

Policy Name: Geisel F&A (Indirect Cost) Re-budgeting Policy

Effective Date: 7/1/13

Office with Primary Responsibility: Geisel Fiscal Office

Offices with Secondary Responsibility: Office of Sponsored Projects

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## Policy Summary

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Geisel School of Medicine will recover Facilities and Administrative (F&A) costs on all eligible direct costs charged to sponsored (grant) accounts. Principal Investigators (PI) may re-budget F&A costs to direct costs if they make unbudgeted expenditures that are excluded from F&A recovery. PI's may also re-allocate direct costs from items that are excluded from F&A recovery, to items that are eligible for F&A costs, but they will be required to re-budget direct costs to cover the additional F&A costs. All re-budgeting is subject to the terms and conditions of the funding agency.

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## Reason for Policy

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External sponsors provide F&A costs to reimburse institutions for the expense they incur to support sponsored activities. The Office of Management and Budget defines F&A costs as "costs that are incurred by a grantee for common or joint objectives and that, therefore, cannot be identified specifically with a particular project or program." The OMB further defines F&A costs as follows: "Facilities" is defined as depreciation and use allowances, interest on debt associated with certain buildings, equipment and capital improvements, operation and maintenance expenses, and library expenses. "Administration" is defined as general administration and general expenses, departmental administration, sponsored projects administration, student administration and services."

Historically, Geisel School of Medicine has capped its F&A recovery at the amount budgeted on the award. At the same time, Geisel has allowed PIs to re-budget F&A costs into direct costs. This policy establishes bi-directional re-budgeting between direct and F&A costs.

Failure to recover F&A costs during re-budgeting results in priorities of the Geisel School of Medicine going unfunded.

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## Scope: Who should know this policy?

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- This policy applies to principal investigators, and administrators involved in managing sponsored accounts.

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## Policy Statement

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This policy applies to all externally sponsored awards that are active as of July 1, 2013.

Investigators and their grant managers will be responsible for managing the total cost of their awards (directs + F&A) to prevent cost over-runs.

Investigators may re-budget F&A costs to direct costs when they re-allocate costs that were included in the F&A calculations (e.g. personnel, supplies or other costs) for purposes that are excluded from F&A calculations (e.g. capital equipment).

Investigators may also re-allocate costs that were excluded from F&A calculations (e.g. capital equipment, sub-recipients) for purposes where F&A costs would apply (e.g. personnel, supplies or other costs). In this circumstance, PIs and grant administrators must anticipate the associated F&A costs, and include these costs when calculating the funds available for re-allocation

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## Exceptions

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This policy does not apply to awards where the terms and conditions explicitly prohibit re-budgeting of direct costs to F&A costs.

Next Review Date: August 2014 by the Geisel Fiscal Office

## Sample Calculations

### Rebudgeting F&A to Directs

	Original Budget	Direct Cost Rebudget	F&A Re-budget	Revised Total Budget
Personnel	41,729	(10,000)	-	31,729
Supplies	10,000	-	3,827	13,827
Equipment		10,000	-	10,000
Travel	5,000		-	5,000
Other Expenses	5,000		-	5,000
Total Direct	61,729	-	3,827	65,556
F&A (62%*)	38,721	(6,200)	2,373	34,444
Total Budget	100,000	(6,200)	6,200	100,000

\* based on  
FY14 F&A  
Rate

Re-budget of Personnel to  
equipment yields \$6,200  
F&A savings

F&A re-budget  
= $\$6,200/1.62=$   
 $\$3,827$  to directs  
added to the  
Supplies budget

Net decrease to Personnel  
= \$10,000; net increase to  
directs = \$3,827

### Rebudgeting Directs to F&A

	Original Budget	Direct Cost Rebudget	F&A Re-budget	Revised Total Budget
Personnel	35,556	10,000	(3,827)	41,729
Supplies	10,000	-	-	10,000
Equipment	10,000	(10,000)	-	-
Travel	5,000		-	5,000
Other Expenses	5,000		-	5,000
Total Direct	65,556	-	(3,827)	61,729
F&A (62%*)	34,444	6,200	(2,373)	38,271
Total Budget	100,000	6,200	(6,200)	100,000

\* based on  
FY14 F&A  
Rate

Re-budget of equipment to  
personnel yields \$6,200  
additional F&A expense

Direct Re-budget  
= $-\$6200/1.62=$   
 $-\$3,827$  from  
directs

Net increase to  
Personnel = \$6,173; net  
decrease to directs =  
\$3,827