

# FACILITIES & ADMINISTRATIVE EXPENSES FOR GRANTS & CONTRACTS

**POLICY NUMBER:** ADM-FA-FOR-GC

**POLICY TYPE:** ADMINISTRATIVE

**RESPONSIBLE OFFICIAL TITLE:** CHIEF FINANCIAL OFFICER

**RESPONSIBLE OFFICE:** OFFICE OF COMPTROLLER AND BUDGET OFFICE

**EFFECTIVE DATE:** 7/1/2017

**NEXT REVIEW DATE:** 7/1/2020

**SUPERSEDES POLICY DATED:** 11/19/2014

**REQUIRES LEGAL/COMPLIANCE REVIEW:**

(PER SECTION V. OF THE APPROVED POLICY REQUEST FORM)  YES  NO

**REQUIRES I.T. POLICY COUNCIL REVIEW:**

(PER SECTION V. OF THE APPROVED POLICY REQUEST FORM)  YES  NO

**REQUIRES PROFESSIONAL CONCERNS COMMITTEE REVIEW:**

(PER SECTION V. OF THE APPROVED POLICY REQUEST FORM)  YES  NO

**REQUIRES FACULTY SENATE APPROVAL:**

(PER SECTION V. OF THE APPROVED POLICY REQUEST FORM)  YES  NO

**REQUIRES HUMAN RESOURCES REVIEW:**

(PER SECTION V. OF THE APPROVED POLICY REQUEST FORM)  YES  NO

**REQUIRES BOARD OF REGENTS APPROVAL:**

(PER SECTION V. OF THE APPROVED POLICY REQUEST FORM)  YES  NO

## I. POLICY STATEMENT

Facilities & Administrative Costs (a.k.a. "F&A costs", "indirect costs", "IDC", or "overhead costs") are costs necessary for support of research projects but cannot be directly allocated or charged to a specific project. Examples include expenses related to facility maintenance, depreciation, utilities, library expenses, and sponsored programs & general department administration.

All grants and contracts benefit from the use of and support from university resources. It is the policy of Northern Kentucky University (NKU) to charge F&A costs in a manner that balances the inherent use of university resources by grants and contracts and the need for programmatic funding and research central to NKU's mission. In regards to F&A costs, NKU will operate within the guidelines established by the Department of Health & Human Services [which sets maximum indirect cost rates], and the funding agency(ies) of the project in question.

## II. ENTITIES AFFECTED

NKU and NKU Research Foundation. Colleges and administrative units receiving grants, Research, Grants & Contracts Office, and the Office of the Comptroller.

## III. AUTHORITY

Department of Health & Human Services establishes the maximum indirect cost rate.

Kentucky Revised Statutes 164A.610 governs the distribution of F&A earned on grants awarded to affiliated corporations of NKU (including NKU Research Foundation).

## IV. DEFINITIONS

Facilities & Administrative Costs – a.k.a. “indirect costs”, “IDC”, or “overhead costs”. Costs that cannot be easily allocated or charged to a specific project. Examples include: facility maintenance, depreciation, utility costs, library expenses, administration of sponsored programs, and general administrative expenses.

## V. RESPONSIBILITIES

Vice Provost/GERO & CFO

## VI. PROCEDURES

Describe the **MINIMUM ACTIONS** required to fulfill the policy’s requirements. This section should **NOT INCLUDE** internal protocols, guidelines, optional or purely desirable actions.

### A. BUDGETING F&A DOLLARS

- When the funding sponsor allows F&A costs, the budget submitted must include full, allowable F&A costs.
- When the funding sponsor does not allow F&A costs, the costs will be waived.
- If the funding sponsor limits F&A costs, a percentage of the F&A costs will be waived.

### B. CALCULATION & DISTRIBUTION OF F&A DOLLARS

NKU’s current F&A rate agreement with the Department of Health and Human Services can be found on the Office of Research Grants and Contracts website. <https://inside.nku.edu/rqc/grants/faq.html>

100% of the F&A dollars earned by grants awarded to Northern Kentucky University and Northern Kentucky University Research Foundation will be distributed to the college or administrative unit in which the Principal Investigator (PI) resides.

The F&A dollars for the current fiscal year will be distributed annually in August following the fiscal year end (e.g., F&A dollars for the fiscal year ending 6/30/17 would be distributed August 2017). The F&A dollars will be distributed to the college or administrative unit in which the PI resides. For multiyear grant awards, the actual F&A collected will be distributed annually as costs are incurred and not in one lump sum. Note that F&A is calculated and received based on actual costs incurred, not on the original estimated project budget.

### C. GRANTS & CONTRACTS INVOLVING INVESTIGATORS FROM MORE THAN ONE COLLEGE

For grants and contracts involving investigators from more than one college, the Dean of the College may elect to share the actual collected F&A costs. The decision process is managed by the PI. The PI should document the distribution explanation using the NKU Routing Form *prior* to grant submission. The Deans of the Colleges involved must sign off on the distribution explanation as noted on the routing form.

For grants and contracts involving more than one PI (a.k.a. co-PI’s) from more than one college, the F&A will be distributed appropriately to their home colleges. The Deans of the Colleges involved must sign off on the distribution agreement as noted on the routing form.

Further distribution of the College Dean/Administrative Unit’s portion of the F&A is determined by the individual Dean or Administrative Unit.

## VII. COMMUNICATIONS

List any university committees, groups, boards, councils, or other groups to which this policy or revisions to this policy should be communicated.

Budget Executive Committee

## VIII. REFERENCES AND RELATED MATERIALS

### REFERENCES & FORMS

Link any forms or instructions needed to comply or implement this policy. If links are unavailable, attach forms to this policy as examples.

[Frequently Asked Questions – Office of Research, Grants, & Contracts](#)

[Routing Form](#)

### REVISION HISTORY

REVISION TYPE	MONTH/YEAR APPROVED
Edits to update responsible officials and revision history	July 23, 2019
Revision	January 10, 2018
Revision & name change	November 19, 2014
Policy – Distribution of Facilities and Administrative Cost Recovery	July 1, 2006

January 17, 2018

*May/Handel  
Please  
file*

Dr. Sue Hodges Moore  
Senior Vice President for Administration & Finance  
812 Lucas Administrative Center

Dear Dr. Hodges Moore:

The Northern Kentucky University Board of Regents, at its regularly scheduled meeting on January 10, 2018, approved the following policies.

Disclosure of Campus Security and Crime Statistics  
Facilities and Administrative Expenses for Grants and Contracts  
Graduate Course Reinstatement  
Grade Appeals  
Information Security Incident Response  
Data Governance and Security

Sincerely,

*Gerard St. Amand*

Gerard St. Amand  
Interim President