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ALLOCATION AND DISTRIBUTION OF RECOVERED FACILITIES AND  
ADMINISTRATIVE COSTS

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Purpose:

To establish the policy and procedure for distribution of Facilities and Administrative (F&A) Costs, also known as indirect costs, which are recovered in the course of sponsored project activity.

Additional Authority:

State Board of Education, Governing Policies and Procedures, Section V.N., OMB Circular A-21, Sections B-G, BSU Policy 6080

Scope:

Applies to all sponsored project activity.

Responsible Parties:

Vice President for Research, 426-5732  
Director, Sponsored Projects Accounting, 426-1791

Definitions:

Facilities and Administrative (F&A) Costs – Facilities and Administrative costs are costs the University incurs in support of externally-funded projects, programs, or activities. These costs, unlike direct costs, cannot be easily identified with and charged directly to a project, program, or activity with any reasonable degree of accuracy or without an inordinate amount of accounting. Examples of F&A costs include operation and maintenance of buildings and grounds, utilization of equipment and libraries, and administration of projects or programs at the institutional, college and department levels.

Sponsored Projects – Sponsored projects are research, instructional, or other activities that are related to the mission of Boise State and funded by external agencies or entities. Sponsored projects are distinguished from gifts by the nature of the agreement between the University and the external funding agency. The following conditions, while not all-inclusive, characterize a sponsored project agreement:

- a. The agreement defines programmatic objectives that are to be accomplished within a specific time frame and budget limit
- b. The agreement is issued from a federal, state or other external entity in the form of a grant, contract, or cooperative agreement
- c. The agreement requires specific deliverables, such as a detailed technical report of research results or a report of expenditures

- d. The agreement requires unspent funds to be returned to the sponsoring agency
- e. The agreement requires financial reports of committed University or third-party cost-share
- f. The agreement includes a provision for financial or programmatic audits by or on behalf of the sponsor
- g. The agreement includes language related to publication restrictions or intellectual property ownership

Facilities and Administrative Cost Rate - The amount of F&A costs to be recovered from the sponsoring agency depends upon the rate (percentage of the direct costbase) that is allowed by or negotiated with the sponsor.

The rate at which F&A costs are calculated is determined by a number of factors such as the type of sponsor (federal, state, private industry, etc.), the nature of the project (research, instruction or other activity), and the location of the project (on or off campus). The University applies standard F&A rates for projects funded by the federal government and the State of Idaho. In some cases, the sponsor unilaterally limits the rate at which the University may be reimbursed for Facilities and Administrative costs.

Boise State University policy 6080 ("Facilities and Administration (F&A) Cost Rates and Waiver or Partial Waiver of Facilities and Administration Costs") governs the applicability of the various Facilities and Administrative cost rates to sponsored projects. It also provides guidance and instructions for cases in which the University is requested to voluntarily reduce or forgo ("waive") its recovery of Facilities and Administrative costs.

Facilities and Administrative Cost Recovery (or Recovered F&A) - These terms are used to describe the reimbursement by the sponsor of Facilities and Administrative costs incurred by the University in support of sponsored projects.

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## POLICY

### I. Policy Statement

F&A costs recovered from sponsored projects allow the institution an opportunity to reinvest valuable resources back into sponsored project related activities of its faculty, staff, and students. F&A costs are real costs incurred by the institution in support of sponsored project management and as such are expected to be used to support research, instruction and other sponsored activities of the University.

## II. Allocation of Recovered F&A Costs

- A. Sponsored projects involving a single college, school, department, or other unit: In order to stimulate further research, instruction and other sponsored project activity, the University will allocate the F&A recovery as outlined below. The allocation will be made on an individual sponsored project basis, depending on the actual amount recovered from the sponsor.

<u>Area</u>	<u>Percentage</u>
Vice President for Finance and Administration	30
Department/School	30
College	20
Vice President for Research	20

The academic department is encouraged to return a portion of their F&A allocation to the principal investigator(s) or project director(s) for use in further development of their specific research and creative activities.

- B. Sponsored projects involving more than one college, school, department, or other unit: Recovered F&A costs will be allocated to the appropriate area in proportion to the expenditures eligible for F&A recovery which are incurred by the principal investigator or project director in the course of carrying out the sponsored project unless otherwise negotiated, in writing, between the participants. A copy of this written agreement will be retained in the Office of Sponsored Programs. The allocation of recovered F&A costs to the Vice President for Finance and Administration and the Vice President for Research in these cases will remain the same regardless of the provisions of this written agreement.
- C. Sponsored projects administered by a research center, institute, core facility or laboratory: A portion of the college's and the department's F&A recovery may be allocated to an institute, center, or core facility per a written agreement between its director(s) and the dean(s). A copy of this written agreement will be retained in the Office of Sponsored Programs. The allocation of recovered F&A costs to the Vice President for Finance and Administration and the Vice President for Research in these cases will remain the same regardless of the provisions of this written agreement.
- D. Sponsored projects administered by the Division of Research: Recovered F&A costs will be allocated to the Vice President for Finance and Administration and to the Vice President for Research in amounts equal to 30 percent and 70 percent, respectively.

- E. Sponsored projects administered by the Graduate College: F&A costs will be allocated to the Graduate College, Vice President for Finance and Administration, and Vice President for Research in amounts equal to 50 percent, 30 percent, and 20 percent respectively.
- F. Special circumstances: In unique circumstances, the Vice President for Research in consultation with the President may determine that it is in the best interest of the University to continue the development of the research mission by reallocating the above percentages as needed.

### III. Distribution of F&A

- A. Recovered Facilities and Administrative costs will be distributed by the Sponsored Project Accounting office at the time the sponsor is invoiced, therefore, the frequency of the distribution of these costs is variable. However, in most circumstances, recovered F&A costs will be distributed on a quarterly basis. In the unusual event of non payment by the sponsor, previously distributed F&A funds, equaling the unpaid F&A costs, will be reversed by Sponsored Project Accounting upon approval of the Controller.
- B. The distribution of recovered Facilities and Administrative costs may be delayed or withheld if a sponsored project is deemed to be noncompliant with fiscal, programmatic, or administrative requirements until the outstanding requirements have been met. Prior to withholding Facilities and Administrative costs, the VPR and dean or equivalent administrative unit head will agree in writing a plan to correct the noncompliant issue.