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## **CAHNRS F&A Policies**

### **1.0 Background**

Policies for the distribution of F&A (Facilities and Administrative) revenues (henceforth, simply referred to as F&A) are designated here in the interest of providing appropriate incentives and to promote equity and fairness in the distribution of resources across faculty, departments, schools, Extension program units and centers within CAHNRS. Uniform policies are motivated by the need to provide departments, schools, program units and centers with resources that are critical to the support of a wide array of operational activities, including staff salaries, RA/TAs, equipment, supplies, and administrative capacity. They also are critical for a unit to participate in the sharing of faculty search and startup costs. Moreover, awarding a portion of F&A to the faculty who are responsible for securing extramural grant funds provides appropriate incentives to justify the substantial time and effort needed both to write extramural grant proposals, and to organize, manage, and implement the effort required, most often team oriented, to provide the outcomes expected by grantors.

The University stipulates that 15% of the total F&A must be returned to the unit or units responsible for the origination of the grant. The responsible units are ones in which the faculty reside who are PIs or Co-PIs (or participants, if credit for F&A was explicitly noted in the eREX form) together with the units who provide the staff support to produce and submit the written document that ultimately represents the submitted grant proposal. When more than one unit is involved, the 15% is distributed to the units in proportions that are agreed upon on the eREX form when the grant was originated. CAHNRS administration, as in the case of other Colleges throughout the University system, receives 8% of the total F&A. Part of the rationale for distributing a portion of F&A to the university, the college, and the departments, schools, program units and/or centers is that these entities provide facility infrastructure and administrative support that enables grant activity to occur and have the potential to be successful. More generally, F&A supports an array of administrative operations and the provision and maintenance of facilities that enable faculty and staff to accomplish their work responsibilities and achieve their professional goals.

The official policy of the University regarding the distribution of F&A is summarized below in an excerpt from the WSU Executive Policy Manual.

## **2.0 Official Washington State University Policy Regarding F&A**

### **Washington State University EXECUTIVE POLICY MANUAL**

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Executive Policy #2

Revision Approved May 20, 2011

#### **Policy for Allocating Facilities and Administrative (F&A) Cost Recovery Revenue**

##### **POLICY**

Most grants and contracts pay the University facilities and administrative cost recovery (F&A) fees. These payments are meant to reimburse the University for costs associated with use of the physical facilities and other University support that are not billed directly to the grant or contract.

F&A funds are an important revenue source for the University. It is necessary and usual to combine them with other revenues, such as state appropriations, for general University support.

At WSU, F&A revenue contributes to the permanent budget level (PBL) for the following: graduate assistantships, grants-in-aid, libraries, utilities, facilities maintenance, research animal care, biological safety, research compliance, environmental health services, post-award sponsored program services, payroll, accounting, purchasing, the sponsored projects office, radiation safety, grant and research development, and grant matching.

WSU returns some F&A revenue to the units that generate it. This is to reimburse these units for their own facilities and administrative costs and to stimulate further research.

Allocations of both domestic and international F&A revenue to the units are distributed according to the following policy: F&A allocations to units are made quarterly based on actual F&A amounts collected the previous quarter. Each area is allocated 23% of gross F&A revenue collected, with 65% of the allocation (15% of F&A revenue collected) going to the department, and 35% of the allocation (8% of F&A revenue collected) going to the dean. The department is responsible to make some of the F&A revenue allocation available to the principal investigator to assist with grant administration, travel, student assistants, development of new research, grant matching, or other expenses. Also, departments and deans are responsible to provide administrative support to centers, since they do not receive F&A allocations directly.

For projects at urban campuses the allocation for academic support is different depending upon whether or not there is participation by an academic department. For projects **with** academic unit affiliation, the allocation of 23% of F&A collections is split equally between the chancellor and the academic dean. For projects **without** academic department involvement, the entire allocation of 23% of F&A collections goes to the chancellor. In addition to the allocation for academic support, urban campuses receive 38% of gross F&A collections as an allocation for physical plant and campus support.

The Office of Research receives 4% of total gross F&A revenue for research development, grant matching and to supplement needs in research animal care, biological safety, research compliance, radiation safety, and grant and research development.

Libraries receive an allocation of 7% of forecasted gross F&A revenue collections, with an allocation at the start of the year based upon budgeted F&A revenue and a supplemental allocation near the end of the fiscal year based upon the forecast of actual year-end revenue.

### **3.0 CAHNRS Policy**

The purpose of the CAHNRS policy regarding F&A is to supplement the University policy with additional clarification and detail regarding the disposition of F&A as it relates to the principal investigator(s), departments/schools/program units, and CAHNRS R&E and Subject Matter Centers involved with grants that generate the F&A. In addition, the policy informs expectations with regard to the expenditure of F&A account balances held by faculty, departments, schools, program units and centers in the College. Henceforth, references to “department” will be taken to encompass “departments, schools and Extension program units”.

#### **3.1 PI and Co-PI F&A**

##### *3.1.a F&A % Received by PIs and/or Co-PIs*

In order to honor the intent of the WSU Executive Policy Manual that some of the F&A revenue allocation be made available to the principal investigator, it will henceforth be CAHNRS policy that a minimum of 20% of a department’s or departments’ (if shared across more than one department) allocation of F&A (3% of the gross F&A) be directly credited to an account in the name of the PI, or shared by Co-PIs as mutually agreed upon by them. It will be left to the discretion of the unit leader (henceforth, ‘unit leader’ refers to department chair or director of a school or Extension program unit) as to whether a greater percentage of F&A will be allocated to the PI and/or CO-PIs, which would depend on the degree to which support for grant administration, travel, student assistants, incentives for development of new research, grant

matching or other expenses is believed to be warranted. The maximum percentage of F&A that can be allocated to the PI and/or Co-PIs will be 40% (6% of the gross F&A), thus allocating between 60-80% of F&A to the department, net of the PI and/or CO-PI's allocation.

### *3.1.b Expectations for F&A Expenditures by PIs and/or Co-PIs*

The PI's and/or Co-PIs will have discretion to use their F&A funds for any purpose that supports their or other programs at WSU, subject to all applicable university rules and regulations regarding use of such funds. Such expenditure of funds will be expected to receive pro forma approval from unit leaders.

Faculty who are allocated F&A funds will be expected to use them in support of their needs for travel, student assistants, supplies, services, and/or equipment prior to requesting general unit funds for such purposes. The benefit to the faculty is that they are not subject to funding restrictions or limitations of the grant and/or the department for such expenditures, and have the discretion to make those funding decisions as needed.

Faculty also will have the expectation of partnering with their Departments and/or the College in matching or sharing arrangements to use F&A to fund strategic investments in substantial equipment or other capital purchases that benefit the faculty member's and unit's programs.

F&A funds will revert back to the unit within three years if not expended by the PI or Co-PIs, unless clear and formal rationale is provided for extending this time interval in the context of a plan for strategic investment of the funds. Upon reversion, it will be the unit leader's prerogative to use the reverted funds in the best interest of the unit, which may also include directing some or all of the reverted funds towards expenditures in support of the PI and/or Co-PI's program.

## **3.2 F&A for Centers**

### *3.2.a F&A % Received by R&E and Subject Matter Centers*

In order to honor the requirement of the WSU Executive Policy Manual that some of the F&A revenue allocation be made available to Centers, it will be the policy of CAHNRS that all grants for which the PI and/or Co-PIs either have an R&E or Subject Matter Center as their principal work station, or else receive substantial grant administration support or facilities support from a Center, will provide a percentage of the Department's F&A to the Center. Such a percentage will be formally agreed upon by the unit leader and appropriate Center Director(s) at the time the grant is submitted for funding consideration, and if cooperative agreements cannot be reached, the Dean of CAHNRS will adjudicate the appropriate percentage distribution between the Department and the Center(s) prior to grant proposal submission. The Center percentage

can and should be as high as 100% of the department's net F&A if all aspects of the grant are performed by the PI and/or Co-PIs based on Center administrative, staff and facilities support, and the amount will be 0% only if no aspects of the grant are supported by Center administration, staff or facilities. Centers must abide by terms described in section 3.1.a of this document.

### *3.2.b Expectations for F&A Expenditures by R&E and Subject Matter Centers*

Center Directors have the discretion to utilize F&A funds for any legitimate operational or investment purpose that benefits the Center and the faculty and staff associated with it. It is also expected that Directors will use F&A funds to partner with Departments and/or the College to fund startup packages for new faculty, to fund large equipment purchases benefitting the Center, and to leverage Center funds with Department and College funds to achieve other operational and investment objectives of the Center.

F&A funds will revert back to the College within three years if not expended by the Center, unless clear and formal rationale is provided for extending this time interval in the context of a plan for strategic investment of the funds. Upon reversion, it will be the Dean's prerogative to use the reverted funds in the best interest of the College, which may also include directing some or all of the reverted funds towards expenditures in support of the Center.

## **3.3 F&A for Departments**

### *3.3.a F&A % Received by Departments*

As is clearly delineated in the WSU Executive Policy Manual, 15% of the F&A is initially allocated to the department in which the PI and/or Co-PIs for a grant are located. In the event that Co-PIs are located in different departments, the initial 15% allocation will be assigned as cooperatively agreed to by the participating departments on the eREX form prior to the grant being submitted. The Dean and/or Deans of the College(s) in which the PI and/or Co-PIs reside will adjudicate an appropriate percentage allocation in the event that there is disagreement among the Departments involved about the appropriate percentages.

As noted in section 3.2 above, and consistent with official WSU policy, a portion of a Department's F&A allocation will be transferred to an R&E or Subject Matter Center, commensurate to the use of administrative services and facilities at the Center. Such a percentage can range between 0 and 100 percent of the allocation, as appropriate, and if a faculty member resides at a Center, it would ordinarily be expected that 100% of the F&A be allocated to the Center unless the Department provides explicit facilities and administrative support for the grant. It is expected that the unit leader and Center Director(s) cooperatively determine appropriate percentages and reflect this on the eREX form when Centers are

involved in the grant activity. The Dean will adjudicate any irreconcilable disagreements in the allocation of F&A funds between Departments and Centers.

### *3.3.b Expectations for F&A Expenditures by Departments*

Unit leaders have the discretion to utilize F&A funds for any legitimate operational or investment purpose that benefits the Department and the faculty and staff within it. It is also expected that unit leaders will use F&A funds to partner with the College and/or Centers to fund startup packages for new faculty, to fund large equipment purchases benefitting the department, and to leverage Department funds with College and/or Center funds to achieve other operational and investment objectives of the Department.

F&A funds will revert back to the College within three years if not expended by the Department, unless clear and formal rationale is provided for extending this time interval in the context of a plan for strategic investment of the funds. Upon reversion, it will be the Dean's prerogative to use the reverted funds in the best interest of the College, which may also include directing some or all of the reverted funds towards expenditures in support of the Department.