

To: WSU Tri-Cities Faculty and Staff
From: Sandra Haynes, Chancellor 
Date: August 17, 2018
Subject: Allocation of F & A Cost Recovery on Sponsored Projects

Maintaining and growing a preeminent research portfolio is a fundamental component of WSU's long-term strategic plan and is central to our institutional mission. The WSU TC campus plays a significant role in this regard, generating almost \$14.3 million of sponsored project funding in FY18, of which approximately \$2.4 million was from research grants. Strategic investment in research must remain a priority if we are to continue to build upon the well-recognized strengths and reputations of our faculty and our relationships and collaborations with industry partners. To that end, I have analyzed the Facilities & Administrative (F&A) cost recovery revenues received by our campus over the last several years, in order to determine how best to invest a portion of that revenue directly in the departments responsible for generating it so that it can be used to support further research needs and initiatives.

As you are undoubtedly aware, sponsored projects typically pay WSU a certain percentage to cover F&A costs associated with research projects (these costs are often referred to as indirect costs or overhead and they include things like the electricity used in our labs, office space, grant support staff, etc.). The percentage that is paid by the sponsored project can vary—while our pre-negotiated federal rate for F&A is 53%, many of our sponsored projects limit recovery to a lower percentage. Regardless of the rate, F&A revenue from sponsored projects is allocated across the University pursuant to Executive Policy #2, and that policy provides that a portion of the revenue is returned to the campus that generated it. More specifically, for every dollar of F&A revenue that is generated by our campus, 38% is returned to support our facilities and physical plant and 23% is returned to the Chancellor's office (or in some cases that amount is divided equally between my office and the office of the applicable Academic Dean in Pullman) for use to support strategic campus initiatives including investment in further research opportunities. This occurs quarterly, and Executive Policy #2 places the responsibility on me to determine how best to invest that revenue and how to make some of it available to the departments and researchers that generated it.

Based upon my analysis and review of the F&A revenue that is returned to our campus, I have decided that with respect to the "23%/11.5%" portion of F&A that is returned to my office on research grants (as compared to non-research/community service grants like GEAR UP, 21st Century, TRIO, etc.) 15/23 of that amount shall be allocated to the department responsible for generating it to be used to support the on-going research needs of its principal investigators/researchers. While this allocation may not make sense for every sponsored project, and I may make occasional exceptions to this allocation arrangement at my discretion, as we move forward this shall be my general policy with respect to the allocation of F&A revenue on research grants.