

TO: Deans, Chairs, Center Directors, and Principal Investigators with F&A Funds
FROM: David Butler
DATE: June 12, 2023
RE: Investment Guidance and Carryover of Facility and Administrative (F&A) Funds

Investment Guidance for Recovered F&A Funds

The revenue resulting from the recovery of Facility and Administration (F&A) costs, also called indirect costs (IDC), allowed on sponsored research and public service projects is recognized by the University as "unrestricted" funds. The F&A rate that determines the amount of these funds is negotiated with the Department of Health and Human Services based upon the level of research-support infrastructure MTSU provides our scholars. MTSU's current F&A rate is 31.3% of modified total direct costs. This memo provides guidance for investment of F&A funds that will assist in the expansion of research and scholarly activities at MTSU. The following list serves as a guide to investment strategies of these allocated funds, including but not limited to;

- Seed new research initiatives
- Provide cost sharing or matching funds on individual projects
- Support MTSU's technology commercialization efforts
- Pay salaries for research support personnel
- Develop new core facilities
- Build the University's sponsored research and public service programs
- Purchase capital equipment directly related to expanding the research capability
- Fund bridge programs to provide continuity between externally funded projects
- Provide incentives and support in preparing competitive proposals
- Distribute seed funding for interdisciplinary, multidisciplinary, or center proposals
- Provision of start-up funding for new hires
- Support research related expenditures (e.g., computers, software, travel, publication costs, training, certification, consumables)
- Reward units that are successful in attracting funds
- Support the University's efforts to increase extramural funding

Priority should be given to meeting the needs for equipment, facilities, and administrative costs to support the research infrastructure. F&A funds should be used to help faculty, staff, and students to become competitive for extramural funding and to incentivize submitting proposals for competitive funding.

Administrators should consider this guidance when approving expenditures from F&A accounts.

Faculty and administrators seeking advice on using recovered F&A funds should consult their college Research Coordinator / Associate Dean for Research or ORSP.

Annual Reporting of F&A Account Balances

To promote transparency, accountability, engagement, and research productivity ORSP will provide PIs, Departments, and Colleges with annual summary reports of F&A accounts relevant to their level (PI, Department, College, Centers). That is, PIs or Centers will receive a report of their F&A account balance. Departments will receive a report of their F&A account balance and account balance information for PIs within that Department. Colleges will receive reports of their F&A account balance and account balance information for Departments, Centers, and PIs within that College.

Each person of authority (PI, Department Chair, Center Director, Dean) is encouraged to review the summary report(s), develop strategic plans, and discuss ways to maximize the use of these funds to meet the needs of faculty and increase funded research at MTSU. F&A accounts with low use over an extended time and/or accounts with excessively large balances should be addressed by appropriate administrators during this annual review.

Additionally, ORSP will provide an annual report of F&A funds recovered by ORSP and information about reinvestment of recovered F&A funds.