

Facilities and Administrative (F&A) Cost Recovery

Policy

[Policy 27025 – Facilities and Administrative Costs](#)

Memo: University of Missouri Position on Industry-Sponsored Projects and Intellectual Property (attached, pp. 3-4)

Forms

[Grant Fact Sheet](#)

[F&A Waiver](#)

[Industry-Sponsored Project Agreement](#)

Overview

Funds provided by outside sponsors of research, instruction, public service, or other services must include an appropriate amount to offset Facility and Administrative (F&A) costs incurred by the University. F&A costs must be charged at a rate not less than the predetermined approved schedule of rates negotiated with the U.S. Department of Health and Human Services on a periodic basis. Refer to the [Grant Fact Sheet](#) for current applicable rates.

On- and Off-Campus Rates

Definitions

The classification of on- or off-campus is solely for the purpose of applying the correct F&A (indirect cost) rate.

If a project is located in leased space that is sufficiently far removed from the campus to prohibit the normal use of University facilities and the lease is a direct charge to the project, then the project is considered "off campus." If the project is not charged directly for the lease cost and the lease is a part of the University's F&A (indirect cost) rate, or the project is located within a reasonable distance of University facilities, then the project is considered "on campus."

Note: Grants, Contracts, or Awards with the Truman Memorial Veterans' Hospital (VA) as a performance site are exempt from the off-campus requirement to be sufficiently far removed from the campus in order to determine on- or off- campus classification for the purpose of applying the correct F & A rate.

Projects Conducted Partially Off Campus

Grant or Contract Award (Annual Level) of \$100,000 or Greater in Modified Total Direct Costs.

Projects with total annual modified total direct costs (MTDC) of \$100,000 or more which are partially performed off campus are prorated between on-campus and off-campus components for F&A rate application purposes in instances where the lesser component is greater than 20% of the MTDC of the project. If 80% or greater of the MTDC are determined to be on-campus costs, the entire project is charged the on-campus rate. If 80% or greater of the MTDC is determined to be off-campus costs, the entire project is charged the off-campus rate.

Grant or Contract Award (Annual Level) Under \$100,000 in Modified Total Direct Costs. Projects with total annual MTDC of \$100,000 or less which are partially performed off campus are not apportioned between their on-campus and off-campus components for F&A rate purposes. If 50% or more of the project's MTDC are to be expended on campus, the entire project is charged the on-campus F&A rate. If more than 50% of MTDC are to be expended off campus, the entire project is charged the off-campus F&A rate.

Industry-Sponsored Projects

The University of Missouri-Columbia (MU) policy, in compliance with University Policy 27025, requires F&A costs to be charged at the applicable negotiated rate plus five (5) percent when a commercial or industrial firm requires rights in data to the exclusion of the University and/or claims ownership rights to intellectual property developed by the University under a project. Exceptions to this policy may require the approval of the Vice Chancellor for Research, Graduate Studies and Economic Development.

Clinical Trials

Refer to the Clinical Trials section of the [Sponsored Program Procedure Guide](#) for guidance on [Clinical Trials F & A Cost Recovery](#).

Need Help?

Contact OSPA at muresearchospa@missouri.edu or 882-7560.

Related Topics

[Intellectual Property](#)

[Clinical Trials: F&A Cost Recovery](#)

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UNIVERSITY *of* MISSOURI

OFFICE OF RESEARCH

May 8, 2014

Dear Colleagues,

Today we announce a change in the University's position regarding intellectual property (IP) that could result from industry-funded research. For the last thirty years, the University of Missouri, like other universities, has taken the stance of avidly guarding the ultimate ownership of IP that might be generated in the course of an industry-funded project. Analysis shows that much less IP is generated in such projects when compared to projects that are funded by other sources, especially federal agencies. Experience also teaches that, in many such cases, faculty prefer to have the funding in hand rather than to lose funding due to failed negotiations over potential IP that may not come to fruition. Funding to support students, postdoctoral fellows, laboratory expenses, and faculty effort has a real and present value that goes to the core of the University's missions in education and research. This present value is often worth more than the hypothetical value of IP that is as yet not created and may never be created.

With this in mind, the University will relax its stance on the disposition of potential IP from industry-funded research. We will empower faculty to guide the University in making such decisions. I very much hope that this position will lead to smoother negotiations, faster response times from my office, and shorter contracts.

The University will continue to preserve publications rights and the ongoing use of your work for future research; we will not warrant our research under any circumstances. Publication rights and other key contract terms can sometimes be problematic with certain companies, and when they are, negotiation times inevitably increase. However, with the obstacle of potential IP ownership off the table, usually these other issues do not arise with reputable companies.

When the investigator and University give up IP rights, an additional five percent (5%) F&A will be assessed on those line items of the budget that can be charged F&A. This is a typical practice utilized to close the gap between a university's nominal facilities and administrative (F&A) rate and actual F&A costs. Experience teaches that most companies are willing to pay this small extra increment for rights to IP.

So how will this work? We do have to add a form in order to implement this process, and that form is attached for you to peruse. When you fill out this form, it will indicate to staff in OSPA and OTMIR how you wish to proceed. You now have three options:

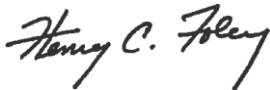
- If you, the faculty member, do not want to protect your rights as an inventor and you do not want the University to negotiate for ownership of any invention that may result from the work, then you should indicate such on the form, and we will not negotiate for the ownership of IP. You might decide to choose this option when you are doing fundamental research and when you are seeking to develop a relationship with researchers at the company.

- If, on the other hand, you, the faculty member, do indeed want to protect your rights as an inventor and you do want the University to negotiate for ownership of any invention that may result from the work, then we will do that for you. This may be a good stance to take if you are working in an area of high, applied impact that may produce an invention or inventions of value.
- If you, the faculty member, are just not sure of which you want to do, then you should call the Office of Technology Management and Industry Relations (OTMIR) to have a discussion of the matter. They will walk you through the issues and help you find answers for your particular case.

Let's also be clear on some other issues: We cannot and will not relax our stance on ownership of IP on federally-funded research. Federally-funded research is governed by the Bayh-Dole Act, which has had a hugely positive effect on innovation in this country. Also, if the company is passing through federal funds to the University, we have to treat that funding as if it came directly from the federal agency (though the company may argue otherwise). Thus, we cannot relinquish control of IP ownership.

I hope that this will smooth the flow of funding to those faculty who seek to work with industry and that the new approach will lead to better industry-university relations in the present and future.

Sincerely,

A handwritten signature in black ink that reads "Henry C. Foley". The signature is written in a cursive, slightly slanted style.

Henry C. Foley, Ph.D. Senior
Vice Chancellor for Research
and Graduate Studies.

Attachment