

Office of Sponsored Programs

Distribution of Facilities & Administrative Cost (F&A) for Research Grants and Contracts

Policy ID: OSP 0009

Date: 6/7/21

Status: Approved

Policy Type: Public

Issuing Office: Office of Sponsored Programs (OSP)

Responsible Executive: Provost

Affected Parties: Liberty University faculty and staff receiving external funding in the form of sponsored programs.

Reason for Policy: The purpose of this policy is to set expectations for reimbursement of Facilities and Administration (F&A), or indirect costs, for externally sponsored projects, and to establish guidelines for the distribution of recovered F&A costs among appropriate campus entities.

The goals of the policy are to:

1. To provide applicable guidelines for collecting, allocating, and reporting F&A funds for sponsored programs.
2. Streamline the process for requesting F&A reimbursement in grants and contracts.
3. Establish a distribution mechanism that recognizes Principal Investigators, department research efforts, and other administrative needs that arise from sponsored projects.

Policy Statement: The purpose of this policy is to ensure that F&A costs are recovered and used effectively to support and encourage research and programs at the University. LU Finance distributes the received dollars among campus entities and administrative offices annually as designated by the approved distribution rate.

Procedures:

Determining F&A costs to be charged

A. Official F&A Rates

F&A costs charged to grants and contracts are determined by rates negotiated by the University with the Division of Cost Allocation, U.S. Department of Health and Human Services. F&A rates are periodically adjusted, with the most current rate being applied to proposals and awards.

B. Capped F&A Rates

The full applicable F&A rate is charged to all grants and contracts, unless the sponsor has a published policy, accessible to the public, which caps F&A costs.

C. Voluntary Cost-share (waived F&A)

Reduction or waivers of F&A costs may only be approved by the Office of Sponsored Programs. Negotiation between the PI and sponsor regarding F&A rates is not permitted and constitutes a breach of ethical conduct.

Distributing recovered F&A costs

A. Full F&A costs recovered

When full F&A rates are applied, the recovered dollars are distributed as follows:

1. 40% of all recoveries will be returned to the Provost to be used in support of further institutional research and other sponsored program initiatives.
2. 10% of all recoveries will be returned to the Principal Investigator or project director's (PD) department for the specific benefit of the PI or PD. The funds should be utilized to support or promote the PI or PD's research projects, or service activities.
3. 50% of all recoveries will be returned to the Dean to be used at the Dean's discretion for promoting new research and sponsored programs activity or supporting current research activities.

B. Capped F&A costs

If the sponsor has a published policy that caps F&A costs, and that policy is publicly accessible and uniformly applied to all applicants, then the recovered F&A dollars will be distributed as shown above for full F&A recovery.

C. Multiple PIs and Co-investigators

The University encourages collaborative research projects. F&A distribution will be made to the related deans in proportion to the relative efforts of PIs and co-PIs. All collaborative and/or multi-disciplinary projects should be identified at the time of submission of the proposal.

How can F&A be used?

In order for LU to maximize its success in meeting its goals, distributed F&A should be used to support LU's programmatic and research enterprises in accordance with existing University policies and procedures. Acceptable uses of these funds may include:

- Research supplies
- Equipment purchases
- Cost-share (required or voluntary)
- Laboratory enhancements
- Professional development travel
- Expenses accrued by students while performing research
- Project development costs

Sanctions: Sponsored agreements funded with public money (federal, state and local government awards; subcontracts under government prime grants and contracts) are subject to full review of all project activity (program and financial) by auditors. All project activities must comply with sponsor terms and conditions and with all applicable regulations.

Exclusions: None

Review Cycle: Every two years or as needed. All OSP policies will be reviewed by the OSP Executive Director. The Provost will approve all OSP policies.