

FLORIDA STATE UNIVERSITY

POLICY 7A-12

INDIRECT COST RECOVERY

Responsible Executive: Gary K. Ostrander, Vice President for Research

Approving Official: Gary K. Ostrander, Vice President for Research

Effective Date: March 17, 2004

Revision History: Amended:

Revised: \_\_\_\_\_

I. Introduction

This document establishes a policy for charging indirect costs to grants and contracts.

II. Policy

Indirect Cost Recovery — or F&A (Facilities and Administrative Cost Recovery)— is a means by which the University obtains from funding agencies a portion of the expenses associated with supporting the research of its faculty and their associates. The facilities required by researchers include the heated, cooled, and illuminated laboratories and offices with appropriate power supply; computing hardware and software; network services; library resources; and the maintenance of the buildings in which research is conducted. Administrative costs include the salaries and benefits of those who assist in the submission of grant applications and provide accounting services.

The rate at which the University may reclaim such expenditures from federal agencies results from formal negotiation and is a fixed figure.

The F&A rate for non-federal funding agencies will be in compliance with the FSU indirect cost rates listed in the indirect cost rates section found at:

<http://www.research.fsu.edu/contractsgrants/documents/factsheet.pdf>

Neither F&A charge allowed by an external funding agency diminishes the amount requested by the grant applicant for the research to be conducted. Both are mutually agreed upon surcharges requisite for appropriate facilities and administrative costs.

The University deposits the indirect costs charged to grants in its Sponsored Research and Development Trust Fund (SRAD). The SRAD funds are then used for a variety of purposes such

as the operation of the Office of Research and start-up costs for new hires. They as well support faculty research across the campus. For example, the Council on Research and Creativity provides internal funding for research through eight programs. The Office of Research also distributes portions of these funds to colleges and schools, and their departments, according to a formula based upon the amount of F&A cost-recovery each unit generates.

It is important to remember that the inclusion of these charges results in the support of research efforts across the campus. To request waivers of negotiated and allowable charges means a decreased SRAD pool and a corresponding reduction in the research and creative activities that the University stimulates and supports. Further, to countenance a program officer's suggestion that F&A be waived for the funding agency he or she represents is to ignore the agreement that the University and that agency have freely made.

The University has policies pertaining to the rates at which F&A or Indirect Cost should be calculated when preparing grant proposals. They are as follows:

### **Funding Organizations That Do Not Provide F&A Cost Recovery**

Principal Investigators (PIs) may apply to foundations, corporations, governmental agencies, and other research funding entities that do not, by stated policy, provide F&A; and, when PIs follow established procedure by submitting an application transmittal form to the office of Sponsored Research, they may enjoy without cost its accounting and like administrative services.

### **Federal Funding Agencies**

Not all federal funding agencies provide F&A, for example, the National Historical Publications and Records Commission. The majority does, however, and PIs are expected to include in their application budgets the full negotiated rate for the University.

### **State and Other Local Funding Agencies**

The University expects PIs to include in the budgets for proposals the full F&A charge allowed by the agency.

### **Off-site F&A Rates**

Research funded by federal agencies that is conducted away from the University campus is eligible for F&A at a reduced rate. The full rate should be claimed, however, if 50% or more of the total work effort for a project in which the PI and associates make use of facilities, that is, the University's offices and laboratories, equipment, and services.

### **Subcontracts**

One is expected to conform to current policy set forth by the Office of Sponsored Research.

**Exceptions**

Should a PI have reason to request a rate reduction, his or her chair or director must approve the request. The PI will then forward it for approval to his or her dean, or to the University official who oversees the PI's unit. Only after the PI's proposal has been thus reviewed and approved, may the PI present his or her request to the Vice President for Research.

**III. Legal Support, Justification, and Review of this Policy**

Fla. Stat. 1004.22. These policies will be reviewed when changes are necessary.

Gary K. Ostrander, Vice President for Research

August 1, 2014