

## **ELIZABETH CITY STATE UNIVERSITY Facilities and Administrative Costs Policy**

### **Preamble**

Facilities and Administrative (F&A) costs, also known as indirect costs, are expenses incurred by Elizabeth City State University (ECSU) for its facilities and services. F&A costs are not profit, but real costs to ECSU to support sponsored activities. Examples include (building maintenance and operation, utilities, libraries, computer services and other facilities, payroll, accounting, purchasing, research administration, departmental administration, personnel services, and general administration). ECSU attempts to recover all of these support costs, in accordance with guidelines in the U. S. Office of Management and Budget Circular A-21. This policy governs the negotiation and use of F&A costs, provides guidelines for the recovery of F&A costs and establishes a method for the internal distribution of recovered F&A costs funds resulting from externally-sponsored grants and contracts.

### **A. F&A Costs Policy Statement**

Facilities and Administrative costs shall be considered for full recovery within the budget of every proposal as allowed by the sponsor. ECSU uses an indirect cost rate that is the official rate negotiated through the Department of Health and Human Services (DHHS) currently based on salary, wages and fringe benefits. These federally sponsored research projects and other agreements must be consistent with the regulations in Circulars A-21 and A-110. An equivalent rate shall be considered for projects that are funded by private and non-federal sources to the extent allowable.

### **B. F&A Costs Distribution Formula**

This policy is inclusive of all sponsored activities funded externally at the University. Under this policy, a portion of the F&A funds collected on sponsored agreements will be returned to the University community and shared with the generating units. These funds may be used to support costs associated with other sponsored agreements or to foster research and scholarly activities within the division, school, department or unit. Funds may also be used to support sponsored project productivity, Sponsored Programs, Contracts and Grants accounting, infrastructure development and effective unit administration. In order to enhance the sponsored project activities, the following distribution formula will be implemented:

1. 10 percent – allocated to the Chancellor to support infrastructure development and administrative assistance;
2. 20 percent – allocated to the Division of Business and Finance to support Sponsored Programs, Contracts and Grants accounting activities and staff development training;
3. 70 percent – allocated to the Division of Academic Affairs
  - i. 10 percent – Principal Investigators (PI) who generated the successful proposal;
  - ii. 5 percent – PI's home department to enhance departmental scholarly activities;
  - iii. 5 percent – PI's home school for research development efforts;
  - iv. 25 percent – Office of Sponsored Programs, Contracts and Grants, to offset operating costs for university external funding enhancement; award recognition and in-kind costs for grant

recipients, Faculty Research Initiation Program, Mentor-Mentee Program, Grant-writing Workshops, Research Compliance and Professional Development, etc.

- v. 20 percent – Office of the Provost to foster research and scholarly activities; support costs associated with other sponsored agreements; renovate and construct laboratory and research facilities; purchase of equipment; provide resources for improvement of instruction; support scholarship for students; support distinguished lecture series; support travel; support and provide incentive for seeking future funding support.
- vi. 5 percent – allocated to Reserves and monitored by Administration (Business and Finance) to cover overspending of budgets.

Distribution of the funds allocated to each entity may only be used for research development and support of general research and sponsored project activities and must be expended accordingly. All reallocated F & A costs for this purpose must also be expended within one year of their allocation. A separate account will be assigned for each entity for the expenditure of allocated funds. To ensure that all F & A costs are recovered, all grant funds awarded to the University on a cost-reimbursement basis must be expended in accordance with set deadlines.

### **C. F&A Costs Recovery/Waivers**

Certain sponsors, particularly some foundations, have specific written policies that preclude the use of the full F&A rate. Other agencies limit F&A costs for instructional (or training) programs. ECSU shall honor sponsor prohibitions or limitations on indirect cost recovery. For unilateral waivers of all or part of F&A costs by ECSU, a written justification from the principal investigator must be submitted to the Director of SPCG with the signature support of the request by the department chairperson, appropriate dean, vice chancellor, or division/unit head. Budgets with less than full F&A costs recovery must be justified on the basis of their special value to ECSU.

### **Review**

This policy and procedure will be reviewed every four years or as needed by the Provost and Vice Chancellor for Academic Affairs with recommendations for revisions presented to the Chancellor.