SECTION VI – Regulatory Approvals

Colorado State University is committed to the ethical conduct of research. Research proposing the involvement of human subjects, animal subjects, or recombinant DNA, certain chemicals and/or infectious materials must comply with the current Federal laws, regulations and guidelines. This requirement applies not only to federally-funded research but to research sponsored by non-federal organizations, unfunded research, and graduate student research as well. Failure to comply with these regulations may result in severe sanctions being imposed upon the University, such as suspension of research programs and withdrawal of Federal research funding.

Review and approval of project proposals by the Colorado State University Human Research Committee (HRC), Colorado State University Animal Care and Use Committee (ACUC) or the Institutional Biosafety Committee (IBC) are mandatory. Approvals by the University’s Drug Review or Radiation Safety Committees may also be necessary.

The Research Integrity and Compliance Review Office (RICRO) is the coordinating office for faculty committees overseeing the federally mandated areas of responsible conduct of research. It is the responsibility of the Principal Investigator to submit the information required to the RICRO. Projects subject to any of these requirements will not be authorized to start without such approvals.

You may click on the link below to access the complete web page for each of the areas.

Research Integrity & Compliance Review Office (RICRO)
Animal Care and Use Committee (ACUC)
Drug Review Committee (DRC)
Human Research Committee (HRC)
Institutional Biosafety Committee (IBC)
SECTION VII - Facilities & Administrative Costs and Fringe Benefits

Perhaps no other concept related to the conduct of research generates as much discussion and controversy as that of the Facilities and Administrative Costs (F&A). This section is intended to explain what F&A (indirect costs) are and the University’s policy on F&A recovery. Current F&A rates may be found at http://portal.research.colostate.edu/financial/rateagreement.pdf.

What are Facilities & Administrative Costs?

F&A are those costs of doing research that cannot be directly related to a specific project, but are nevertheless incurred by the University as a consequence of engaging in research. Providing facilities, electricity, research administration, and accounting support for research projects are typical examples of F&A. In addition, that portion of a department head’s, dean’s, or the President’s time spent on administrative activities related to the research program are viewed by the Federal government as F&A of engaging in research. If all or a portion of the F&A are not recovered from the sponsor, the University is contributing to the cost of the project. F&A costs do not disappear simply because a sponsor refuses to pay for them; the University must pay these actual costs from other sources.

An important point to consider is that F&A costs are not recovered from sponsoring agencies until the direct costs have been incurred. In other words, the reimbursement replaces dollars that have already been spent - they do not represent new dollars that can be spent for any purpose. F&A costs do not represent profit, since the University can recover F&A only at a rate which recovers documented costs, as approved by the cognizant audit agency. That rate is recognized by sponsors and by the University as the legal basis upon which the University can make claims for reimbursement.

How Is the F&A Rate Determined?

The University is required to develop an F&A rate proposal, on a periodic basis, which is submitted to the Department of Health and Human Services (DHHS) for review and subsequent negotiation. DHHS is the cognizant federal audit agency for Colorado State University. The negotiated F&A rate agreement contains rates for sponsored research, sponsored instruction, and other sponsored activities. Since 1983 the University has negotiated rates for multiple years to simplify planning and administration of multi-year projects.

Elements (Cost Pools) of the F&A Rates

On-campus activities

- Building and improvement depreciation
- Equipment depreciation
- Interest
- Operation and maintenance
- General administration
• Departmental administration
• Sponsored projects administration
• Library
• Student services administration

Off-campus activities

• General administration
• Department administration
• Sponsored projects administration

**Distribution Basis for Recovering F&A**

OMB Circular A-21 (Federal government cost principles for universities) requires the distribution basis for recovering F&A to be modified total direct costs (MTDC). Therefore, F&A will be assessed against all items in the budget EXCEPT the following:

- Capital expenditures (buildings, individual items of equipment, and alterations and renovations) of $5,000 or more and a useful life of more than one year
- The portion of each subaward in excess of $25,000
- Rental/maintenance of off-site activities
- Student tuition remission
- Scholarships and fellowships

**Guidelines for Assigning Sponsored Activities to F&A Categories**

These guidelines are compiled from OMB Circular A-21 and information from National Association of College and University Business Officers (NACUBO); they are intended to assist Sponsored Programs staff to correctly categorize externally funded activities for the purpose of determining the appropriate F&A rate, not for the categorization of all University activities. Under A-21 there are three categories of activities for which an F&A rate is negotiated for CSU: Instruction, Research, and Other Sponsored Activities. NACUBO has a much larger group of activity categories, which are condensed under A-21.

**Instruction**

As defined by A-21, *instruction* means all teaching and training activities of an institution (except for research training which is defined under Research), whether offered for credits toward a degree or certificate or on a non-credit basis, and whether offered through regular academic departments or separate divisions, e.g., summer school, extension, or continuing education.

*Sponsored instruction and training* means specific instructional or training activity established by grant, contract, or cooperative agreement.
NACUBO defines instruction as all activities that are part of an institution’s instruction program:

- Credit and noncredit courses,
- Academic, vocational, and technical instruction (excludes offerings at levels below the higher education level, such as adult basic education),
  - Short courses
  - Home study courses
- Remedial and tutorial instruction,
- Regular, special, and extension sessions,
- Community education (includes offerings at levels below the higher education level, such as basic adult education),
- Training grants (excluding research training)

Research

NACUBO defines research as all activities specifically organized to produce research outcomes. As defined by A-21, sponsored research means all research and development activities that are sponsored by Federal and non-Federal agencies and organizations. The term includes research training, which involves the training of individuals in research techniques where such activities utilize the same facilities as other research and development activities.

Post doctoral fellowships are funded for the purpose of conducting research and should, therefore, be categorized as research on the SP-1 Form.

Under this definition, research would include not only the typical basic, applied, and developmental research activities but also special studies such as:

- Bibliographies
- Inventories of species
- Compiling data from human subjects
- Producing database/software for collection information
- Conducting surveys

Other Sponsored Activities

As defined by A-21, other sponsored activities are programs and projects sponsored by Federal and non-Federal agencies and organizations which involve the performance of work other than instruction and research. Examples include health service projects and community service programs.

The NACUBO terminology for these activities is Public Service, and includes all activities that are established primarily to provide non-instructional services beneficial to individuals and groups external to the institution. NACUBO identifies the following activities under public service:
• Community service programs: activities that make available to the public various resources and special capabilities that exist within the institution
• Conferences, institutes, and workshops
• General advisory services and reference bureaus
• Testing services (which are based on known outcomes vs. studies which may generate new knowledge)
• Technical assistance
• Lectures, exhibits, poster displays

Off-Campus Activities

A project is considered off-campus if the activity is conducted at locations other than in University owned or operated facilities and indirect costs associated with physical plant and library are not considered applicable to the project.

For projects which include activities conducted at both on- and off-campus sites, the following criteria will determine costs to be allocated as off-campus: must extend over a period of more than 120 consecutive days (or the duration of the project, if less than 120 days) at the off-campus site.

University Policy on F&A Recovery

The F&A associated with the operations of the University are real costs and are apportioned to functions, programs, and projects on the basis of an annual audit. Since any shortfall in the recovery of F&A represents a subsidy by the university to that particular program, the following policy on the recovery of F&A on sponsored programs has been established:

• All contract or grant proposals must include full F&A in the proposed budget, except where explicitly limited by federal statute or other written sponsor policy.
• Contracts with commercial firms are expected to provide for recovery of full F&A costs. Budgets for commercial entities may be presented with the F&A included within the direct costs, not as a separate line item. Refer to Addendum at the end of this chapter.
• Proposals submitted to non-profit organizations are expected to include full F&A, except as stated above. Budgets may be presented with F&A included in the direct costs, not as a separate line item, except where sponsor specifies the budget format.
• All proposals submitted in response to a competitive solicitation, regardless of sponsor, must include full F&A in the proposed budget, unless explicitly limited in the RFP.
• Requests for contribution of F&A should be made only when the institutional benefits of the program clearly outweigh the reduction in sponsor funding, and only after it has been determined that departmental funding is not available to cover this reduction. Potential criteria for contributing some or all of the F&A of a project are discussed in the next segment of this statement. The following procedure will be followed for such requests:
• Requests will be submitted on Sponsored Programs Form SP-8, Request for University Contribution of Indirect Costs, initiated by the Principal Investigator, approved by the Department Head/Chairperson and Dean or Director, and submitted to Sponsored Programs for review and transmittal to the Vice President for Research (VPR) or designee for final determination.

• Requests must be submitted for approval prior to the submission of the proposal to Sponsored Programs for processing.

• All authorized University contributions of F&A must be indicated on proposal budgets as a University contribution.

• Cooperative agreements must be of mutual benefit and any University contribution must reflect the relative benefit to the University, and must include both direct and indirect costs. Recovery of less than full F&A on the sponsor’s share of costs on a cooperative agreement requires the same advance approval as any other proposal, contract, or grant.

• Principal investigators are required to submit proposals through Sponsored Programs and are not authorized to negotiate project costs with sponsors. Any negotiation of a University contribution will be conducted by the appropriate Senior Research Administrator in Sponsored Programs.

• Sponsor limitations on total funds available to support a specific research project is not justification for the University’s contribution of the F&A associated with the project. If a University contribution is justified and required to successfully complete the project, the total cost of the project may be shared by the sponsor and the University as follows.

  o The sponsor share of project costs would include direct costs and F&A at the full negotiated rate, and the University contribution would also consist of both direct costs and the associated F&A. Example, where sponsor has only $75,000 available for the project, but the University estimates the project will cost $100,000 with full F&A:

<table>
<thead>
<tr>
<th>Cost Category</th>
<th>Sponsor</th>
<th>University</th>
<th>Total Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$37,020</td>
<td>$17,007</td>
<td>$54,027</td>
</tr>
<tr>
<td>Travel</td>
<td>10,000</td>
<td></td>
<td>10,000</td>
</tr>
<tr>
<td>M &amp; S</td>
<td>4,000</td>
<td></td>
<td>4,000</td>
</tr>
<tr>
<td>Total Direct</td>
<td>$51,020</td>
<td>$17,007</td>
<td>$68,027</td>
</tr>
<tr>
<td>F&amp;A @ 47% MTDC</td>
<td>23,980</td>
<td>7,993</td>
<td>31,973</td>
</tr>
<tr>
<td>Total Costs</td>
<td>$75,000</td>
<td>$25,000</td>
<td>$100,000</td>
</tr>
</tbody>
</table>

• The source of the University contribution would be departmental, college or other non federal funds which would be identified in separate cost share accounts.

• Fringe benefits are part of employee compensation and must be collected from all sponsors.

**Potential Criteria for the University’s Contribution of Some or All of the F&A**
Requests for contribution of F&A should be made only when the institutional benefits of the program clearly outweigh the reduction in sponsor funding, and only after it has been determined that departmental funding is not available to cover this reduction.

The criteria listed below will be followed in considering the University’s contribution of F&A for all projects which are not subject to published sponsor limitations on F&A. When a contribution is approved, the following two provisos must be adhered to:

- The reduced rate will be applied to TOTAL DIRECT COSTS (TD); and
- The portion of F&A contributed by the University must be shown on the proposal and within the agreement.

The provisions of the University Policy on F&A Recovery above will be followed in processing such requests and documenting any approved contribution.

Criteria

Categories of activities for which University contribution of some or all of the F&A may be considered and determined on a case-by-case basis include:

- Training courses (important outreach activity)
- Seed grants (not exceeding $5,000)
- Conferences and workshops

Start-up projects

Projects in which the University is willing to share costs in anticipation of future growth in external funding may be authorized with University contribution of some portion of F&A.

Incentive for CSU departments/principal investigators to obtain funded research contracts for the first time. As incentive for departments and principal investigators new to the area of sponsored programs to become engaged, the University may be willing to contribute some amount of F&A.

Truly collaborative arrangements - those in which the University is receiving something as well as contributing, e.g., scientists (e.g., State or Federal) who teach CSU classes, advise students, etc. - may be granted some contribution of F&A. The University must insist on and receive an appropriate return under such arrangements.

Cost-share requirement. The use of direct and/or F&A to meet cost share commitments required by a sponsor must be requested on the Request for University Contribution of Indirect Costs form; decisions will be made on a case-by-case basis.

In each of the scenarios above, a Request for University Contribution of Indirect Costs is required and the amount would be negotiated on a case-by-case basis. If CSU agrees to contribute some or all of the F&A, the resulting agreement must contain a clause which
stipulates the period for which the contribution applies and an explicit statement that full F&A recovery is expected after that period.

How are F&A Rates Established for Each Project?

Researchers with questions regarding the F&A rate for a particular research project should consult Sponsored Programs for the appropriate rate. It is expected that each project will carry the full rate as stipulated within CSU’s Negotiated Rate Agreement. Exceptions to this policy must be approved by the Vice President for Research over the signature of Deans, Directors, and Department Heads. Such requests should be submitted on Sponsored Programs Form SP-8, Request for University Contribution of Indirect Costs.

In those instances where sponsors do not pay F&A or pay only a portion thereof, Sponsored Programs should be involved in budget development activities to ensure a workable agreement can be established. **Principal investigators are not authorized to negotiate University contributions of F&A or reduced F&A rates with potential sponsors.**

Implementing Changes in F&A Rates

F&A rates are negotiated for specific periods of time. Each negotiated rate agreement will specify an effective date for each specified rate and the University is normally expected to implement any changes in the rate on that date (always at the start of a fiscal year). However, because implementing changes by effective date may negatively impact ongoing projects, the Vice President for Research (VPR) has adopted a policy which minimizes this impact. The following criteria will be used in implementing changes to sponsored projects. (Please note that this criteria applies to grants and cooperative agreements; provisions for F&A on contracts may override these criteria; the terms of the contract will take precedence.)

When rates go down:

**Federally funded projects**

- The University is not entitled to charge the Federal Government for F&A at a rate in excess of the negotiated rate. If a negotiation results in a decrease in the rate for an activity (i.e., sponsored research, instruction, or other sponsored activity, either on- or off-campus), the lower rate must be implemented on its effective date.
- In accordance with Federal guidelines, the transfer of amounts budgeted for F&A to absorb increases in direct costs, or vice versa, may require prior sponsor approval. Contact your senior research administrator for clarification.

**Non-Federally funded projects**

- When the origin of the funds is not Federal, the rate negotiated in the agreement with the sponsor will remain unchanged, unless terms of the agreement specifically provide otherwise.
When rates go up:

Implementing an increase in the F&A rate on an ongoing project will generally have a negative impact on the project; the increase in F&A will have to be covered by a reduction in direct costs. Because of the impact such a change could have on a principal investigator’s ability to successfully complete a project, the VPR has agreed to delay implementation of the rate increase according to the following criteria:

- If no new budget requests may be submitted to the sponsor (i.e. the budget is fixed for the entire period of the award, even though the actual funds may be provided on an annual or incremental basis), the rate in effect at the time of award will remain through the completion of the project.
- If the project provides for annual, or other periodic, budget submissions, such submissions must include the new F&A rate as soon as it has become known. This allows the sponsor to allocate funds for the period of the budget request at the new negotiated rate. In this case, the rate change will be implemented on the effective date of the new budget period.
- There may be special circumstances in the funding of an award which necessitate implementation procedures other than those described above, such as implementing the rate change based on level of expenditures. Such deviations are exceptions which will require special approval within Sponsored Programs.

Colorado State University Research Support Plan

The Colorado State University administration has adopted a Research Administration/Resources for Scholarly Projects plan (RA/RSP), developed by the Academic Vice President, the Vice President for Research and the Council of Deans. The plan directs support, in an amount related to the F&A recoveries of the academic units, to support research and graduate education at the college/department level.

The RA/RSP plan consists of these important elements:

- It calls for the University administration, in collaboration with the Deans, to annually establish a best estimate of the F&A recoveries for the forthcoming fiscal year.
- It consists of a formula whereby a portion of the F&A recoveries will be made available to each college according to the ratio of each college generating F&A in the entire University.

The plan, therefore, provides resources to fund critical needs in the research and graduate education area, and provides funds to the Colleges/Departments and the Vice President for Research for this purpose.

The Vice President for Research will distribute the monies on an incremental schedule to the participating colleges, who will design and implement their own programs for improving research and graduate programs throughout their colleges/departments through the utilization of these funds.
Fringe Benefits

Regular fringe benefits: Fringe benefit rates are applied to salary charges for academic faculty, administrative professional, state classified, temporary and student hourly employees, and graduate assistants. Only work-study student employees are exempted. The fringe benefit costs are charged against the same account, in the same proportion, as salary charges, including periods when personnel are on paid leave, e.g., annual and sick leave. These fringe rates are subject to change on an annual basis. The current rates may be found at http://portal.research.colostate.edu/financial/fringerates.pdf.

The Colorado State University fringe benefit rates for academic faculty, administrative professional, and State Classified employees include the following benefit components:

- Life insurance,
- Medical insurance,
- Employee/s tuition (does not include graduate students),
- Unemployment insurance,
- Workmen’s compensation insurance,
- Retirement,
- Termination pay,
- Sick leave in excess of 30 days,
- Medicare, and
- Other

Retirement benefits only: All Academic Faculty, Administrative Professionals, Post-Doctoral Fellows, Veterinary Interns and Clinical Psychology Interns appointed on or after April 1, 1993, are required as a condition of employment under Colorado law to participate in either the University’s Defined Contribution Plan (DCP) for Retirement or, in some cases, are eligible to participate in the Public Employees’ Retirement Plan (PERA) of Colorado, a defined benefit plan.

Exemptions to this requirement include Cooperative Extension personnel covered under the federal retirement plan, individuals hired to respond to natural disasters, and retirees from the State Division of PERA who have not voluntarily suspended their annuities (including University retirees and transitional appointees).
ADDENDUM

Non-Federal Sponsor Budget Format: Fully Burdened Cost Elements

Proposal budgets submitted to private sector sponsors should be presented in a simplified, fully burdened cost element format, provided that:

1. There is no federal funding involved; and
2. There is no sponsor-prescribed format.

Fully burdened cost elements, as illustrated below, are those categories of cost which include both the direct costs and the appropriate F&A costs.

<table>
<thead>
<tr>
<th>Cost Category</th>
<th>Cost</th>
<th>F&amp;A Costs*</th>
<th>Fully Burdened Cost Elements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$10,000</td>
<td>4,500</td>
<td>$14,500</td>
</tr>
<tr>
<td>Travel</td>
<td>3,000</td>
<td>1,350</td>
<td>4,350</td>
</tr>
<tr>
<td>Other Direct</td>
<td>2,000</td>
<td>900</td>
<td>2,900</td>
</tr>
<tr>
<td>Equipment</td>
<td>5,000</td>
<td>EXEMPT</td>
<td>5,000</td>
</tr>
<tr>
<td>TOTAL COSTS</td>
<td>$20,000</td>
<td>6,750</td>
<td>$26,750</td>
</tr>
</tbody>
</table>

*F&A @ 45% MTDC

This type of budget should be developed on the Proposal Budget for Non-Federal Sponsors Form SP-1B and submitted to Sponsored Programs along with the SP-1 with the proposal; this form is for internal use only. The budget presented to the sponsor may be (1) a quote on total estimated costs, or (2) a statement of key cost elements, as illustrated below. Consult your cognizant Senior Research Administrator for guidance on the appropriate format for your sponsor.

Cost Estimate:

Personnel: $14,500
Travel: 4,350
Other Direct: 2,900
Equipment: 5,000

Total Project Cost $26,750