Colleges and Universities

I. F&A Cost Rate Proposal

Question # 1: How soon after you submit an F&A rate proposal can you expect negotiations to begin with DCA? Is there always an on-site review?

Answer: For DCA there is no definitive answer. It depends on current workload and the extent of information to be requested for the review. The more comprehensive and well-organized that the proposal submission is, the sooner the review can be completed. It also depends on how soon the supplemental information we request is submitted. It is the goal of DCA to negotiate rates within a year of proposal submission but this is not always possible because of the current workloads or due to the extent of the review or the delay in receiving information or delays in setting up a site visit. A site visit is normally necessary for a long-form proposal.

Question # 2: Why do DCA negotiators request additional data, beyond what is specified under the Standard Format for Long-Form proposals?

Answer: As noted in OMB Circular A-21, Appendix C - Documentation Requirements for F&A Rate Proposals, the information required under the Standard Format is the minimum requirement. The standard format summarizes financial and statistical data that is included in the proposal. It does not provide detailed explanations or serve as detailed documentation to support the accumulation and allocation of costs. Additional documentation may be requested by the DCA to address specific issues and concerns raised during our review.

Question # 3: What is the difference between On-Campus and Off-Campus rates?

Answer: The specific definition varies from institution to institution. However, in general, an Off-Campus rate would be developed for activities performed in facilities not owned or operated by the institution and where facilities costs are directly charged to the activities taking place in the facilities. An On-Campus rate is used for activities performed On-Campus where facility costs are not directly charged.

Question # 4: What is considered to be the preferred term of agreement for an F&A Rate Agreement, and what variables affect the length of the term negotiated?

Answer: F&A rates for colleges and universities are usually negotiated using predetermined rates for a period of two to four years, based on the review of a complete F&A proposal. However, the number of years actually negotiated depends on a number of variables associated with each specific negotiation. For example, is the university's research funding fairly stable or is it expected to significantly change in the future? Is the university planning major infrastructure and/or research facility construction and renovation projects? These are the types of questions the DCA considers when deciding the number of years to be negotiated.

Question # 5: Do most universities include Federal grants in the social sciences as other sponsored activities? And if so, does DCA have any problem with that?

Answer: DCA is concerned about matching space and base. Normally a separate rate is only developed when there is a significant difference in the calculated rates or the awarding agency requests a separate rate due to the nature of the award. Based on our experience, social science is normally classified as research.

Question # 6: For land grant universities, do Federal negotiators allow the development of a separate Agricultural F&A Rate within proposals (e.g., encompassing the agricultural departments, agricultural experiment stations, cooperative extension offices and so forth)?

Answer: Only if the rates for sponsored agricultural activities are significantly different from the organized research or other sponsored activities rate, we will consider setting separate rates. However, proposals for special rates lead to more allocation issues as to the extent that the F&A costs benefit these specific activities.

Question # 7: University Campus A receives an award from Army and shares part of the award with University Campus B (having its own F&A rate), but Campus A & B are part of the same University. Does Campus B use its audited/negotiated rate or Campus A's rate which received the award?

Answer: The applicable rate applied should be based on the campus that the activity is taking place. Normally in this situation the award would have more than one F&A rate. For example, if 65% of the MTDC of the award is at Campus A and 35% at Campus B then 65% of the total MTDC would use the Campus A rate and 35% would use the Campus B rate. This is on a case-by-case basis and materiality should be considered. The charges should be booked the same way the costs are charged.

Question # 8: Are there any effort reporting requirements related to the College Work Study Program? There is no effort related to the funding that is provided by the CWS grant itself; it's just a funding source for a portion of the salary paid to individuals who qualify for work study support.

Answer: If the person works on a grant, they would be required to report their effort as would anyone else. If they are not on a grant, they would still need to show hours worked on some kind of attendance record. In an F&A proposal, the Federal share of the College Work Study Program is excluded. Only the institution's share of the College Work Study Program should be added to either the MTDC or to the appropriate indirect cost category. When working on a sponsored activity, the amount added to the MTDC base is based on their effort percentages. However, if the person's effort was on a non-sponsored direct cost activity, then the amount for that effort should be excluded from the F&A cost proposal. If the person works in an indirect cost category, then only the institution share of the CWS may be included in that indirect cost pool.

Question # 9: Is it beneficial for a university to use a consultant in the negotiation of the university's F&A rate?

Answer: The use of a consultant in the F&A rate negotiation should not have any effect on the outcome of the negotiation. The university is responsible for supporting the submitted proposal. Normally the university uses its own employees to maintain the process that is utilized to support the allocation of costs in the F&A rate proposal such as equipment inventory tracking and room by room space classifications. In the case that a consultant was employed for preparing a portion of the F&A proposal, it may be beneficial to involve the consultant in the negotiation when there is exception taken by DCA to that component of the proposal. In any case, DCA has no objection to the use of a consultant in the F&A rate negotiation, however, it is maintained that the university bears the ultimate responsibility for supporting their F&A rate proposal and the negotiation outcome should not be impacted.

II. Space and Facility Related Cost Pools

Question # 1: Space Survey Reviews: Are there any plans to simplify the space review process by the Federal reviewers?

Answer: Yes, an alternative space methodology is included in the DCA Best Practices Manual for Reviewing College and University Long-Form Facilities & Administrative Cost Rate Proposals.

Question # 2: Does the university need to keep track of all the people who use a lab and where they are funded?

Answer: DCA considers this information essential in the space survey. In addition, DCA addresses this issue in the DCA Best Practices Manual for Reviewing College and University Long-Form Facilities & Administrative Cost Rate Proposals. The person conducting the space survey should have knowledge of the A-21 definitions as well as room use, room occupants and funding sources for the occupants. The DCA is trying to get the University to match space coded as organized research to the dollars (accounts) that are coded to organized research.

Question # 3: When classifying space occupied by Graduate Research Assistants as Organized Research (OR) we are to either adjust the space classification to IDR/OIA or impute the salaries and wages plus applicable fringe benefits for the graduate assistants and add this to the OR base. Please explain what is meant by "impute the salaries and wages plus applicable fringe benefits". Could we simply use the amount of tuition remission or stipend that they received?

Answer: The preferred adjustment is to adjust the space classification from OR to IDR/OIA based on an FTE adjustment. This is how DCA normally calculates an adjustment for this issue. However if instead a base adjustment is to be made, imputing a salary and fringe benefits for this person would be based on the equivalent salary and fringe benefits for a low level Research Assistant. In some cases, the stipend or tuition remission amount may be sufficient.

Question # 4: When a University increases its equipment capitalization threshold, the Federal negotiator asks us to perform an "Impact Study". Does DCA have a sample template to use for the Impact Studies?

Answer: The DCA has no specific template for an impact study. The DCA wants to see a comparison of what effect this equipment capitalization change will have on the F&A rate calculation.

Question # 5: What documentation does the DCA require to support building componentization studies?

Answer: The DCA requires (at a minimum) the following documentation to support building componentization studies:

1. A copy of the study methodology, which includes the procedures and assumptions used in conducting the study as well as the results of the study (in summary and in detail).

2. A list of the building components used in the study as well as the estimated useful life for each component. An explanation of how the estimated useful life for each component was computed should also be provided. The useful lives should reflect actual experience at the grantee institution.

3. The depreciation computed in the study should be reconciled to the audited financial statement depreciation figures.

Question # 6: What documentation does DCA require to support space utilization surveys?

Answer: The DCA requires (at a minimum) the following documentation to support space utilization surveys:

1. A copy of the space survey methodology which includes the process, procedures and assumptions used in conducting the survey. In addition, a copy of the survey form used during the survey, a list of functional categories used to functionalize space and the definitions of the space functional categories (i.e. Instruction, Organized Research, Departmental Administration, etc.).

2. The results of the survey should be provided in summary and detailed format. The detailed results should include a room listing by building, by college and by department identifying the functional use of each room on a percentage use basis.

3. The survey should identify all room occupants by title and the number of individuals associated with each title on a room by room basis. In addition, a list of the funding sources, including sponsored and non-sponsored accounts for each room occupant should be available to the room surveyors during the survey. Room occupants that are not funded should also be identified.

4. The institution should have building and floor plans available showing the location of all surveyed space.

Question # 7: In performing a space utilization survey, is it permitted to split a room with more than one function into two or more sub-rooms?

Answer: No. It is not permitted to split the room into two or more sub-rooms. Either determine the percentage use of the room by function (space functionalization), or use the allocation methodologies for joint use space specified in OMB Circular A-21, Paragraph F.2.

Question # 8: Is it allowable for an institution to include State General Obligation Bond Interest expenses as F&A costs in the institution's F&A proposal?

Answer: State General Obligation Bond Interest is allowable as an F&A cost for a University or University System provided that the interest has first been allocated to the University through an approved State-Wide Cost Allocation Plan. The amount allocated to the University or University System must then be allocated to the appropriate campuses and buildings by the University.

Question # 9: Is an institution permitted to include future facility costs as part of their F&A rate proposal?

Answer: Yes, however, the projections should not be included as part of the base year F&A rate proposal. The institution should submit a facility projection proposal separate from the F&A rate proposal, but it should be submitted with the F&A rate proposal or within a relatively short time thereafter. The facility cost projection proposal must be submitted with sufficient detail to allow the DCA to make adequate determination as to its reasonableness. The proposal should include projected increases in facility costs related to new capital assets that are under construction, not on the drawing board. The projected costs should be identified by category including building depreciation, capital interest, equipment depreciation, etc. The proposal should also identify projected increases to the MTDC base for the applicable years with explanation as to how the base increases were determined. Other information that should be submitted includes estimated occupancy dates, useful lives of the assets, estimated use of the space and what academic departments and research protocols will occupy the space. The DCA will review the F&A rate proposal and the facility projections proposal as one submission before entering into negotiations with the institution.

Question # 10: From the DCA Best Practices Manual, why doesn't the Facilities Cost Projection include O&M? If we build a new building and move half of our double-upped researchers into the new building while leaving the other half to continue their research in their recently overcrowded labs then we obviously have much more research space and have the O&M that goes with that additional space while not gaining any dollars in the research base.

Answer: The level of O&M expenses in future years is very uncertain. New buildings are usually more energy efficient and there is a decrease in O&M in the building these researchers are moving from even if the space is still used as research. This uncertainty is combined with the uncertainty of the increase in the research base that this new facility may bring. These uncertainties make it irrational for DCA negotiators to negotiate projected O&M for future years. Projected capital (depreciation and interest) is calculated by component over a projected base. Therefore, not including projected O&M does not impact the projected capital calculations.

Question # 11: Does the DCA accept the Utility Cost Adjustment factor for institutions that are not listed on Exhibit B, in OMB Circular A-21?

Answer: No.

Question # 12: We do not receive the UCA adjustment. We are interested in putting in additional meters at our school. On behalf of our school and some of our colleagues, who are not listed in Exhibit B, we submit to you this question. Does the restriction on metering at a level finer than by building apply just to Exhibit B schools or to all schools?

Answer: The restriction on metering to a finer level than by building applies to all schools including those schools not on Exhibit B. An institution may have multiple meters within a building, but for F&A rate purposes the total utility costs metered in a building should be allocated by total building square footage and not be divided into multiple units or allocated by a finer level than by building. Otherwise, schools not on Exhibit B could potentially receive an upward adjustment of greater than 1.3% by multiple metering, while the intent was to give those schools in Exhibit B the benefit due to their prior utility study submissions. No further authority on allowing a UCA to schools not on Exhibit B has been granted to DCA as of this date.

Question # 13: Our institution is 2 years into a 4-year predetermined F&A rate. Our utility costs are significantly higher than when we negotiated our rate. What options, if any, do we have to recover these costs?

Answer: None.

Question # 14: OMB Circular A-21 section J.26.b.(1) requires a lease-purchase analysis on facilities costing over $500,000. Does this requirement apply to on-campus construction vs. off campus leasing?

Answer: The analysis requirement applies to facility acquisitions for both on and off campus locations. It would also apply to off campus capital lease arrangements.

Question # 15: Interest expense: allocating interest costs to the buildings affected by a university's many debt-financed projects often involves assumptions and default allocations. Is it acceptable to use the total campus square feet statistics to functionally allocate interest expense?

Answer: No, interest should be identified by project and allocated in the same manner as the depreciation on the buildings, equipment and capital improvements to which the interest relates. In order to determine allowability, interest must be identified by building.

Question # 16: Is it best that institutions coordinate their increases to the equipment capitalization threshold (e.g., from $2,500 to $5,000) with their “base” year and F&A proposal submission?

Answer: Yes, absolutely. Usually, the institution would submit the F&A proposal with the change and identify the unamortized balance of equipment to be written off. The unamortized balance could be written off over the period of the negotiation. An institution must receive DCA approval prior to changing their equipment capitalization threshold. An institution that unilaterally increases their equipment threshold could over claim F&A costs reimbursement, and would be subject to cost disallowances that may require a cash refund to the Federal government.

Question # 17: What is the current perspective on Operations & Maintenance (O&M) costs paid by colleges or departments and including these within the F&A Rate Proposal O&M cost pools? For example, these expenses may meet the A-21 definition of O&M costs (e.g., insurance, minor repair & replacement, etc.). However, under current very tight budgets, colleges/departments may be paying for these type costs since the central facilities unit no longer has funding for such under stringent “deferred maintenance” conditions.

Answer: This cost pool is generally called “Departmental O&M”. Many academic departments choose to charge some of these costs directly to Federal and other sponsored agreements. The costs that are not charged to Federal awards are reclassified out of the academic departments into a departmental O&M cost pool and then allocated to the department functions based on the department space. This results in inconsistent costing much like the administrative and clerical salaries issue which resulted in the DCE. Depending on the materiality of charges to Federal accounts, an adjustment may have to be made to compensate for the inconsistent costing.

Question # 18: Gains or losses on depreciable assets (Section J21 of A-21): When a gain or loss meets the criteria for a charge or credit under J21 how should the credit or charge be allocated to organized research? Should it be allocated based on the last room it occupied assuming a room by room inventory is completed? Or the room identified in the last F&A proposal?

Answer: It should be credited or charged to the same pools to which the depreciation of the assets was originally charged. It should be the room identified in the last F&A proposal. As a practical matter, it normally is the last room and materiality should also be considered.

Question # 19: It is our understanding that the recent version of the DHHS Audit Guide references the fact that the “floor-by-floor, room-by-room, project-by-project, etc.” for building componentization studies is not an acceptable methodology. What is?

Answer: Building Depreciation, whether for building costs, renovations or alterations, is unacceptable when allocated at a finer level than by building square footage. Otherwise it is a CAS 502 violation due to inconsistent costing. Circular A-21 intended that building depreciation be allocated at the building level and not at a finer level. Therefore these costs must be allocated at the building level by the total square footage of the building or allocated campus-wide by the total building square footage campus-wide. Any finer level than by building would require OMB approval which would also need to likely be “revenue neutral”.

Question # 20: Within the componentized building deprecation area, are Federal negotiators now accepting the room-by-room approach for handling remodeling or renovation projects?

Answer: The DCA is not accepting depreciation associated with building renovations and remodeling when allocated on a room-by-room or on a project basis. Depreciation related to such projects must be allocated on a building basis in compliance with A-21.

Question # 21: How will the government (HHS-DCA) approach the issue raised by FASB 143 and FIN 47, Accounting for Conditional Asset Retirement Obligations?

Answer: DCA takes the position that the increase in depreciation expense related to FASB 143 is unallowable because the depreciation costs cannot exceed the acquisition costs of the asset and this is an estimated liability that is not part of the acquisition cost of the asset. DCA will review that universities do not include the additional depreciation based on the asset retirement obligation unless the university sets up a trustee account (similar to retirement) by building and funds it based on an actuarial determination, amortizing the unfunded liability with the stipulation that any unused Federal balance revert back to the Federal government.

Question # 22: There seems to be confusion regarding the need to track moveable equipment on a room-by-room basis, rather than by floor, or department. Please provide us with the proper guidance.

Answer: Equipment needs to be tracked on a room-by-room basis only when the equipment depreciation is claimed on a room-by-room basis. If equipment depreciation is claimed on a department basis then the equipment only needs to be tracked by department. Each individual department should still track where the equipment is located for its own inventory control and so the equipment can be more easily found when under review or audit.

III. Administrative Cost Pools

Question # 1: For the Administrative Component in F&A Rate Proposals, Federal negotiators review for a scrub of “programmatic” faculty/other salary in Deans’ cost pools. However, if a faculty member is actually performing administrative duties while temporarily detailed into a Deans’ office, can these salaries be left in the Dean’s cost pools of the F&A rate proposal?

Answer: Yes they can, but the University must clearly show that the effort performed is Dean’s administration.

Question # 2: What are some of the key elements that Federal negotiators review for in the Administrative component of F&A Rate Proposals (e.g., DCE, programmatic activity in Deans' offices, SPA costs, etc.)?

Answer: DCA will be focusing some time in the administrative area. Specifically, we will be asking for schedules that identify title codes and their charging patterns to sponsored agreements. In addition, we will be looking at how these title codes have been treated in the DCE and looking at those job titles included in the 3.6% faculty administrative allowance. We also look to see who is being charged directly to sponsored programs and also being claimed as 100% DA. We will also be looking at the Dean's accounts more closely to assure proper screening to eliminate non-administrative costs.

Question # 3: Section F.7 of A-21 states that "expenses under this heading are limited to those incurred by a separate organization(s) established primarily to administer sponsored projects….." When identifying Sponsored Programs Administration (SPA) costs is it proper to include "separate organizations" within Deans' offices that are established to assist in the review and submission of research proposals? Are all the research administration offices that are separate organizations included in SPA, or only the central research offices?

Answer: As long as the organizations are separate and are for the benefit of administering sponsored projects then they may be included in SPA. However, when including costs that are within the Dean's offices, care must be taken to include only the applicable SPA costs as defined by A-21 meaning the salaries and wages for those who also work outside the established organization may not be SPA but may be G&A or DA instead.

Question # 4: What do Federal negotiators review in terms of university Clinical Practice Plans and their impact upon F&A Rate Proposals?

Answer: The most important point is who administers the practice plan and should the costs, both clinical salary and administrative costs, be part of the F&A rate proposal.

Question # 5: Like all institutions, we are legally mandated to provide a benefits handbook describing the various staff benefits offered. Sometimes consultants are used to develop and produce the handbook. The costs of these consultants have traditionally been included in the staff benefit pool. However, in years when there are relatively few changes, this work has been performed in–house and it has traditionally been done by employees whose salary is charged to the General Administration pool in the F&A rate. As a cost cutting measure the school would now like to always use internal staff to develop materials regardless of how many changes are required and always include these costs in the staff benefit pool regardless of who performs them. Can these costs be charged to the benefits pool or is this restricted by OMB Circular A-21 G8d?

Answer: It is restricted. DCA believes it would be changing the accounting treatment that was in effect prior to the administrative cap. In addition, this type of cost is generally included under the Human Resources function and included as part of G&A.

IV. Specialized Service / Recharge Centers

Question # 1: Define a specialized service center, as opposed to a 'recharge' center, and discuss the rationale for suggesting that universities fully load the rates of centers that provide services to grants and meet the definition of specialized service centers.

Answer: A specialized service center or facility (SSF) is a service center that provides highly complex or specialized facilities operated by the institution.

First, the university should have a written policy describing the guidelines used to identify a specialized service center from a recharge center. Many institutions use a dollar threshold. For example, service centers with annual budgets exceeding $1,000,000 may be considered specialized service facilities.

Next the nature of the services being provided should be considered. For example a large copy center is usually not considered a specialized service center because it is not highly complex. But a specialized electron microscope facility may be considered as a specialized service center even if below the dollar threshold because it is highly complex and only some Federal awards may benefit from this service center while many other Federal awards do not. Materiality and the significance of the charges to Federal awards are the criteria. If charges are significant, categorizing a service center as an SSF is necessary to assure that the full costs are assigned to the users rather than spread to awards that do not benefit from the service center.

Last note, we require fully loading rates for Specialized Service Facilities only. If the institution chooses not to include facility costs in the billing rates then the applicable facility costs must be assigned to OIA. There is no requirement to fully load rates of service centers that do not meet the definition of a Specialized Service Facility.

Question # 2: Can space be classified as organized research, for purposes of the F&A proposal development, in a base year for an F&A proposal and subsequently in later years be used in a direct charge via a service center or a Specialized Service Facility rate?

Answer: No, this would cause an over recovery of costs. This is a methodology change and should be made with the next negotiation. If known before negotiating the F&A rates for a future period then it should be included in a projection. In addition, this would be a CAS violation for inconsistent costing.

Question # 3: Why can't we allocate facility costs for Specialized Service Facilities (SSF) based on the usage of the service facility as determined by billings for the past year? This seems much more accurate than assigning the facility costs to Other Institutional Activities (OIA).

Answer: A specialized service facility is different than a recharge center. It may be appropriate to allocate facility costs based on the usage of the facility for recharge centers. However, facility costs for specialized service facilities should be charged to the specific awards that utilize these facilities through the billing rates. If the university elects not to add the facility costs to the billing rates then the facility costs should be assigned to OIA in order to prevent the awards that do not utilize the specialized service facility from being burdened with these facility costs.

Question # 4: Does the SSF approach also apply to smaller recharge and service centers?

Answer: Recharge centers are not required to add the facility costs to the billing rates and the facility costs do not have to be assigned to OIA.

Question # 5: Can service centers charge a higher rate for the same service to occasional external customers than they charge to internal customers charging to federal awards? If so, does the ‘profit’ element have to be used to reduce the rate charged to internal customers or is it ok to use that ‘profit’ for purposes unrelated to the service center?

Answer: Yes. Also, you do not have to include the profit element for determining the over/under recovery in computing the carry-forward into future years’ billing rates.

Question # 6: Our institution wants to charge a lower rate (possibly no charge) to graduate students who need to have access to the equipment in a service center for training purposes. Is it ok to charge a lower rate or no rate to students learning how to use equipment and another rate to faculty who may pass this charge on to a Federal award?

Answer: Yes, but you must keep a record of such use and when calculating the year end under or over recovery of the service center, the normal charge rate should be applied to the units of service that were not charged the full rate. This is referred to as imputing or imputed revenue.

V. <u>MTDC Base</u>

Question # 1: A Principal Investigator has a three year award with committed cost sharing for a particular dollar amount over the life of the project. Can the institution fulfill the entire cost sharing commitment during any one year of the project?

Answer: Generally no, but it would be permitted only if the project language specifies that it is allowable. Otherwise, it is presumed that the cost sharing will be spread equally over the life of the project.

Question # 2: What is the appropriate treatment of salary costs in excess of the NIH salary limitation in terms of an F&A proposal?

Answer: The salary in excess of the NIH salary limitation must be included in the appropriate base for the F&A rate calculation according to where individual effort was performed. For instance, if an individual worked on an Organized Research project(s), the salary in excess of the NIH limitation related to effort on that project(s) must be included in the Organized Research base.

Question # 3: Should faculty salary received from teaching non-degree courses through a University's Continuing Education division be included in their Institutional Base Salary and their instruction effort %? Please address this question within a faculty's appointment period and outside a faculty appointment period.

Answer: This activity should be treated as part of the institutional base salary; documentation requirements would be similar to any other activity. If it is outside the faculty appointment period, separate documentation would be required similar to summer salary. We do not consider this activity to be incidental work, since it is ongoing and no different than a normal teaching load.

Question # 4: For a secondary appointment as Dept. Chair with a different salary rate than their faculty appointment, what are appropriate ways to certify effort in this scenario? Is it appropriate to combine the salaries from both positions and apply the effort % against their Institutional Base Salary?

Answer: You have to combine both. Effort would be certified the same way, but would include the Dept Chair salary, which would represent the Institutional Base Salary.

Question # 5: Sponsored programs overruns have sometimes been considered cost sharing – and of course should be considered voluntary. In that vein, since voluntary – uncommitted cost sharing is not required to be reported/tracked – must cost sharing related to project overruns be reported/tracked and added to the research base? Is there a difference if the overruns involve costs other than just salary (for example, supplies, travel, equipment, etc.)?

Answer: It depends on the type of overrun. If the overrun is voluntary uncommitted cost sharing as defined in the OMB clarification memo dated January 5, 2001, then it would not have to be reported. However, sponsored program overruns may need to be identified and included in the MTDC base if it is for technicians, research assistants, etc. Non-salary overruns, such as supplies and travel, needs to be identified and included in the MTDC base.

Question # 6: (From the DCA Best Practices Manual) Section XII. E. Tuition Remission Expense, page 127- "The space occupied by the individuals who are compensated by the tuition remission being excluded from the direct cost base, in lieu of salary and wage compensation, should be identified. This space should be classified as IDR or OIA. If an institution classifies the space occupied by these individuals as organized research, then the negotiator should either make an adjustment to the space classification or impute the salaries and wages plus applicable fringe benefits for these individuals and this calculation must be added to the organized research direct cost base." Please clarify whether this means people solely compensated by tuition remission or if it includes all people receiving tuition remission even if they are also paid a salary by the grant. Also, please explain how it could be proper to add tuition remission or some imputed amount of salaries in lieu of tuition remission to the research base when tuition remission is specifically an exclusion from the research base, A-21, sec. G2.

Answer: This is a matching issue. If tuition remission is supporting an individual and the costs are not in the research base, then the space for this individual should not be classified as research. If the person is compensated by both tuition remission and a wage paid by the grant, then it must be evaluated. Obviously, if an individual receives $12,000 of tuition remission and also receives a wage of $4,000 but the individual works 40 hours a week in a lab, then the tuition remission also supports the individual’s effort in the lab. In this case, assuming the $4,000 is in the research base and the $12,000 is excluded, then 25% of the individual’s FTE is research and 75% is IDR or OIA. Each individual must be evaluated on a case-by-case basis to determine the space adjustment required. A space adjustment using FTE is the most logical adjustment. If the university chooses to add tuition remission or an imputed salary to the research base, then the applicable space may be classified as research. The space classification must be matched to the treatment of the applicable cost in the base. The recovery of F&A costs is not the criteria in classifying space.

Question # 7: Some universities treat student trainee space as "research" and include the training grants in their research base. How does DCA feel about this practice?

Answer: This is acceptable since the trainees are usually commingled within the research labs. The key is that when the space is coded as research then the training grants must be in the research base.

Question # 7(a): Would this be treated in the same manner as faculty "voluntary uncommitted cost sharing"?

Answer: Absolutely not. Voluntary uncommitted cost sharing only applies to university faculty and senior researchers. It does not apply to students or anyone working in the lab that is not university faculty or a senior researcher.
