

Governing Principles for Recovery of Facilities and Administrative Costs

1.0 INTRODUCTION

It is the policy of Arkansas State University (A-State) to request and recover the full indirect (F&A) costs to which it is entitled. Indirect costs reimburse the University for legitimate and real expenses that cannot easily be charged as direct costs on external grants and contracts. Recovered indirect costs in no sense represent a “profit” or otherwise discretionary disposable general revenue. Rather, indirect-cost recovery offsets expenses attributable to externally sponsored projects. These expenses include use of space and equipment, depreciation on equipment and facilities, utility costs, financial accounting, departmental administrative costs, and numerous other support services.

2.0 PURPOSE

The purpose of this statement is to clarify and reaffirm the University’s policy concerning Facilities and Administration (indirect) costs.

3.0 DEFINITIONS

Facilities and Administration Costs (F&A). For major institutions of higher education, F&A (indirect) costs must be classified within two broad categories: “Facilities” and “Administration.” “Facilities” are defined as depreciation on buildings, equipment and capital improvements, interest on debt associated with certain buildings, and operations and maintenance expenses. “Administration” is defined as general administration and general expenses such as the research and technology transfer office, accounting, university-supported grant award management, personnel and all other types of expenditures not listed specifically under one of the subcategories of “Facilities” (including cross allocations from other pools, where applicable). ¹

Principal Investigator. The individual(s) who has (have) primary responsibility for management of a grant or contract.

4.0 APPLICABILITY

This policy applies to all external grant and contract proposals, external grants, and externally-funded contracts.

5.0 REGULATIONS

OMB 2 CFR 200

¹ OMB 2 CFR 200.414

6.0 GOVERNING PRINCIPLES

6.1 Overview

Federal regulations require institutions of higher education to charge uniform F&A for federal and non-federal awards when permitted and when such charges are not governed by organizational rules or regulations. All proposals submitted by A-State employees therefore must recover full F&A costs, except under the conditions identified below.

Any variation from the full rate, including the exceptions noted below, must be approved by the College Dean or designee and the Vice Provost for Research, Innovation, and Discovery or designee.

6.2 Exceptions and Conditions

- **Agency Limitations.** The University will accept the maximum allowed by agencies that have a written policy limiting indirect costs to a specific percentage of the grant.
- **Waiving F&A.** When an agency requires significant in-kind contributions, the Vice Provost for Research, Innovation, and Discovery and University research administrators may choose to reduce the amount of F&A collection, but only in cases in which the agency allows F&As to be used in lieu of other cost sharing or matching funds. **This waiver is at the University's discretion, and principal investigators must understand that such an agreement is granted only in unusual circumstances.**
- **Contracts of Less than \$20,000.** The University will consider a waiver of F&A for any fixed-price contract or agreement that is less than \$20,000 in total direct costs.
- **When F&As are Waived.** Provided F&As are allowed by the funding agency, any F&As that are waived must be identified in the proposal as matching or cost-sharing contributions.

7.0 RESPONSIBILITIES

Principal Investigators

Principal Investigators are responsible for including all F&A that A-State is eligible to collect in their grant proposals and/or contracts. Deviations from this principle must be approved by the Chair, Dean, Institute Directors, and the Vice Provost for Research, Innovation, and Discovery.

Chairs, Deans, Institute Directors or Designees

The Chairs, Deans, Institute Directors or designees are responsible for ensuring adherence to these governing principles and for approving any deviations, as articulated in Section 6.2 above.

Vice Provost for Research, Innovation, and Discovery

The Vice Provost for Research, Innovation, and Discovery is responsible for approving any deviations from these governing principles, as articulated in Section 6.2 above.

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