

## **F&A Distribution to Faculty Policy Frequently Asked Questions (FAQs)**

**A. *How are the indirect costs calculated? Are they based on the original budget or on fiscal year expenditures?***

Indirect costs (F&A receipts) are generated as the direct costs associated with an award are spent. Thus, they are calculated by multiplying the actual expenditures by the F&A rate for the award. Since expenditures often differ from budgeted amounts, the F&A generated may not match the budgeted amount for each year of the award.

**B. *What is the time period used to calculate indirect costs?***

Indirect costs distributions will be calculated on a fiscal year basis. The University's fiscal year is July 1st to June 30<sup>th</sup>.

**C. *When will the funds be distributed?***

Funds will be distributed in October based on expenditures for the previous fiscal year (July 1-June 30). The brief delay is needed to finalize and verify all grant-related financial transactions that may impact the calculation of F&A.

**D. *For PIs with multiple awards, are indirect cost levels calculated per award or pooled across all awards?***

Indirect cost levels or amounts are pooled across all active awards. Thus, the amount deposited into the PI's indirect cost fund will be based on the total indirect costs generated from all active awards in the fiscal year.

**E. *How does the new policy impact the current distribution of funds to departments/units and the use of those funds?***

There is no change in the indirect cost distribution policy for Departments. They will continue to receive 10% of the recovered indirect costs from awards.

**F. *Where will the funds be deposited?***

For faculty receiving a distribution of \$500 or more (max \$5000), F&A distributions will be deposited in a fund set up under the PI's name. It will have a fund number with a "124" prefix. GCA is responsible for creating the fund number. F&A distributions for faculty and staff receiving less than \$500 will be placed in the F&A account managed by their department or unit. Departments and units will be responsible for dispersing the funds to each faculty or staff member.

**G. *For projects with multiple PIs, what criteria should be used to determine the distribution of effort and F&A?***

The distribution of effort for a particular budget period should match the level of work performed on the designated tasks during that period. Thus, the distribution of F&A should match the distribution of effort.

**H. How will the indirect costs generated for projects with multiple PIs be allocated and distributed?**

The annual indirect costs generated by the project will be divided among the PIs according to the allocation of credit in NORM. Proposers are encouraged to discuss and agree upon the allocation of credit well in advance of proposal submission (see Personnel tab in NORM).

**I. Can we change the allocation of indirect funds after an award is made? How often can the distribution be changed? What happens if there is a change in the personnel working on a project?**

It is possible to change the allocation of credit after an award is received. However, any changes only impact allocations of F&A generated after the change is approved. Retroactive changes are not permitted. Proposed changes for the next fiscal year must be received and processed by the University-level Office of Grants and Contracts Administration by June 20th each year. Requests for such changes must be routed through and approved the College Office of Research prior to being forwarded to the Office of Grants and Contracts Administration. The deadline for submitting a request to the College Research Office is June 1<sup>st</sup>.

As soon as a change in personnel on a project is anticipated, PIs are encouraged to contact the College Office of Research for assistance with completing the steps needed to adjust the allocation.

**J. Who is eligible to receive indirect funds? Are non-faculty that serve as PIs eligible?**

Any faculty or staff member who participates in the project and is identified to receive a portion of the allocation (indicated in the Personnel section in NORM) is eligible to receive an F&A distribution.

**K. When and how will PIs be notified that they will be receiving indirect funds?**

Funds for the prior fiscal year's F&A distribution will be deposited into PIs' indirect cost fund or their department's/unit's fund in October of each year. GCA will send a notification when the distribution is complete.

**L. What happens to the funds if the PI retires or leaves the University?**

If the PI leaves or retires from the University, any unexpended funds remaining in their indirect cost fund will be returned to the University.

**M. Is there an expiration date on the funds?**

The funds do not expire. However, the maximum balance of accumulated funds is capped at \$20,000. Once the cap is reached, no additional funds will be deposited into the fund until the balance falls below \$20,000.

**N. Are there any restrictions on how the funds can be used/spent? Can PIs use the funds to supplement their salary? Support students?**

The funds must be spent in accordance with standard University policies and procedures. The funds are categorized as "Overhead Receipts (F&A)" in the University chart of fund types. As a result, their "use is limited to scholarly development of faculty/staff/ students, support of

campus infrastructure, or expansion of research.” Common uses of the funds include graduate student stipends, research-related travel, purchase of computers or equipment, and purchase of research materials and supplies. Funds may also be used for faculty summer salary, with the appropriate justification. Supplementing faculty salary during the academic year is not permitted.