

**MONTANA TECH**  
**POLICY for**  
**COLLECTION, REDISTRIBUTION, AND ACCOUNTING**  
**OF FACILITIES AND ADMINISTRATIVE (F&A) COSTS**

**1.0 FEDERAL POLICY, COLLECTION, AND AUTHORITY**

**1.1. Federal Policy for the Collection of Facilities and Administrative Costs**

1.1.1 Federal regulations allow colleges and universities to add Facilities and Administrative (F&A) costs to federally funded research to recover expenses for items and services that are provided or maintained on a campus-wide basis. F&A costs are those that are incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity. These costs are collectable under guidance provided by 2 CFR 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

1.1.2 Allowable F&A costs include depreciation, interest, operation and maintenance expenses, general administration and general expenses, departmental administration expenses, sponsored projects administration, library expenses, and student administration and services. The cost elements allowed in determining the F&A rate are described in more detail in Appendix A.

**1.2 Collection Guidelines for F&A Costs**

1.2.1 Unless otherwise authorized or approved by the Chancellor, all Grants and Contracts at Montana Tech will include provision for recovery of F&A costs at appropriate rates.

1.2.2 F&A funds will be paid into accounts established in the Office of Research and Graduate Studies and will be disbursed from those accounts in accordance with approved guidelines or on approval by the Chancellor.

**1.3. Authority**

1.3.1 The Chancellor of Montana Tech is responsible for the collection, distribution and accounting of all F&A funds.

1.3.2 The Chancellor has delegated authority for the collection, distribution and accounting of F&A funds to the Vice Chancellor for Research (VCR).

1.3.3 The VCR and the Director of Sponsored Programs will administer F&A revenues and expenditures in accordance with the requirements of 2 CFR 200 and the general guidelines approved by the Chancellor.

1.3.4 Annually, the VCR shall prepare a budget for the proposed expenditures of F&A revenues for review and approval by the Chancellor. The VCR shall seek input for this budget from other vice chancellors, the Director of Sponsored Programs, academic department chairs, center directors, and the Director of the Montana Bureau of Mines and Geology (MBMG) as appropriate.

## **2.0 COLLECTION OF FACILITIES AND ADMINISTRATIVE COSTS**

**2.1** Funds for sponsored research projects performed by Montana Tech shall be administered by the Office of Research and Graduate Studies. Funds for sponsored research projects performed by MBMG shall be administered by the Director of the MBMG.

**2.2** Funded research projects and other activities sponsored by Federal agencies and private corporations shall be charged F&A costs at the predetermined rate negotiated with and approved by the Department of Health and Human Services of the United States Government. The [current F&A rate agreement](#) is posted on the Research Office web site.

**2.3** Projects funded by agencies of the State of Montana will be charged a F&A rate established by the Regents of the Montana University System. The rate in effect in 2017 is 25% for research projects, 8% for training programs, and the federally negotiated rate for federal pass-through grants and contracts.

**2.4** Full Montana Tech F&A rates will be charged unless the funding source has a lesser rate that it uniformly applies to all grantees through the particular funding opportunity. Any requests by PIs for a F&A rate, which is less than that allowed by the policy of the funding source must have the approval of the VCR.

**2.5** Any requests by PIs to use the collected F&A funds as matching funds for a specific grant must be endorsed by the appropriate Department Head and Dean, or the Director of the MBMG, and approved by the VCR.

**2.6** Any specific exceptions to this F&A collection policy or rates must be approved in advance of the submission of the proposal by the VCR and the Chancellor.

**2.7** F&A funds will be collected, held, and accounted for in Designated F&A Recovery Accounts. The Office of Sponsored Programs shall provide reports of the collection and disbursement of these funds to the VCR, the Director of the MBMG, and the Chancellor.

## **3.0 REDISTRIBUTION OF FACILITIES AND ADMINISTRATIVE FUNDS**

**3.1** The intent of the redistribution of F&A funds is to support the fixed costs of major campus-wide services and programs that provide support for research and other sponsored activities, provide dollar-matching funds for approved grant applications, provide seed money for nascent research projects, and provide a proportionate return to Colleges, Departments, Research Faculty, Programs, Centers, and Offices to use for purposes outlined in 2 CFR 200 (see Appendix A).

**3.2** The VCR in consultation with the Director of Sponsored Programs shall prepare an annual F&A redistribution budget for approval by the Chancellor.

3.2.1 F&A funds may be used to partially support the operations of the Office of Research, the Office of Sponsored Programs, and the Graduate School.

3.2.2 F&A funds may be used to support matching-fund requirements. Some equipment proposals and research proposals require institutional or state matching funds. These matches may be in-kind matches or dollar matches. Estimates of the dollar-matching requirements for these proposed grants shall be included in the annual budget submitted to the Chancellor by the VCR.

3.2.3 F&A funds may be used to support campus-wide services and programs consistent with the allowable elements outlined in 2 CFR 200 (see Appendix A). The vice chancellors, the MBMG director, and the deans may propose major, short-term and long-term, campus-wide services and programs for support by F&A funds to the VCR and the Chancellor. These initiatives can be, but are not limited to, major laboratory equipment, laboratory facilities or upgrades, research fellowships, research initiatives, library collections, environment health and safety improvements, outreach, or campus-wide faculty enrichment programs. These proposed campus-wide initiatives shall be reviewed by the Chancellor for his final approval.

### **3.3** Return to Generators

3.3.1 A portion of each unit's net F&A revenues shall be returned annually to the originating College departments, faculty researchers, Deans, Directors, MBMG, Centers, Offices, and Programs, whose grants generated the F&A funds. Net F&A generation for each unit is equal to their gross F&A generation, reduced by any matching or reinvested funds as approved by the VCR.

3.3.2 Twenty five percent (25%) of net F&A funds generated by academic departments shall be distributed as follows:

- 40% will be returned to F&A-generating Principal Investigator
- 45% will be returned to F&A-generating Department Heads
- 15% will be returned to the Dean of the F&A-generating college

All distributions will be deposited in specific F&A accounts for the Faculty, Staff, their Department Chairs and their Deans.

3.3.3 For the purposes of redistribution of collected F&A Costs, recognized Montana Tech Centers, Offices, and Programs will be assigned to the Montana Tech Research Office, a College, or a Department as appropriate.

Thirty Three percent (33%) of net F&A funds generated by employees of said Centers, Offices, and Programs will be distributed as follows:

- 60% will be returned to the Center, Office, or Program Director
- 25% will be returned to the assigned Department Head, if any
- 15% will be returned to the assigned College Dean, VCR, or vice chancellor, if any

All distributions will be deposited in specific F&A accounts for the Center Director, the assigned Department Chair and the assigned Dean or vice chancellor.

For the purpose of this section the VCR shall determine the list of qualifying Centers, Offices, and Programs and their assignment to a specific Department and College. If there is no assigned Department or College, 33% of the unit's net F&A funds will be returned to the Center, Office, or Program Director. In the case of the MBMG, 33% of the net F&A funds will be returned to the Director.

3.3.4 Distribution of collected F&A Costs shall be made annually to Montana Tech principal investigators, Deans, Departments, Centers, Offices, and Programs.

#### **4.0 USES OF F&A FUNDS ALLOWED BY MONTANA LAW**

**4.1** Pursuant to 1989 Montana legislative intent , the following applies to the use of F&A funds:

"... grant indirects retained at the various units of the University System . . . must be expended for the enhancement of existing research programs, assistance to and encouragement of new research programs, and the general support of research."

**4.2** Final determination as to whether or not a proposed expense fits within these guidelines shall be made by the Director of Sponsored Programs in consultation with the VCR.

#### **5.0 ACCOUNTABILITY**

**5.1** The VCR, in consultation with the Director of Sponsored Programs, is responsible for assembling and presenting a report of the collection, redistribution, and future plans for F&A funds for approval by the Chancellor.

**5.2** The Director of Sponsored Programs is responsible for reviewing the use of F&A funds to assure compliance with the requirements of 2 CFR 200, and to bring irregularities to the attention of the VCR.

**5.3** The Director of Sponsored Programs and the VCR will work with the responsible individual(s) to resolve any irregularities, conferring with the VCAF as necessary.

**5.4** The VCR in collaboration with the Director of Sponsored Programs shall compile an annual report on F&A fund collection and use and submit it to the Chancellor by November 1 of each year.

#### **6.0 APPROVAL AND AMENDMENTS TO THIS DOCUMENT**

**6.1** Final approval of this policy shall be made by the Chancellor.

**6.2** Proposed amendments to the F&A policy that do not involve changes to the formula establishing returns to generators shall be submitted by the VCR to the Deans, the Director of MBMG, Director of Sponsored Programs, and the Executive Council for input, prior to approval by the Chancellor.

**6.3** Proposed amendments to the F&A policy that involve changes to the formula or

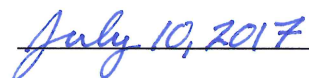
process establishing returns to generators or guidelines for their use shall be submitted by the VCR to the Director of Sponsored Programs, Deans, Department Chairs, Program Managers, Center and Office Directors, MBMG Director, and Vice Chancellors for their comments at least 2 months prior to being presented to the Chancellor for approval. When presenting the proposed amendments to the Chancellor, the VCR will include a summary of the comments and their disposition.

6.4 Because of the dynamic nature of F&A fund generation and the changing college priorities for F&A fund expenditures, it is expected that this document will require revision.

Approved:

  
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Dr. Donald M. Blacketter  
Chancellor  
Montana Tech

  
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Date

## Appendix A

### Elements of Facilities and Administration (F&A) Costs from 2 CFR 200 Appendix III

#### *1. Definition of Facilities and Administration*

See § 200.414 Indirect (F&A) costs which provides the basis for these indirect cost requirements.

#### *2. Depreciation*

The expenses under this heading are the portion of the costs of the institution's buildings, capital improvements to land and buildings, and equipment which are computed in accordance with § 200.436 Depreciation.

#### *3. Interest*

Interest on debt associated with certain buildings, equipment and capital improvements, as defined in § 200.449 Interest, must be classified as an expenditure under the category Facilities. These costs must be allocated in the same manner as the depreciation on the buildings, equipment and capital improvements to which the interest relates.

#### *4. Operation and Maintenance Expenses*

The expenses under this heading are those that have been incurred for the administration, supervision, operation, maintenance, preservation, and protection of the institution's physical plant. They include expenses normally incurred for such items as janitorial and utility services; repairs and ordinary or normal alterations of buildings, furniture and equipment; care of grounds; maintenance and operation of buildings and other plant facilities; security; earthquake and disaster preparedness; environmental safety; hazardous waste disposal; property, liability and all other insurance relating to property; space and capital leasing; facility planning and management; and central receiving. The operation and maintenance expense category should also include its allocable share of fringe benefit costs, depreciation, and interest costs.

#### *5. General Administration and General Expenses*

The expenses under this heading are those that have been incurred for the general executive and administrative offices of educational institutions and other expenses of a general character which do not relate solely to any major function of the institution; i.e., solely to (1) instruction, (2) organized research, (3) other sponsored activities, or (4) other institutional activities. The general administration and general expense category should also include its allocable share of fringe benefit costs, operation and maintenance expense, depreciation, and interest costs. Examples of general administration and general expenses include: those expenses incurred by administrative offices that serve the entire university system of which the institution is a part; central offices of the institution such as the President's or Chancellor's office, the offices for institution-wide financial management, business services, budget and planning, personnel management, and safety and risk management; the office of the General Counsel; and the operations of the central administrative management information systems. General administration and general expenses must not include expenses incurred within non-university-wide deans' offices, academic departments, organized research units, or similar organizational units.

#### *6. Departmental Administration Expenses*

The expenses under this heading are those that have been incurred for administrative and

supporting services that benefit common or joint departmental activities or objectives in academic deans' offices, academic departments and divisions, and organized research units. Organized research units include such units as institutes, study centers, and research centers.

#### *7. Sponsored Projects Administration*

The expenses under this heading are limited to those incurred by a separate organization(s) established primarily to administer sponsored projects, including such functions as grant and contract administration (Federal and non-Federal), special security, purchasing, personnel, administration, and editing and publishing of research and other reports. They include the salaries and expenses of the head of such organization, assistants, and immediate staff, together with the salaries and expenses of personnel engaged in supporting activities maintained by the organization, such as stock rooms, print shops, and the like. This category also includes an allocable share of fringe benefit costs, general administration and general expenses, operation and maintenance expenses, and depreciation. Appropriate adjustments will be made for services provided to other functions or organizations.

#### *8. Library Expenses*

The expenses under this heading are those that have been incurred for the operation of the library, including the cost of books and library materials purchased for the library, less any items of library income that qualify as applicable credits under § 200.406 Applicable credits. The library expense category should also include the fringe benefits applicable to the salaries and wages included therein, an appropriate share of general administration and general expense, operation and maintenance expense, and depreciation. Costs incurred in the purchases of rare books (museum-type books) with no value to Federal awards should not be allocated to them.

#### *9. Student Administration and Services*

The expenses under this heading are those that have been incurred for the administration of student affairs and for services to students, including expenses of such activities as deans of students, admissions, registrar, counseling and placement services, student advisers, student health and infirmary services, catalogs, and commencements and convocations. The salaries of members of the academic staff whose responsibilities to the institution require administrative work that benefits sponsored projects may also be included to the extent that the portion charged to student administration is determined in accordance with Subpart E— Cost Principles of this Part. This expense category also includes the fringe benefit costs applicable to the salaries and wages included therein, an appropriate share of general administration and general expenses, operation and maintenance, interest expense, and depreciation.