



Western Michigan University
Kalamazoo, MI 49008

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GUIDANCE REGARDING ON/OFF-CAMPUS FACILITIES AND ADMINISTRATIVE RATES PROCEDURE

1. Purpose of Procedure

The purpose of this procedure is to determine whether a sponsored project should be classified as on- or off-campus and using the applicable facilities and administrative (F&A) rate.

2. Background

One factor in determining the appropriate F&A rate to apply to a project budget is whether the project is designated as “on-campus” or “off-campus.” An on-campus F&A rate includes both the Facilities (e.g., buildings and maintenance, utilities, library resources, IT infrastructure, etc.) and Administrative (e.g., departmental administration, sponsored programs administration, etc.) components of the F&A. Projects using the off-campus rate do not recover the Facilities component. An “off-campus” determination on a sponsored project implies that there are no facilities costs associated with the project, which results in a lower F&A rate. However, since virtually all projects utilize at least some on-campus resources, an off-campus determination has significant fiscal ramifications for the university. Consequently, requests for an off-campus determination are weighed carefully, and are granted by the Office of the Vice President for Research only when specific circumstances exist.

3. Key Definitions

3.1. On-campus

Based on the university’s federally approved indirect cost rates, on-campus locations include space in buildings owned and/or leased by the university. These locations include the university’s regional campuses. An on-campus designation is appropriate when university facilities are required and used for the project. When a sponsored project receives an on-campus designation, reimbursement of facilities-related costs occurs indirectly through the application of the F&A rate rather than through a direct space charge (i.e. rental costs).

3.2. Off-campus

Off-campus locations include space not owned by the university and where the university bears no lease cost for occupying the space. An off-campus designation is appropriate when university facilities are not necessary or used for the project and/or

any reimbursement of facilities-related costs occurs through a direct space charge (e.g. a lease).

4. Procedure Details

For all activities performed in facilities not owned by the institution to which rent is directly allocated to the project(s) the off-campus rate will apply. Grants or contracts will not be subject to more than one F&A cost rate. If more than 50% of a project is performed off-campus, the off-campus rate will apply to the entire project.

A project, or part of a project, is considered to be performed off-campus if the activity is **required** to be conducted at a location other than WMU's academic lands. If a project is located in leased space and the lease is a direct charge to the project, then the project is considered off-campus. If the project is not charged directly for the lease cost and the lease is a part of the University's F&A rate, then the project is considered on-campus. In order for the off-campus rate to be a consideration, the project must require that **substantive** programmatic work take place on non-WMU property. A project will NOT be considered off campus simply to circumvent the proper recovery of applicable F&A costs, and the off-campus rate will not be applied when a PI chooses to conduct his/her project off campus for convenience. Conferences, short-term collaboration travel, or working remotely (e.g. from a home office) are not sufficient reasons to use the off-campus rate.

WMU applies only one F&A rate to an entire project. When a project includes both on-campus and off-campus activities the criterion for determining whether the on-campus or off-campus rate applies to a sponsored project is based on preponderance of the work. If 50% or more of budgeted (including cost share) project activity occurs at WMU facilities, then the on-campus rate is applied. If more than 50% of budgeted project activity occurs only at non-WMU facilities (including projects for which lease payments are directly charged to the project), then the off-campus rate is applied. Note that any subaward or vendor service costs are not considered WMU in the determination of preponderance of the work.

Principal Investigators shall work with their assigned research officer to discuss the appropriate indirect rate. In reviewing and making the determination of the rate, the research officer shall review the project scope to ensure that the work truly involves costs conducted off-campus. When a determination cannot be easily made, the Vice President for Research or their designee shall be consulted and will render the final decision.

5. Helpful Hints

5.1. Travel: If the travel is for the presentation of papers, then the costs are considered ON campus. If the travel is to conduct research at other sites, then costs for the travel are OFF campus.

5.2. Equipment: Generally, equipment is ON campus. However, if the equipment is to be used in the "field" and the work is considered OFF campus, then the equipment could also be OFF campus.

5.3. Rental Costs: If rental for a building to conduct the work is charged as a direct cost to the grant, then the project is OFF campus. If the work is done at a WMU facility located off campus, but WMU pays the rent, the project is ON campus. (**Note: If the**

rental of space is a direct cost in the project but only a portion of the project costs are associated with the use of that space, then the rental and associated costs are factored into the overall calculation of ON versus OFF campus to determine the appropriate rate for the entire project).

6. Rate Application Examples

The following examples illustrate the concept and are not all inclusive. Please contact your research officer with questions if it is unclear as to whether the on- or off-campus rate should be utilized in your project

6.1 Example I:

PI Green is working on a \$500,000 research proposal to the National Institutes of Health. Part of the project involves a \$260,000 subaward to her collaborator, Professor Plum, at North Carolina State University.

Professor Green's work will take place in her laboratory on campus. Even though she will periodically travel (\$20,000 – total cost of multiple collaboration trips) to NCSU to work in the laboratory of Professor Plum, the project is classified as an on-campus project as the majority of the WMU costs will occur while working in WMU facilities.

$$\mathbf{\$500,000 - \$260,000 = \$240,000}$$

$$\mathbf{\$240,000 - \$20,000 = \$220,000}$$

$$\mathbf{\$220,000/\$240,000 = 91.7\%}$$

The fact that a collaborating institution will spend more than half of the direct costs of the total award has absolutely nothing to do with determining the applicability of an on- or off-campus F&A rate for WMU. WMU does not control the expenditure of those funds.

6.2 Example II:

PI White has a one-year, \$30,000 award from USDA. He will be analyzing soil samples from Alaska that he personally will obtain during the WMU winter break. Although the actual sample collection activity in Alaska is expected to take 4 weeks, the preliminary work and subsequent analysis will take place on campus for approximately 11 months. The cost of the trip to collect the samples, storing, packing, shipping, etc. will be \$17,000. Since the cost of the "off campus" portion of the activity exceeds 51% of the total costs, the off-campus F&A rate is applicable.

$$\mathbf{\$30,000 - \$17,000 = \$13,000}$$

$$\mathbf{\$13,000/\$30,000 = 43.3\%}$$

6.3 Example III:

PI Mustard is writing a \$250,000 proposal to the Michigan Department of Education. He will be surveying and evaluating techniques utilized to teach social studies to first graders in 40 classrooms in the Portage Public Schools district. Five graduate students in the College of Education and Human Development will be employed by the project and will travel to the various schools to collect data. The students may spend time in the classroom and Professor Mustard will supervise the graduate students and the data

collection, which may include taping actual classroom sessions, by making periodic observation visits. The data analysis and report preparation will take place on WMU's campus.

This is an on campus project as the majority of the costs will be incurred by the grad students and PI during the analysis of the data, and trips are not scheduled at the time of submission to demonstrate the majority of the time the students and PI Mustard will spend on the work occurs at the schools.

6.4 Example IV:

PI Scarlet has an \$80,000 subaward from MSU. The prime sponsor is the US Department of Defense. In order to "help her colleague at MSU stretch his award dollars," Professor Scarlet indicates that her students will work from their homes or their study groups at a local coffee shop and that she will work from her home office. Therefore, Professor Scarlet feels that the project is off campus.

This is an on campus project. In order for an award to be considered off campus, "substantive programmatic work" on lands not owned or leased by WMU is required. This scenario is clearly an effort to circumvent the applicability of the correct F&A rate.

The award has been made to WMU. The grant proposal includes descriptions of the "resources and environment" at WMU, not the students' or professor's homes. **If the project staff choose to work away from campus, this does not constitute substantive programmatic work being performed at an off campus worksite.** There is NO programmatic requirement that Professor Scarlet and/or her students work off campus. Zero percent of the costs for this project are incurred off campus.

6.5 Example V:

PI Peacock has a 12-month subaward from NYU. The prime award is from the US Department of Transportation. Professor Peacock will be on sabbatical in Vietnam for 6 months during the project period. While on sabbatical out of the country, she will continue to analyze data and perform work on the project. She has received approval from USDOT (via NYU) to continue working while away from her campus lab. Professor Peacock believes that since she will clearly be performing work while off of WMU lands, that the off-campus F&A rate is applicable.

This is an on campus project. Professor Peacock is able to, chooses to, and has sponsor permission to continue working on her project via computer while on sabbatical, but the scope of work has no requirements that work be conducted in Vietnam. Zero percent of the costs for this project are incurred for work being conducted off campus.

Contact your Research Program Office for further assistance.