grant and filed in writing, with all pertinent signatures, with SPA; and
3. A grant awarded to a center/institute for one or more co-principal investigator(s) who is (are) assigned primarily to academic departments in different colleges/schools will result in:
 - a. The college/schools receiving equal portions of the normal college/school share; and
 - b. The center/institute and department(s) receiving equal portions of the normal departmental share.

These standards for distribution will vary only in instances in which other arrangements have been made in advance of receipt of the grant and filed in writing, with all pertinent signatures, in SPA.

E. In those instances in which a center/institute is not part of a college/school:

1. A grant to a center/institute, or to a faculty or staff member representing a center/institute, will result in the center/institute receiving the normal departmental share and the appropriate vice president to whom the director reports receiving the normal college/school share;
2. A grant awarded to the center/institute listing one or more principal investigators or co-principal investigators assigned primarily to colleges/schools and departments outside of the center/institute will result in:
 - a. the center/institute and the department receiving equal portions of the normal center/institute share; and
 - b. the vice president to whom the director reports and the college/school receiving equal portions of the normal college/school share.

These standards for distribution will vary only in instances in which other arrangements have been made in advance of receipt of the grant and filed in writing, with all pertinent signatures, with SPA.

F. In all instances, computation and periodic reporting of F&A cost funds from accounting reports of revenues received will be the responsibility of SPA. The custodians of the funds may, at their discretion or by action of

their designees, distribute the funds within the units of their respective jurisdictions for research-related activities.

3.8 Academic Support Units

In academic support units, the only distribution of F&A cost recovery will be to the Research Stimulation Fund, according to the distribution formula and to the unit director (equivalent to the normal departmental share). F&A cost pursuant to Section 3.3 will be awarded to the principal investigator(s) only in cases of competitive grants or contracts similar to those earned by faculty members. All other F&A cost funds will be allocated to the general fund.

F&A cost funds received on grants of student financial aid will be allocated entirely to the general fund, without any allocation to the various units of the university. F&A cost funds received on grants in support of laboratory animal facilities will be allocated entirely to the University Research Facilities Fund, without any allocation to the various units of the University.

3.9 F&A Cost Guidelines for Drug Studies

F&A costs for drug studies where the predominance of the work is executed in non-university facilities should be assessed a rate equal to the university's off-campus rate.

3.10 Carry Forward Balances Beyond Fiscal Year Closing

Balances in all F&A cost return accounts (principal investigator, department, college/school, center/institute, University Research Stimulation Fund, University Research Facilities Fund, Vice President for Research Operations, and the General Fund) will be carried over entirely from one fiscal year to the next except in face of events deemed by the president sufficiently serious to suspend this regulation.

4.0 Annual Report and Evaluation

- 4.1 On December 1 of each year, the Vice President for Research will report to the president on the F&A cost distribution in the previous fiscal year. The report will include, at a minimum, F&A cost received by the university, its distribution to individuals and units and its probable impact upon the research program of the university.

5.0 Duration

- 5.1 This university policy is revocable by the president at any time and without notice.

6.0 Effective Date

6.1 This executive order is effective upon issuance.

6.2 Executive Order 86-2 is hereby revoked, effective immediately.

Signed by President Irvin D. Reid July 10, 2007.