

SOUTH DAKOTA BOARD OF REGENTS

Committee on Budget and Finance

**REVISED
AGENDA ITEM: II – B**

DATE: October 8-9, 2014

SUBJECT: F&A Rates and Allocation

This item is intended to provide an update on the current federally negotiated F&A rates and related allocation policies at each institution. Attachment I contains the federally negotiated F&A rates for each institution. Attachment II contains the institutional allocation policies for F&A receipts.

RECOMMENDED ACTION OF THE EXECUTIVE DIRECTOR

Informational only.

Table 1
Federally Negotiated Rates for South Dakota Regental Institutions

<i>Institution</i>	<i>Indirect Rate</i>	<i>Institutional Application</i>	<i>Effect Date</i>
<i>BHSU</i>	44%	Salaries & Benefits	Effective: September 14, 2004
<i>DSU</i>	31%	Negotiated rate applies to Modified Total Direct Costs (MTDC) which means it applies to direct costs other than equipment and capital expenditures, leases or rent, scholarships and fellowships, tuition remission, and sub-awarded dollars greater than \$25,000.	Effective: July 1, 2013
<i>NSU</i>	42.9%	Salaries, wages and benefits apply.	Effective: July 1, 2014
<i>SDSM&T</i>	39%	Fully negotiated F&A rate applies to Modified Total Direct Costs (MTDC) consisting of all salaries and wages, fringe benefits, materials, supplies, services, travel and subgrants and subcontracts up to the first \$25,000 of each subgrant or subcontract (regardless of the period covered by the subgrant or subcontracts). MTDC's shall exclude equipment, capital expenditures, charges for patient care, student tuition remission, rental costs of off-site facilities, scholarships, and fellowships as well as the portion of each subgrant and subcontract in excess of \$25,000.	Effective: July 1, 2013
<i>SDSU</i>	45%	Fully negotiated F&A rate applies to MTDC, consisting of all salaries and wages, fringe benefits, materials, supplies, services, travel and subgrants and subcontracts up to the first \$25,000 of each subgrant or subcontract (regardless of the period covered by the subgrant or subcontract). MTDC's shall exclude equipment, capital expenditures, charges for patient care, student tuition remission, rental costs of off-site facilities, scholarships, and fellowships as well as the portion of each subgrant and subcontract in excess of \$25,000.	Effective: March 8, 2011
<i>USD</i>	45%	Negotiated rate applies to Modified Total Direct Costs (MTDC) which means it applies to direct costs other than equipment and capital expenditures, leases or rent, scholarships and fellowships, tuition remission, and sub-awarded dollars greater than \$25,000.	Effective July 1, 2013

Table 2
Allocation of F&A Receipts for South Dakota Regental Institutions

Institution	Additional Institutional Rates	Institutional F&A Allocation Policy
<i>BHSU</i>	Organized Research: 44% on-campus and 16% off-campus.	All grants have the following distribution: 40% to Finance & Administration for recovery of operational support including a direct allocation to post-award grants accounts, 15% to Grants & Special Projects Office, 10% to the VP for Academic Affairs, 35% to the College/Department/Center responsible for the grant activity.
<i>DSU</i>	One indirect recovery rate is applied.	The distribution policy on campus is for 30% of the recovered indirect is directly distributed back to the units/departments involved in the project to be used to promote additional research activities – the breakdown of this is dependent on the amount of time each unit/department is involved. 70% goes to a University overhead fund that covers a matching funds pool, salaries/benefits/OE for the Sponsored Programs Office. ¹
<i>NSU</i>	One indirect recovery rate is applied.	100% of indirect costs go directly to the Grants & Sponsored Research office.
<i>SDSM&T</i>	Organized Research: 39% on-campus and 26% off-campus.	52% of the recovered indirect costs charged to sponsored projects is returned to the Finance and Administrative Office 1) 15% to the Vice President for Research, 3% to the Library and 10% to each: the Provost, Department Head and PI, or 2) 15% to the Vice President for Research, 3% to the Library, 10% to PI, 10% to Department Head and 12% to Center Director, if grant/contract submitted through the Center.
<i>SDSU</i>	Organized Research: 45% on-campus and 26% off-campus. Instruction Rate: 26% off-campus, 45% on-campus. Other Sponsored Activity: 26% off-campus, 31.5% on-campus. ²	Under SDSU’s new decentralized budget model, 90% of recovered FA& is allocated to the revenue generating unit (college). Each college unit responsible for paying its portion of University Support Services, such as the those in the Division of Research and Economic Development, Grants and Contracts Administration, environmental safety and animal care compliance, institutional representation and operation of physical plant. The remaining 10% is deposited into two Central Administration funds that are observed by the University Budget Oversight Committee; (1) Sponsored Programs Risk Management Fund and (2) Research Infrastructure Improvement Fund. These two funds are administered by the VP for Research & Economic Development. There are a few special cases, generally research centers, where 60% of the recovered F&A is returned to Central Administration and the remaining 40% is returned to the VP for Research and Economic Development who generally allocates the funds to the center generating the recovered F&A for targeted research improvements.
<i>USD</i>	Organized Research: on-campus: 45% on-campus and 26% for off-campus, Instruction Rate on-campus is 45.4% and 26% for off-campus, Other Sponsored	Upon implementation of Responsibility Centered Management (RCM), indirect cost recovery (ICR) is distributed as follows: 90% to the dean of the unit in which the PI is assigned; 5% to suspense (administered by the VP for Finance), and 5% to a research incentive pool (administered by the VPR). ⁴

¹ Some Grants Administration Office costs as well as any additional needs deemed necessary by the President are funded if recovery is sufficient to allow it. Exceptions to this distribution have been made when the recovery amount or percentage is capped or negotiated to be less than 100%.

² SD BOR Policy 5:2 is used for Recovery of F&A costs from SD State agencies. Recovery is limited to 60% of our fully negotiated rate; however this adjustment does not apply to grants and contracts that involve Federal or other non-state funds.

⁴ Deans are expected to use ICR to fund their research administrative expenses and to invest in research growth. If a sponsor has a published policy that limits indirect cost rates for all awardees, then those rates supersede the university's negotiated rates and the BOR policy on ICR from state agencies.

Activities rate on-campus is 27.3% and 26% for off-campus.³

³ In general terms, the difference between on-campus and off-campus is that on-campus rates are used when USD incurs the cost for the facility.