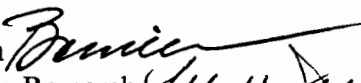
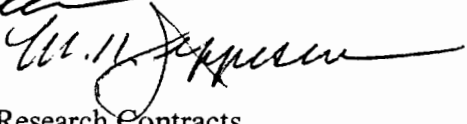


VICE PRESIDENT FOR RESEARCH OFFICE  
1450 Old Main Hill  
Logan UT 84322-1450  
Telephone: (435) 797-1180  
FAX: (435) 797-1367  
Email: vpr@cc.usu.edu

MEMORANDUM

TO: Deans, Directors, Department Heads, and Research Faculty

FROM: Brent C. Miller, Vice President for Research   
M. K. Jeppesen, Associate Vice President for Research 

SUBJECT: Cost Sharing and Waiver of F&A on USU Sponsored Research Contracts

DATE: October 10, 2001

One of our strategic priorities is to increase recovery of F&A through reducing waivers and decreasing cost sharing in order to maximize support to the University's academic and research programs. During this past year, we have appreciated receiving input from many university colleagues, leading us to the following conclusions:

Cost Sharing - During the past fiscal year, researchers at Utah State have utilized millions of dollars in cost sharing on various projects. Any USU funds, other than sponsoring agency funds, used to conduct a research project are considered state funds. We have been asked why state funds are subsidizing research conducted for outside sponsoring agencies.

Sometimes funding agencies require cost share in their request for proposals (RFP), and we try to comply. However, we do not support researchers at Utah State offering non-required cost share in the hopes of making their proposal "more competitive".

University researchers should not include cost sharing unless it is noted as a requirement for the RFP. The research office will follow its Policy on Dedicated Return of F & A Funds and will not routinely participate in voluntary cost sharing.

Waiver of F&A on USU Research Contracts - Utah State University's facilities and administration rate (formerly known as indirect cost) is reviewed annually by DOD auditors. The current on-campus research rate of 38% of MTDC reflects actual costs which Utah State has incurred to support research at USU. The current on-campus rate for educational projects is 46% of MTDC. Some agencies will not pay the full rates approved by federal auditors. Currently, we are collecting only about half of allowable F&A. We should increase the percentage of F&A costs recovered.

There are several arguments for collecting the full F&A allowed. The most obvious reason is the additional millions of dollars in revenues which could be used to support academic and research programs. Secondly, our F&A negotiations imply that most federal agencies will recognize and accept the federal rate. A third reason to collect the full F&A is that USU funds used as cost sharing reduces the allowable F&A rate for the next year, thus costing USU additional funds. If a contract is funded with federal monies, the federal rate is recognized because the funding agency collects whatever the federal government permits.

For the above reasons, Utah State University will collect the full F&A costs allowable unless (1) the sponsor has an institutional policy applicable to all recipients calling for a lower rate; or (2) the agreement is for graduate student support projects of less than \$50,000.

We appreciate your interest and cooperation, and would be glad to respond to any questions. (Brent Miller may be reached at [bcmiller@cc.usu.edu](mailto:bcmiller@cc.usu.edu); M. K. Jeppesen at [mkj@research.usu.edu](mailto:mkj@research.usu.edu); or call 797-1199 for either of us.)

cc: Kermit L. Hall, President  
Stan L. Albrecht, Provost  
Fred R. Hunsaker, Vice President for Administrative Affairs  
Michael R. Lewis, Director ✓  
John D. Sites, Contract Administrator