

 <p>Category: Financial</p> <p>Policy applicable for: Faculty/Staff</p>	<p><i>Policy Title:</i> Facilities and Administrative Proposal Guidelines, Distribution of Revenue, and Use of Funds</p> <p>Effective Date: 7/01/2015</p> <p>Prior Effective Date: 09/25/2013, 07/01/2008 (Previous title: Facilities and Administrative Distribution)</p> <p>Enabling Acts: University Board Approved Resolution</p>	<p><i>Policy Number:</i> 2.1.11</p> <p>Policy Owner(s): Sr. VP for Administration and Finance VP for Research</p> <p>Responsible Office(s): Sponsored Research Services</p>
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Background

Since 1947, the federal government has funded both direct and indirect costs associated with university-based research. Direct costs are those associated directly with the research and include researcher time and materials. Indirect costs are those that fall into the category of Facilities and Administrative (F & A) costs. Facilities' costs include expenditures such as electricity, heating, and air conditioning. Administrative costs include expenditures associated with research compliance, legal affairs, chemical safety, sponsored research services and accounting, and government cost compliance.

In addition to the university using F & A revenue to support the indirect institutional costs, the university allocates a portion of the revenue to the colleges based upon the amount of F & A they directly generated through their grants.

Over the past five (5) years, the University of Cincinnati has seen a significant decline in F & A revenue from sponsored activity along with a significant increase in the cost of performing research due to increased compliance and federal regulations.

Guidelines for Submitting Proposals and Accepting Awards

When submitting a proposal, the following guidelines are to be followed to achieve the appropriate F & A cost recovery. The guidelines also apply to grants and contracts that are awarded without the submission of a formal proposal. Government Cost Compliance publishes the Federally-negotiated rate agreement (see *Related Links*).

Federal, state, and local government proposals shall include the appropriate published F & A rate except where an agency rate is specified or the nature of the program precludes F & A cost recovery by policy or statute. If the agency sets specific rates for F & A, the maximum allowed rate must be used.

Proposals submitted to private nonprofit associations and foundations must include the appropriate F & A rate consistent with established association/foundation written policies. If policy statements are ambiguous regarding the level of F & A support, the

Office of Research must determine the appropriate rate to be applied prior to the submission of any proposal. University acceptance of these awards does not constitute a waiver of F & A costs.

Proposals submitted to profit-making corporations must contain the appropriate F & A rate.

Any F & A cost rate that differs from the maximum rate allowed **must** be approved by the Vice President for Research prior to proposal being submitted to the agency.

Proposals that do not follow the above guidelines may be subject to a revised distribution of F & A revenue at the discretion of the Vice President for Research.

Distribution of F & A Revenue

The distribution of F & A revenue to sustain the university's research infrastructure centrally and at the college level has been realigned. The change was vetted with the President's Executive Committee, the Council of Deans, and the Fiscal Coordinating Committee. The main variation to the distribution formula is that the Office of Research has been provided a fixed budget through the annual budget process as opposed to a percentage of F & A revenue.

The distribution of F & A revenue effective July 1, 2015 will be as follows:

- General Funds - 52%
- Research Support Units – fixed amount based on the approved annual budget
- Research Cost Share - 1.5% of the remaining funds after the distribution to general funds and research support units
- College - all remaining funds

Note: All Lab Animal Medicine revenue generated in support of laboratory animal facilities will be distributed to the research facilities' fund.

Use Policy

Research Support Units shall use F & A revenue to support the operations of the Vice President of Research, Government Cost Compliance, Office of General Counsel (one position), and University Research Council grants.

Research Cost Share shall use F & A revenue to support the direct costs of externally funded grants and contracts at the discretion of the Vice President for Research. Carryover of funds into the next fiscal year is allowable.

Colleges shall use F & A revenue to support their research mission. Carryover of funds into the next fiscal year is allowable.

Related links:

[Office of the Vice President for Research](#)
[Government Cost Compliance](#)

Phone Contacts:

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