01.ORG.08 – Facilities and Administrative Costs of Extramural Projects

Approved by COB Faculty (November 5, 2024)

Revision History

Overview

Texas A&M University-Corpus Christi Procedure 15.01.05.C0.01 Facilities and Administrative Costs of Extramural Projects specifies the distribution and expenditure of facilities and administrative (F&A) costs derived from all sponsored projects. The College of Business at Texas A&M University-Corpus Christi (TAMU-CC) establishes this policy to specify the distribution and expenditure of F&A costs derived from all sponsored projects within the college. This policy applies to all sponsored projects awarded after September 1, 2024. All sponsored projects awarded prior to this date are covered by the policy in place when they were awarded.

General

F&A costs are frequently referred to as “indirect costs” and are actual costs incurred by the university that cannot be readily identifiable or associated with a single sponsored project or activity. F&A costs must be included as a separate line item in the budget of each proposal submitted for extramural funding.

The determination of these costs is based on a cost proposal submitted by the Texas A&M University System to the federal cognizant agency, the Department of Health and Human Services, every four (4) years. The university’s F&A cost rate is calculated on a Modified Total Direct Costs (MTDC) base. This MTDC base consists of all salaries and wages, fringe benefits, materials, supplies, services, travel, and up to the first $25,000 of each sub-grant or subcontract. The MTDC excludes equipment, capital expenditures, rental costs, tuition remission, scholarships and fellowships, participant support costs, and the portion of each sub-award above $25,000.

Negotiated Allowable Rate

TAMU-CC requires that all applications for extramural funding charge the federally negotiated allowable F&A rate regardless of funding source unless a sponsor precludes or limits such costs. If a sponsor limits or precludes F&A costs, a written, official, and publicly disclosed statement of such policy must be provided before the university will accept the lower rate.

Any exceptions to the use of the negotiated allowable rate require that a written statement of explanation be submitted to, and approved by, the Executive Vice President for Research and Innovation (EVPR) prior to submission of the application. The statement must include the benefits to the university, the Texas A&M University System, and the State of Texas of the cost-sharing a portion of the F&A costs of a certain project.

Distribution

The distribution of recovered F&A costs for faculty within the College of Business is based on the unit from which the proposal originated. For instance, a Principal Investigator (PI) with an academic appointment but with an affiliation with a center can choose to submit their proposal through either the college or the center. This is determined in consultation with the department chair, dean, and the center director prior to the submission of the proposal.

Distribution Scenarios

PI Salaried by College of Business

One-half of the F&A distribution goes to the University. The remaining 50% is distributed at the discretion of the College of Business's Dean. The current policy is that 5% of the College's distribution will be returned to the PI.

PI Salaried by College of Business and Submitted Through a Center that Reports to the College of Business (i.e., STEDC or CBBIC).

One-half of the F&A distribution goes to the University and the remaining 50% is distributed at the discretion of the Dean. The current policy is that 45% of the F&A will be distributed to the center and 5% will be distributed to the PI.

Originating Unit	University Fund	College	Center/ Institute	PI
College	50%	45%	0%	5%
College-level center/institute	50%	0%	45%	5%

Other Scenarios

F&A distribution associated with a proposal consisting of PI(s), Co-Principal Investigators (Co-PI's), Co-Investigators (Co-I's) from multiple units shall be determined at the pre-award stage. Indirect costs will be distributed between the units based on the distribution of the budget.

Outlier cases (e.g., PI with dual appointment) will be handled by the EVPR with the input of the relevant deans and/or directors and/or non-academic unit/division heads.

A PI will retain their recovered F&A for up to 3 years. Following this period, deans and/or directors shall notify the PI at least 90 days in advance of recovering the remaining unexpended funds.

The funds returned to each entity must only be used to enhance further research, creative activities, scholarship, and/or sponsored activities. If there is a balance in an F&A account when the PI leaves the institution, the funds will revert to the college's fund account to enhance research productivity.

Expenditures

F&A funds can only be recovered after expenditures on the sponsored project are made. The F&A costs are posted into the respective account(s) annually and reflect the costs recovered to that point in the project.

Administration of recovered and distributed F&A costs is the responsibility of the college or center to which the funds are distributed.

Recovered and distributed F&A costs must be expended under the guidelines in this procedure and must follow the Texas Education Code, 145.001. At no time will recovered F&A costs be used to pay for salaries that could be charged directly to a sponsored project.

Classification of costs for F&A expenditures related to federally funded projects must also comply with guidelines for determining direct and F&A costs provided in the Uniform Guidance 2 CFR 200 Subpart E. Each cost incurred for the same purpose must be treated consistently in like circumstances either as a direct or an F&A cost to avoid possible double charging of federal awards.

Related Policies & Information

University Procedure 15.01.05.C0.01 Facilities and Administrative Costs of Extramural Projects

Revision History

- Approved by COB Faculty (September 10, 2019)