

Georgia Regents University

Policy Library

Facilities and Administrative Cost

Policy Owner: Sponsored Program Administration

POLICY STATEMENT

This policy establishes the principles for the appropriate allowable recovery of Facilities and Administrative (F&A) costs (i.e. indirect costs) associated with sponsored programs activities for Georgia Regents University and the Georgia Regents Research Institute, Inc.

REASON FOR POLICY

F&A costs are true costs of institutional support for sponsored program activities. Therefore, sponsored program budgets are expected to include maximum recovery F&A at the appropriate allowable rate so that the University is compensated for the true costs associated with the conduct of sponsored research and sponsored activities.

AFFECTED STAKEHOLDER AND ORGANIZATION(S)

All individuals involved with the administration and conduct of funded sponsored programs activity including Principals, Deans, central and departmental sponsored project administrators, and research and administrative staff.

DEFINITIONS

Facilities and Administrative costs (F&A; also referred to as indirect costs or overhead) are those costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved.

Modified Total Direct Cost (MTDC) Base includes all direct salaries and wages, and associated applicable fringe benefits, materials and supplies, services, travel, subcontracts up to the first \$25,000 of subcontract (regardless of the period of performance of the subcontracts under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward and subcontract in excess of \$25,000.

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Policy No.: 575

Policy Sponsor: Type the title of the Executive Leader of the department.

Originally Issued: Not Set

Last Revision: 04/03/2015

Last Review: 04/03/2015

Salaries and Wages (S&W) Base is all direct salaries, wages, and fringes only.

Total Direct Cost (TDC) Base is a base consisting on all direct costs itemized in the budget.

Equipment is an asset property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds \$5,000.

Patient Care is the costs of routine and ancillary services provided by hospitals to participants in research studies. Routine services include the regular room services, minor medical and surgical supplies, and the use of equipment and facilities for which a separate charge is not customarily made. Ancillary services are those special services for which charges customarily are made in addition to routine services, e.g., x-ray, operating room, laboratory, pharmacy, blood bank, and pathology.

Subcontract (also referred to as Consortium, Subgrant, Subaward, or Subagreement) is a binding agreement, between two or more parties, that authorizes a portion of the sponsored activity to be performed by another organization. The agreement is written under the authority of, and is consistent with, the terms and conditions of the prime award or contract.

Clinical Trial is a prospective biomedical or behavioral research study of human subjects that is designed to answer specific questions about biomedical or behavioral interventions (drugs, treatments, devices, or new ways of using known drugs, treatments, or devices). Clinical trials are used to determine whether new biomedical or behavioral interventions are safe, efficacious, and effective.

F&A Waiver is an exception to the appropriate F&A rate on an award which results in an F&A recovery that is reduced from the maximum amount allowed.

ROLES & RESPONSIBILITIES

Principal Investigators (PIs): have the primary responsibility for ensuring compliance with federal regulations as well as monitoring of expenditures, timely correction of errors, and proper allocation of expenses.

Departmental Responsibilities: ensuring that F&A is properly applied to sponsored programs budgets; and monitoring sponsored programs accounts to ensure that F&A charges are correct.

The Division of Sponsored Programs Administration (DSPA): has responsibility for ensuring compliance with this policy, answering any questions relating to it, and reviewing and approving the

rate applied and approving/denying any requests for F&A Waivers. *Federally negotiated rates:* The Manager of Cost Reimbursement and Analysis within the GRU's Division of Sponsored Program Administration is responsible for development and negotiation of the F&A Cost Rate Agreement that is applicable to federal awards for both GRU campuses and GRRRI.

PROCESS & PROCEDURES

F&A Rates

Georgia Regents University has two separate federally negotiated indirect cost rates; one is for the Health Science Campus (formerly the Medical College of Georgia) and the other is for the Summerville Campus (formerly Augusta State University). These rates reflect the volume and type of sponsored program activity occurring on those campuses.

The GRU Health Sciences Campus uses the procedures detailed in Circular A81 Appendix III *Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Institutions of Higher Education (IHEs)* and applies the following negotiated rates to a Modified Total Direct Cost (MTDC) base:

Federal Research Rate (Predetermined)

- FY14 50%
- FY15 51%
- FY16 52%
- FY17 52%

Federal Instruction Rate: 38% all years

Federal Other Sponsored Activities Rate: 31% all years

Federal Off-Campus Rate: 26%

The GRU Summerville Campus uses the procedure detailed in CircularA-81 Appendix III Section D *Simplified Method for Small Institutions* and applies 47.8% to a Salaries and Wages Base; this rate calculation applies to Research, Instruction, and Other Sponsored Activities. For the Summerville Campus the Off-Campus Rate is: 14.6%.

The Off Campus rate will be used as appropriate for activities where the preponderance of effort takes place off of the GRU Summerville or Health Science campuses.

Some sponsors and/or programs provide F&A rates that are below the federally negotiated rate. When this is the case, Investigators/departments will not be penalized for under-recovery if the sponsor's and/or program's published policies include documentation that their F&A rate is lower than

the federally-negotiated rate or that they do not provide funds for F&A. This is not considered to be a full or partial waiver of F&A.

Industry sponsored clinical trials: If the project is an industry sponsored clinical trial and the sponsor's rate is greater than 25% of total costs, the sponsor's rate will be applied. Budgets for industry sponsored non-clinical projects are to include F&A at the institution's federally negotiated on-campus or off-campus F&A rate as appropriate for activity of project. 25% is applied to a Total Direct Cost Base. Note that this rate is applicable to *all* study costs, including advertising, subject compensation, and screen failures. It is *not* applicable to Investigational Review Board (IRB) fees, which are required of industry-sponsored clinical trials with proposed budgets above \$10,000.

Intergovernmental Personnel Agreements (IPA): 8.7% to a Salaries and Wages Base. Note that this rate is applicable to IPAs with the Department of Veteran Affairs for purchase of university employees' time to complete temporary assignments off-campus at VA locations.

F&A Waiver Requests

Full or partial waivers of F&A will only be approved under exceptional circumstances and are made on a case by case basis with strong justification and documentation of the need for a waiver. Requests for waivers of F&A are to be submitted through the appropriate chair and dean to GRU's Associate Vice President for Research Administration for approval/review with the Senior Vice President for Research as appropriate. Questions regarding this policy should be directed to the Division of Sponsored Program Administration.

FORMS AND RELATED DOCUMENTS

- Management of Sponsored Programs
- Direct Charging
- Cost Sharing
- Utilization of Residual Balances

- F&A Waiver Request Form

- Georgia Regents University-Health Sciences (formerly Medical College of Georgia) Rate Agreement (12/16/13)

- Georgia Regents University-Summerville Campus (formerly Augusta State University) Rate Agreement (12/16/13)

APPENDICES
N/A

AUTHORIZING SIGNATURE

Ricardo Azziz, MD, MPH, MBA
President, Georgia Regents University and CEO, Georgia Regents Health System

Date

TO BE USED BY THE OFFICE OF COMPLIANCE & ENTERPRISE RISK MANGEMENT

Policy No.:
Policy Owner:
Point of Contact:
Effective Date:
Version Number:
Revision History:
Next Review Date: