

***Policy on Requests for Reduced F&A Recovery for Externally Funded Grants***

Policy Number	ACA-023
Effective Date	When Signed
Responsible Office/Person	Academic Affairs: Provost/COO; Vice Chancellor
Related Policies	ACA-026
Additional History	
Additional References	

**University of Massachusetts Dartmouth**  
**Division of Academic Affairs**  
**Policy on Requests for Reduced F&A Recovery for Externally Funded Grants**

**Purpose**

To establish a campus policy for responses to requests for reduced Facilities and Administrative (F&A) cost recovery for externally funded grants.

**Scope**

This policy applies to all external grants received by the University of Massachusetts Dartmouth.

**Definitions**

Facilities and Administrative cost recovery is money that is charged to externally funded grants to cover costs that are necessary for performing research that cannot be allocated to a particular project. Examples of this include salaries for grant administrators, costs for lab creation/renovation and maintenance, and the portion of faculty salaries that are dedicated generally to support the execution of research projects.

The federally negotiated rate is the rate of F&A recovery that UMass Dartmouth has negotiated with the United States federal government based on a quantification of unallocable research costs.

**Policy**

In general, it is expected that every external grant will cover all costs for performing the proposed research activity, including F&A recovery at the federally negotiated rate. Submitting any grant proposal with an F&A recovery rate that is not equal to the federally negotiated rate requires the prior approval of the Provost or his/her designee. Approval for a lower F&A rate when desired, must be sought for and received prior to proposal submission.

If an F&A rate is mandated in writing by the funding agency that is lower than UMass Dartmouth's federally negotiated rate, permission to submit the proposal may be denied. If the Provost approves submission of the proposal, the F&A distribution of research support funds based on F&A recovery will follow that detailed in ACA-026. Written indication of a reduced F&A rate by the funding source includes publicly posted information in the request for proposal documents (RFP) or on the web, that applies to all proposal submissions, not just those by a

## Reduced F&A Recovery Requests

particular PI or by UMass Dartmouth. Email or other communication from a program officer or other funding agency representative does not qualify as a written mandate for reduced F&A.

Federal funding agencies are required by law to accept the federally negotiated rate and are prohibited from considering F&A rates in the review process. Requests for reduced F&A rates on proposals to federal agencies, therefore, will almost always be denied.

For non-federal sources, PIs may request reduced F&A rates. Since performing a sponsored project with reduced F&A recovery means that the costs are not all being covered by the grant, accepting such a grant means UMass Dartmouth is subsidizing the project. A request for reduced F&A, therefore, must explain why it is in UMass Dartmouth's interest to spend university resources in support of the proposed work.

Compelling reasons for reduced F&A include:

- support of seed projects that could lead to larger grants with full F&A recovery
- if 90% or more of the grant funds are providing student support
- supporting strategic partnerships
- support of grants to promote one of the university's strategic research objectives that might not be fundable with full F&A recovery.

Waivers will only be considered under exceptional circumstances.

Reduced F&A recovery for funding sources that do not mandate reduced F&A, will change the disbursement of research support funds that is based on F&A recovery. The disbursement of research support funds based on the rate of F&A recovery as a percentage of the federally negotiated F&A rate is detailed in the chart below.

<i>% of Negotiated F&amp;A Rate</i>	<i>PI</i>	<i>Dept.</i>	<i>Dean</i>	<i>CITS/Libr</i>	<i>Provost</i>
100%	15	10	15	5	55
85%	0	12	18	5	65
75%	0	0	20	5	75
60%	0	0	15	0	85
≤ 50%	0	0	0	0	100

The total amount distributed to the PI, Department and College may be divided between those three entities in a manner that is different from that identified above, provided the PI, Departmental Chair and Dean all agree - e.g., a grant that charges 75% of the federally negotiated F&A rate will distribute 20% of recovered F&A to the Dean, but if the Dean wants to, part of that 20% may be distributed to the department and/or the PI. The alternate distribution must be identified on the IRTF form prior to proposal submission.

## Reduced F&A Recovery Requests

The percentage of distribution of research support funds for grants whose F&A recovery rate falls in between those identified on the table will be prorated based on the surrounding distributions.

The values in the table reflect the fact that almost all fixed costs that F&A recovery is supposed to cover are borne by the Provost and thus that his/her F&A recovery is of primary importance. Distributions other than those identified in this policy require approval of the Provost or her/his designee prior to proposal submission.

Industry sponsors are often reluctant to pay for F&A recovery, which they view as a tax or surcharge not directly related to the cost of research. For industry projects, therefore, it may be beneficial to directly charge for space, administrative and technical support and other costs that would be unallocable on federal grants. For some contracts, therefore, the PI may request a waiver or major reduction of F&A recovery that is replaced by a detailed direct billing of charges. The office of sponsored research will assist in the development of the direct billing rates.

In general, reduced F&A recovery for projects sponsored by for profit companies cannot be allowed because unrecovered F&A costs would constitute a gift of public funds (the cost the university is incurring for the project without full recovery) for private benefit. Charging for all the costs of the project explicitly as described in the preceding paragraph is the preferred and legal method.

### **Responsibility**

#### **Provost / Associate Provost for Research and Economic Development (APRED)**

- Review requests for indirect (F&A) waivers and approve only those that have exceptional circumstances and potential benefits that are compelling and well-justified.
- Review and approve requests for changes to credit distributions that do not affect a prior fiscal year indirect (F&A) distribution, and for which appropriate prior approvals have been obtained.

#### **Associate Provost, Dean, Chair**

- Approve the credit distribution indicated in the proposal.
- Review requests for indirect (F&A) waivers and endorse only those that have exceptional circumstances and potential benefits that are compelling and well-justified. Forward to the APRED for final review and approval.

#### **Principal Investigator**

- Include the appropriate indirect (F&A) costs in all proposals.
- Determine the relative contributions of key personnel and represent those contributions as a credit distribution in the proposal.

#### **Sponsored Projects Administration**

- Annually, provide Financial Management with a report that indicates the percentages of indirect (F&A) dollars that should be distributed to each qualifying area as required by this policy.

### **Enforcement**

## Reduced F&A Recovery Requests

For any grant proposal containing an F&A reduction and submitted without prior approval by the Provost, the PI, department and dean will be liable for reimbursing the university the amount of under-recovered IDC.

### Policy Changes

The Division of Academic Affairs and the Division of Administration & Finance will review this policy every five years or sooner.

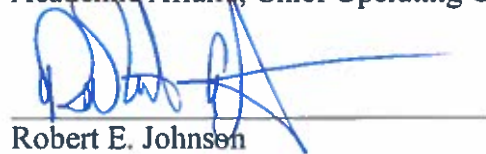
### Related Policies

	ACA-020	Policy on Direct and Facility and Administrative Costs
	ACA-026	Policy on Distribution of Research Support Funds
	ACA-027	Policy on Research Support Funds Usage

### Approvals:



Mohammad A. Karim  
Provost; Executive Vice Chancellor for  
Academic Affairs; Chief Operating Officer



Robert E. Johnson  
Chancellor

1/11/19  
Date