



CHAPMAN UNIVERSITY

OFFICE OF RESEARCH

Facilities and Administrative Cost Allocation Policy

Background on Facilities and Administrative (F&A) Costs

Previously known as indirect cost, F&A cost is the University's recovery for overhead and other indirect expenses associated with managing sponsored projects. The University absorbs certain costs in administering sponsored programs but certain expenses cannot be specifically identified with a particular sponsored program or directly charged to it. Examples of these expenses include general office supplies, utilities, and most general administrative assistance. These administrative expenses are therefore reimbursed as part of the F&A cost. The F&A cost is allocated as a percentage of either a Salary & Wages (S&W), Total Direct Costs (TDC), or Modified Total Direct Costs (MTDC) base. For federal awards, the Financial Services negotiates a new rate agreement every four to five years with the U.S. Department of Health and Human Services.

F&A costs promote research and scholarly activity at Chapman University. Therefore, unless the sponsor restricts the rate in writing, or there is a documented waiver by an authorized individual(s), Principal Investigators (PIs) must include F&A costs in their proposal at the current negotiated rate so that the University can be reasonably reimbursed for the indirect costs associated with managing the sponsored program.

Distribution of F&A Recovery

In order to stimulate further research and to reimburse the unit that generated the F&A recovery, the University has elected to allocate the F&A recovery in the following manner. The allocation will be made on an individual grant basis, depending on the actual amount recovered from the sponsor.

| Percentage | Area | Purpose |
|------------|------------------------|---|
| 25% | General Fund | To reimburse central administrative expenses related to research |
| 25% | Principal Investigator | For future research related costs. If the sponsored program was submitted by a Program Director or other University Administrator, the allocation will be credited to the program for future related costs associated with operating the unit or program. |
| 25% | Acad. Dean | To seed research projects, support research travel and other activities, and/or to cover administrative costs. Funds will be used to cover any overdrafts on sponsored programs. |
| 25% | Office of Research | To support and advance research across campus and support of central administrative expenses for sponsored programs and compliance |

Institutes and Centers:

For approved Centers within Schools/Colleges and Institutes reporting to Provost, the allocation will be distributed from the Academic Dean portion as follows:

| Percentage | Area | Purpose |
|-------------------|-----------------|---|
| 15% | Center Director | To support research related and administrative costs associated with operating the center. |
| 10% | Dean | To seed research projects, support research travel and other activities and/or to cover administrative costs. |

Distribution Process

For proper internal control and budgeting, the F&A recovery will be allocated in accordance to the following procedures:

Availability

For each distribution area, the Office of Research will create an account under the unrestricted fund as a University-designated unrestricted account. Unspent funds will carry forward from fiscal year to fiscal year.

Burden of F&A Cost

The Office of Research will burden each sponsored program with the appropriate F&A cost based on negotiated rates or other predetermined rates on a monthly basis. When F&A recovery is received or accrued, portions will be properly transferred into their respective unrestricted accounts.

Specific Usage of Funds

All funds should be expended for University-related purposes in accordance with existing University policies and procedures. These funds are intended to support research-related costs, and a detailed listing of research related costs is provided in the next section.

PI's Allocation

The Office of Research will create an individual project code to assist the PI in tracking their F&A research fund allocation. The PI should adhere to all University policies and procedures when using these funds. These funds must be used for research-related costs.

If the PI leaves the University, these allocated funds will be forfeited and returned to the University's General Fund.

Dean's Allocation

The Dean's allocation will be used under the discretion of the Dean, provided that consideration is given to research-related costs. These funds could be used to assist with cost sharing (also known as matching) and adjunct instruction costs required when PIs experience course reduction in order to complete a sponsored research project. When using these funds for cost sharing, Dean's should follow the existing procedures issued by the Financial Services and the Office of Research, in order to ensure that the cost sharing expenditures are properly documented for reporting and future reference.

The Dean may elect to give a portion of the F&A to the Departments or Units within their School or College. The department's allocation will be used under the discretion of the department heads, provided that consideration is given to research related costs. These funds could be used to seed research projects, to support research

travel and other activities, and/or to cover research related administrative costs such as general office supplies, phone, postage and other administrative needs. They will also be used to cover any overdrafts on sponsored projects.

Director's Allocation

The Director's allocation should be used for a variety of research related purposes including the administrative support of pre and post award functions for the Center/Institute, costs associated with general operations of the Center/Institute and potentially any bridge funding of research personnel.

Office of Research

The Office of Research allocation will be used by their respective units with the intention of supporting and advancing research across campus and support of central administrative expenses for sponsored programs and compliance.

Examples of appropriate uses of F&A allocations are described below:

- Operations support: Clerical salaries, postage, phones, etc. needed to manage the project but for which the federal sponsor expects F&A to pay.
- Bridge funding: Salaries and benefits for key personnel to retain them between grants, as well as supplies, travel and clerical support to develop proposals for new funding.
- Sponsor-required cost sharing: Costs to meet sponsor-required percentages or dollar amounts for cost sharing as documented in proposals or grant agreements.
- Allowable project costs: Salaries for research assistants, chemical supplies, travel for grant purposes, or other types of support approved but not fully funded by the sponsor.
- Non-allowable or non-allocable but related project costs: Items such as participant food, promotional items, office equipment, boat rental fees, space rent, etc. that the sponsor does not allow but that are needed to conduct or enhance the project.
- Project development costs: Pilot projects; proposal writing; proposal typing/editing; travel to conferences and/or to meet with sponsors; expenses to host sponsors, prospective partners, or influential project supporters; specialized equipment, and workshops leading to proposal submissions.
- Research faculty recruitment and initial support: Salaries/equipment for new faculty or research faculty bringing grants with them from another institution; salaries for promising research associates or new faculty with the expectation they will write proposals and obtain future grants.
- Research center/institute support: Shared administrative/executive assistants, technicians, equipment purchases or maintenance, and other support for groups of principal investigators.
- Personnel support for sponsored projects and compliance: support positions for research administration support of pre and post award management and all areas of research compliance (i.e., human subjects, animal use, conflict of interest, export controls, research misconduct).