

WASHINGTON STATE UNIVERSITY
EXECUTIVE POLICY MANUAL

Executive Policy #2
Revision Approved April 12, 2021

Policy for Allocating Facilities and Administrative Cost Recovery Funds

I. BACKGROUND ON FACILITIES AND ADMINISTRATIVE COSTS

Sponsors, including the federal government, private industry, state and local governments, and nonprofit foundations, provide funding to WSU through grants and contracts, which are processed through the Office of Research (OR). The sponsored project awards generally include funds for direct costs (salary support, supplies, specialized equipment, etc.) as well as facilities and administrative (F&A) costs.

F&A is an important source of cost recovery funds for the University. WSU's major source of F&A funding derives from federal government research projects, where allowable costs are subject to the Uniform Guidance for instruction, organized research, and other sponsored activity. The funds are used to support the University's research costs associated with administration and use of physical facilities and to support essential activities and resources to sustain the WSU research enterprise.

It is necessary and usual to combine F&A funds with other funding sources, such as state appropriations, to support the University research enterprise generally plus other sponsored activities.

II. F&A STRATEGY, POLICY, AND OVERSIGHT

The Vice President for Research (VPR), in coordination with the Vice President for Finance and Administration (VPFA), Provost, chancellors, and other senior administrative, college, and campus leaders or their designees, oversees WSU F&A strategy, policies, and associated implementation measures. The VPR's leadership responsibilities include:

1. *Development of an overall strategy for F&A at WSU systemwide:* This includes strategies for growing the F&A funding pool and allocating F&A and developing associated policies in support of WSU's Strategic Plan.
2. *Strategic management of activities funded by WSU system administration:*
 - i. F&A funds flowing to WSU system administration are to be consolidated into a System F&A Fund. This fund supports administrative, infrastructure, and other foundational costs associated with the research enterprise systemwide.
 - ii. This fund is managed formally by the VPR, VPFA, and Provost. The fund is to be managed strategically, with a systemwide perspective, full accountability, and in coordination with other annual budget processes.
3. *Development of guiding principles for strategic management of F&A funds:* These are described in Appendix 1.
4. *Transparency and reporting:* The Office of Research provides information on F&A expenditures and related topics, including an annual F&A report, to the WSU community.
5. Other responsibilities as determined by the President of the University.

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II. F&A STRATEGY, POLICY, AND OVERSIGHT (cont.)

The VPR develops an appropriate committee and/or other processes to assure input is obtained across the University community in meeting these leadership responsibilities. This includes an explicit process to obtain input from campus chancellors, academic deans, the Faculty Senate, and other leaders (or their designees). The VPR, VPFA, and Provost take a system perspective in performing their oversight roles.

Maintenance

The VPR, in coordination with the VPFA, Provost, chancellors, and other senior administrative, college, and campus leaders or their designees are to review this policy annually or on an as needed basis due to changes in administrative or business operations, or legal or regulatory requirements.

III. F&A ALLOCATIONS

F&A allocations (both domestic and international) are to be allocated as follows (see [Figure 1](#) in Appendix 1).

1. Any special F&A allocations to specific units or investigators are to be taken out of the gross F&A allocation pool. Any F&A remaining after special allocations to the generating unit or investigator are allocated to the System F&A Fund. F&A allocations in support of faculty recruitment or other actions are considered special allocations. Guidance on these allocations is available from the Provost and/or the VPR.
2. Twenty-three percent allocation to F&A generating units:
 - i. For grant accounts associated with the Pullman and Spokane regions, each area is allocated 23% of F&A funds collected, with 65% of the allocation (15% of F&A funds collected) going to the department/school/unit, and 35% of the allocation (8% of F&A funds collected) going to the dean.
 - ii. For grant accounts associated with the Everett, Global, Tri-Cities, Vancouver, and similar future regions, the 23% is to be equally split between the cognizant dean and the chancellor.
 - iii. When the investigator is not appointed in a college, the 23% allocation goes to the campus chancellor or, in the case of the Pullman campus, to the cognizant vice president.
3. Seventy-seven percent allocation for the System F&A Fund and other leadership-funded activities:
 - i. Thirty-eight percent of the F&A is to be allocated to the originating campus. If Pullman is the originating campus, this 38% is allocated to the System F&A Fund.
 - ii. The remaining 39% of the 77% allocation goes to the System F&A Fund.

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III. F&A ALLOCATIONS (cont.)

4. The Vice President for Health Sciences has oversight authority for all F&A paid through the WSU Spokane budget. This complements the WSU Provost, who has oversight of the F&A allocated to the Pullman deans.

IV. STRATEGIC MANAGEMENT OF F&A FUNDS—SPECIFIC GUIDANCE

1. Special F&A allocations associated with faculty recruitment or startup are to be spent or formally encumbered within three years of initial F&A distribution. For ongoing or previously approved arrangements such as for centers and institutes, the leader of the effort is to develop a plan for committing F&A funds on an ongoing basis within three years of allocation. This plan is to be approved by the cognizant dean, chancellor, or vice president, who regularly reviews the benefit of these special allocations.
2. Exceptions to this specific guidance require approval by the cognizant dean, chancellor, or vice president.

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Appendix 1: Strategic Management of F&A Funds—Guiding Principles

Guiding principles for the deans, chancellors, system administration, faculty, and other investigators in allocating and investing F&A are described below. The University recognizes the key role of faculty and other investigators in developing programs and bringing F&A into the institution.

1. Overall

- i. F&A funds are to be allocated strategically systemwide, in support of the University's land-grant mission and core beliefs and values as described in the WSU strategic plan.
- ii. F&A funds are to be managed with full transparency and accountability.
- iii. University, college, and campus leadership develop and distribute statements of priorities that guide allocation of F&A and other resources.
- iv. University, campus, and college leaders collectively engage to ensure their respective priorities are met consistent with available resources.
- v. System administration commits to an ongoing F&A cost analysis and makes any necessary changes to F&A allocation as best identified for the University. Results of the analysis and any changes to the allocation are to be summarized in the F&A Annual Report.

2. System administration

- i. The System F&A Fund is to be budgeted and allocated strategically as discussed above and in **Figure 1** below.
- ii. System administration considers the differing needs of each campus when allocating F&A. F&A allocations to campuses take into account the size of the campus enterprise, the rate of growth of the campus research program, and campus infrastructure needs.

3. Chancellors, deans, and chairs/directors (or designees)

- i. Chancellors, deans, and chairs/directors working together use F&A and other funds to sustain the systemwide research enterprise, including the particular needs of the individual campuses. This includes seeking systemwide solutions to infrastructure issues (for example, shared core laboratories), supporting faculty recruitment, and other activities.
- ii. Chancellors, deans, and chairs/directors partner to cover F&A costs associated with completion of a funded activity. This may include distribution of funds to the originating unit (e.g., campus, department, school, center, or institute) or under special circumstances in part to the investigator.

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Appendix 1: Strategic Management of F&A Funds—Guiding Principles (cont.)

3. Chancellors, deans, and chairs/directors (or designees) (cont.)
 - iii. Deans and chairs/directors are to work collaboratively to ensure the 15% and 8% are allocated to most effectively meet college level and unit level needs. This balance varies from college to college.
 - iv. Chancellors, deans, and chairs/directors consider making F&A funds available to principal investigators to assist with grant administration, travel, student assistants, development of new research, grant matching, or other expenses.
4. Investigators (faculty and other)
 - i. F&A funds are to be used to cover indirect costs and other activities required to sustain the WSU research enterprise.
 - ii. Investigators must expend a significant percent of their F&A balance each fiscal year or risk forfeiture of funding to the dean, chancellor, or vice president as applicable, to ensure the success of 4.i. above. Individual colleges and units are to develop detailed guidance regarding F&A balances.
 - iii. Investigators receiving F&A funding have a separate program created in the WSU accounting system for tracking/reporting purposes.

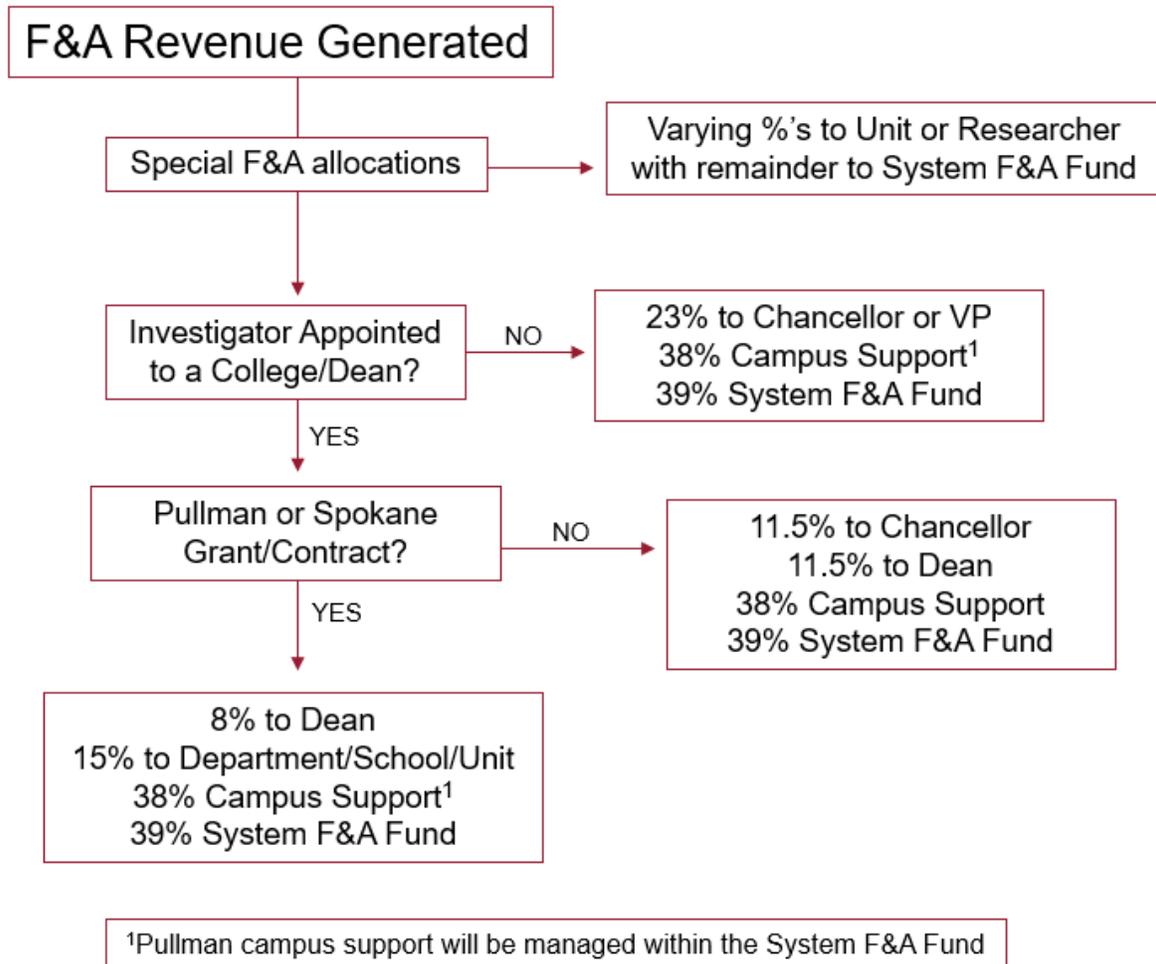
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Appendix 1: Strategic Management of F&A Funds—Guiding Principles (cont.)

Figure 1: Process for allocation of F&A funds



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Appendix 2: F&A Allocation Examples

Figure 2: Pullman-led proposal, two colleges, no other campus involvement

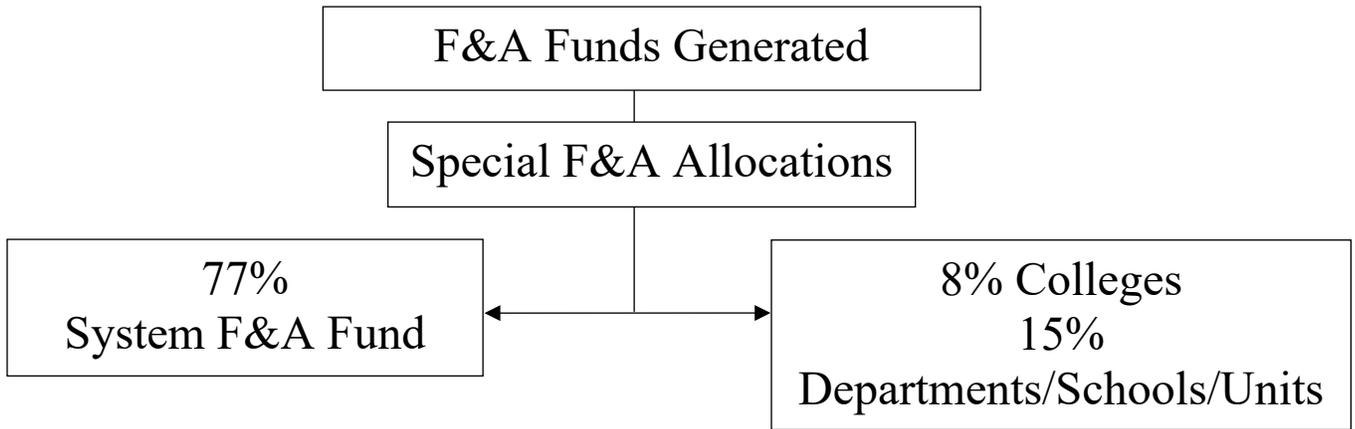


Figure 3: \$1M Example, Pullman-led proposal with two units (50% F&A generated)

System F&A Fund (77% = \$385,000)	Generating Unit (23% = \$115,000)
System F&A Fund: \$385,000	College 1 (60% of grant, \$600,000 generates \$300,000 of F&A): \$69,000
	College receives: \$24,150 Department/School/Unit receives: \$44,850
	College 2 (40% of grant, \$400,000 generates \$200,000 of F&A): \$46,000
	College receives: \$16,100 Department/School/Unit receives: \$29,900
<p>Note: Pullman portion of Campus Support is added to the System F&A Fund</p>	

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Appendix 2: F&A Allocation Examples (cont.)

Figure 4: Tri-Cities-led proposal, PI appointed to a college, one similar Co-I

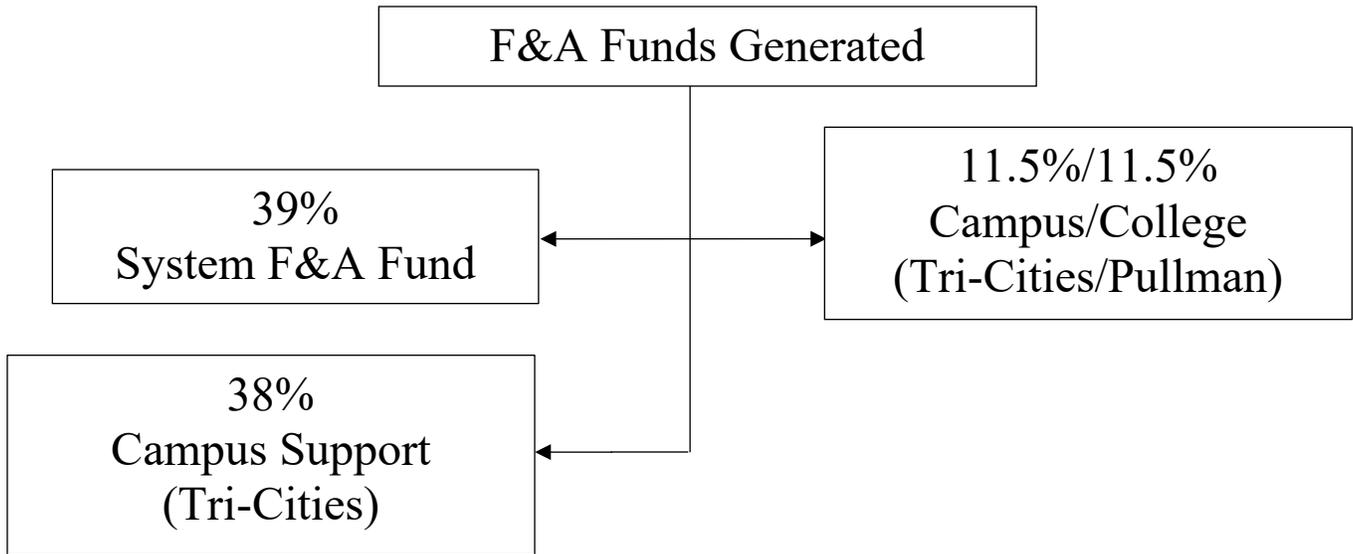


Figure 5: \$1M Example, Tri-Cities-led proposal with two units (50% F&A generated)

System F&A Fund + Campus Support (77% = \$385,000)	Generating Unit (23% = \$115,000)
System F&A Fund: \$195,000 Campus Support (Tri-Cities): \$190,000	WSU Tri-Cities/College 1 PI (50% of grant, \$500,000 generates \$250,000 of F&A): 11.5% to WSU Tri-Cities: \$28,750 11.5% to College 1: \$28,750
	WSU Tri-Cities/College 2 PI (50% of grant, \$500,000 generates \$250,000 of F&A): 11.5% to WSU Tri-Cities: \$28,750 11.5% to College 2: \$28,750