Name of Policy: **Facilities and administration policy.**

Policy Number: 3364-70-23

Approving Officer: President

Responsible Agent: Senior Director for Research Administration

**Scope:** All University of Toledo campuses

Revision date: April 1, 2011

Original effective date: May 28, 2009

- □ New policy proposal
- ☒ Minor/technical revision of existing policy
- □ Major revision of existing policy
- □ Reaffirmation of existing policy

(A) Policy statement

When the University of Toledo (“university”) facilities and/or personnel are utilized for sponsored programs, the sponsoring agency or corporation must reimburse UT for the facilities and administrative costs (“F&A”), also known as indirect costs associated with the sponsored program. F&A includes those institutional costs which cannot be identified with a specific sponsored program, yet are essential (e.g., library operation, facilities and infrastructure support and administrative costs). These indirect costs are actual expenses that UT incurs during the performance of work on sponsored agreements; and, therefore, the institution must be equitably reimbursed for these costs.

(B) Purpose of policy

The purpose of this policy is to provide university faculty and staff guidance on the use of F&A in proposal and budget development.

(C) University F&A rates

The federal F&A rate is determined by negotiation with the Department of Health and Human Services at regular intervals. There are different rates for the main and health science campuses and within each campus, different rates for various types of activities (e.g., research and instruction). Current federal F&A rates may be found on the university research and sponsored programs (RSP) web site (http://www.utoledo.edu/research/funding/information.html). Applicants should select the appropriate rate for their specific campus and the type of activity proposed in the application. Final approval of the F&A rate for each application is the responsibility of the RSP office.
(D) University F&A rate adjustments

The F&A rate is not negotiable on any federally funded program or project. Any proposed reduction from this rate for a particular program sponsored by a nonfederal entity requires the university to cost share the difference between the federal F&A rate and any reduced rate, which must be approved by the RSP office for a specific application. There are occasions when the university will support a project by assuming all or part of the project’s indirect costs. An example of such an occasion is when the funding agency limits the amount of indirect costs payable by the agency. All deviations from the federal F&A rate must be approved in advance by the Vice President for Research and Economic Development or the Senior Director for Research Administration. Individual investigators do not have the authority to negotiate the F&A rate for their sponsored program(s), and in some cases, doing so could represent a conflict of interest in violation of Ohio law.

(E) Corporate and industry sponsored projects

Corporate and industry sponsored projects must be entered into in the name of The University of Toledo and not in the name of the department or principal investigator. The University of Toledo Foundation, UT Innovation Enterprises or other external entities are not permitted to accept payment for activities related to corporate and industry sponsored research projects conducted within the university except in situations where this is a written requirement of the funding agency (in such cases the Office of Research and Sponsored Programs must be notified within 30 days of an award). Corporate and industry sponsored projects, excluding clinical trials, will be assessed facilities and administrative costs based on the federally approved F&A rate. In special and rare cases, the university will permit a reduction in the rate to support the economic development goals of the state. A reduction is permitted in rare occasions for small businesses with a significant presence in the State of Ohio, for UT incubation tenants, and for modest awards such as those that provide support for graduate students only. In such cases the entire F&A rate goes to the central university account.

In cases in which the work is completed on a project with a surplus of funds, the F&A will be charged on the remaining balance. With the approval of the Vice President for Research and Economic Development or the Senior Director of Research Administration, the remaining balance will be transferred into a departmental account under the supervision of the faculty member PI to support research and graduate training.

(F) Third party purchases

The practice of allowing the program sponsor or any other third party to purchase supplies, etc., directly for use by university investigators, thereby circumventing the university F&A charges and university purchasing/receiving policies and procedures, or making direct payments to study personnel or study subjects, is strictly prohibited except in the case of charitable gifts. All such transactions must “flow” through the university restricted sponsored program account set up for support of the specific sponsored program.
(G) F&A and budget development

To avoid an inadequate "bottom line" being established prematurely for an extramurally sponsored program, preliminary budgets should be discussed with the RSP office prior to contacting a potential sponsor to ensure that an adequate budget, including F&A, has been projected. When the basis for F&A is anything other than total direct costs, F&A is budgeted for convenience based on the principal investigator’s direct cost budget, but actual F&A recovery is determined by expenditures and, if necessary, monies may be rebudgeted from direct costs to F&A. For example, if the basis for F&A is modified total direct cost (MTDC), as is the case for all UT federal grants/contracts, equipment and patient care expenses are excluded from F&A. If the budget for a particular grant/contract is established with all of the funds in one of those two F&A-excluded categories, no monies will be budgeted for F&A, but if any monies are rebudgeted and expended for personnel, supplies or any other F&A-applicable category, monies must also be rebudgeted from direct cost categories to pay the applicable F&A. In short, F&A is not capped at the budgeted amount, but will be collected on all F&A-applicable expenditures, even if rebudgeting from direct cost is required.

When clinical trial budgets are quoted by the sponsor as a specified dollar amount per patient or for the entire study, this dollar amount represents total cost, which includes the university F&A. Revenue from such clinical trials will be divided in the university restricted sponsored program account between direct cost and F&A based on the applicable F&A rate for that study.