UNIVERSITY POLICY ON FACILITIES AND ADMINISTRATIVE (INDIRECT) COST RECOVERY

The Facilities and Administrative (F&A) costs cover the portions of the University’s general operating expenses that are incurred in support of sponsored activities. These expenses include buildings, use of equipment that is not purchased by sponsored project budgets, operations and maintenance of facilities, libraries, and administrative support costs. F&A costs are real costs and are apportioned to functions, programs, and projects on the basis of a comprehensive audit. The audit is followed by review of, and agreement on, the rates by our responsible federal auditing agency (Department of Health and Human Services). As described in statement 210 of the UM Business Policy Manual, investigators do not have authority to make financial commitments to potential sponsors. This includes commitments on F&A rates. Current approved F&A rates may be viewed at http://www.research.missouri.edu/web_research/external_funding/ospa/grantfactsheet.pdf. Any shortfall in the recovery of F&A represents a subsidy by the University to that particular program. Since such subsidies are contrary to the federal accounting rules that apply to the University of Missouri, the following policy on the recovery of F&A costs on sponsored programs has been established:

- Contracts or grants from commercial firms are expected to provide for recovery of full F&A at either the Research or Instructional rate. The “Other Sponsored Activity” F&A rate is not applicable for commercial sponsors. The F&A rate on projects sponsored by commercial firms may not be limited by MU in response to sponsor policy.

- Except where explicitly limited by federal statute or other standard written sponsor policy, contract or grant proposals to non-commercial sponsors must include full applicable F&A in the proposal budget. In some cases, sponsor policies will limit administrative costs without limiting facilities costs. In those instances, a University contribution toward the administrative costs may be made without a contribution toward the facilities costs.

- All proposals submitted in response to a competitive solicitation (i.e., submitted as a bid), regardless of sponsor, must include full applicable F&A in the proposed budget, unless explicitly limited in the Request for Proposal or other bidding documents.

- Sponsor limitations on total funds available to support a specific research project is not justification for the University’s contribution of the F&A associated with the project.

- Any negotiation of University contribution will be conducted by the cognizant Contract and Grant Administrator in OSPA. Investigators are not authorized to negotiate project costs or agreement terms with sponsors.

- Requests for University contribution of F&A should be made only when the institutional benefits of the program clearly outweigh the reduction in sponsor funding, and only after it has been determined that departmental funding is not sufficient to cover this reduction. Potential criteria for contributing some or all of the F&A of a project are discussed below.
• If a commercial sponsor requires sole ownership of intellectual property produced under a sponsored agreement, then a 200% F&A rate is applied to total direct costs.
• When a contribution is approved, the source of the University contribution of F&A may be departmental, college/division, or other non-federal funds which would be identified in appropriate cost share accounts. These departmental and college division contributions may include direct cost share, waiver of RIF return, cash transfers, or other types of commitments.

CRITERIA FOR CONSIDERATION OF UNIVERSITY CONTRIBUTION OF F&A COSTS ON SPONSORED PROJECTS

The categories below describe activities for which University contribution of some or all of applicable F&A may be considered. The amount of contribution would be determined on a case-by-case basis. Filing of a “Request for University Contribution of F&A” form (www.research . . .) is required in each case.

A. Training course comprising an important outreach activity and supported by an external sponsor. This includes courses that the University would otherwise fund using its own resources.
B. Conferences and workshops comprising an important outreach activity and supported by an external sponsor. This includes conferences and workshops that the University would otherwise fund using its own resources.
C. Projects comprising an important outreach or mandated activity and supported by an external sponsor. This would include projects that the University would otherwise fund using its own resources.
D. Start-up projects in which the University is willing to share costs in anticipation of future growth in external funding. University contributions for such programs will be limited to a specific time period, after which full recovery is expected.
E. Collaborative arrangements in which the University is receiving benefit other than cash in support of the project. Such benefit will require documentation from the provider of the benefit. The documentation must be sufficient to meet audit requirements.
F. Cost share requirement identified by the sponsor in an announcement describing eligibility and financial requirements for a funding program.
G. Proposals to a non-profit sponsor in which F&A recovery is limited by sponsor in an announcement describing eligibility and financial requirements for a funding program.

PROCEDURES RELATED TO UNIVERSITY POLICY ON FACILITIES AND ADMINISTRATIVE COST RECOVERY

1. Proposals submitted to commercial entities, non-profit organizations and non-federal governmental agencies should include full applicable F&A, except in cases where explicitly limited by federal statute or other standard written sponsor policy. Budgets
should be presented with F&A included in the direct costs, not as a separate line item, except where the sponsor specifies the budget format otherwise. OSPA maintains a budget template (at [www.research] . . .) that may be used for this purpose. OSPA personnel can provide assistance in using the template, as well as determining when use of the template is appropriate.

2. Any University contribution to a cooperative agreement must reflect the relative benefit to the University and must include applicable direct and F&A costs. Recovery of less than full F&A on the sponsor’s share of costs on a cooperative agreement requires the same advance approval as any other proposal, contract, or grant.

3. Fringe benefits are part of employee compensation and should be collected from all sponsors.

4. Principal Investigators are required to submit proposals through OSPA.

5. Process for requests to waive F&A:
   a. Requests should be submitted on a “Request for University Contribution of F&A” form ([www.research] . . .). Departmental and college/division contributions toward meeting the funding shortfall for the project should be identified on the form. These departmental and college division contributions may include direct cost share, waiver of RIF return, cash transfers, or other types of commitments. Requests for University contribution of F&A should be made only when the institutional benefits of the program clearly outweigh the reduction in sponsor funding, and only after it has been determined that departmental funding is not sufficient to cover this reduction.
   b. The “Request for University Contribution of F&A” form should be initiated by the Principal Investigator, approved by the Department Chair and Dean, and submitted to OSPA for review and transmittal to the Vice Provost for Research or designee for determination.
   c. Proposals should be submitted with full F&A included in the budget. Contribution requests will normally not be considered for approval at the proposal submission stage. Item 6 below represents a routine exception to this practice. Special circumstances may produce other exceptions for specific proposals.
   d. All authorized University contributions of F&A must be indicated on project budgets as University contributions.

6. Sponsor limitations on total funds available to support a specific research project is not justification for the University’s contribution of the F&A associated with the project. If a University contribution is justified and required to successfully complete the project, the total cost of the project may be shared by the sponsor and the University as follows:

The sponsor share of project costs would include direct costs and F&A at the full applicable rate, and the University contribution would also consist of both direct costs and the associated F&A. For example, where sponsor has only $75,000 available for the project, but the University estimates the project will cost $100,000 with full F&A:

<table>
<thead>
<tr>
<th>Cost category</th>
<th>Sponsor</th>
<th>University</th>
<th>Total Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$32,724</td>
<td>$16,722</td>
<td>$49,446</td>
</tr>
<tr>
<td>Travel</td>
<td>13,443</td>
<td>13,443</td>
<td>26,886</td>
</tr>
</tbody>
</table>
APPROVED F&A RATES FOR DIFFERENT ACTIVITIES/SPONSORS

The table below lists the approved F&A rates for projects to conduct various activities for different sources of sponsor funds. In order to qualify for the off-campus rate, the activity must both occur at a facility not owned by the University and rent for use of the facility must be charged to the project budget. While the rate eventually charged to a project may differ, one of these rates will always be the applicable rate for a project. With the exception of the last rate, these rates are applied to modified total direct costs (MTDC). Your OSPA SR GCA can assist with calculating MTDC for your project.

Sponsor is a state agency using state (not federal flow through) funds:

<table>
<thead>
<tr>
<th>Activity Type</th>
<th>On campus</th>
<th>Off campus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction project</td>
<td>39.7%</td>
<td>20.2%</td>
</tr>
<tr>
<td>Research project</td>
<td>36.6%</td>
<td>20.2%</td>
</tr>
<tr>
<td>“Other sponsored activity” project*</td>
<td>19.5%</td>
<td>15.2%</td>
</tr>
</tbody>
</table>

Sponsor is not a state agency using state funds:

<table>
<thead>
<tr>
<th>Activity Type</th>
<th>On campus</th>
<th>Off campus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction project</td>
<td>50.0%</td>
<td>26.0%</td>
</tr>
<tr>
<td>Research project</td>
<td>49.5%</td>
<td>26.0%</td>
</tr>
<tr>
<td>“Other sponsored activity” project*</td>
<td>28.0%</td>
<td>26.0%</td>
</tr>
</tbody>
</table>

Sponsor requires ownership of intellectual property rights arising from the project: 200% of total direct costs.

*Does not apply to for-profit sponsors.