

Preparing preliminary data for applications requires Investigators to ‘fudge’ their payroll certifications (effort reports)

Policy Information for Research Administrators

A faculty member’s time spent preparing a proposal and the development of sufficient preliminary data for a competing application is considered part of the Facilities & Administrative (F&A) Costs. The investigator’s time spent in these activities is considered ‘administrative.’ This administrative time of faculty and other professional staff who conduct research and education is included in the 3.6 percent allowance on ‘modified’ total direct costs and is not required to be certified in payroll.

As per the Office of Management and Budget (OMB) Circular A-21 (Cost Principles for Educational Institutions):

“Proposal costs are the costs of preparing bids or proposals on potential federally and non- federally funded sponsored agreements or projects, including the development of data necessary to support the institution’s bids or proposals. Proposal costs of the current accounting period of both successful and unsuccessful bids and proposals normally should be treated as F&A costs and allocated currently to all activities of the institution, and no proposal costs of past accounting periods will be allocable to the current period. However, the institution’s established practices may be to treat proposal costs by some other recognized method. Regardless of the method used, the results obtained may be accepted only if found to be reasonable and equitable.

"Salaries and fringe benefits attributable to the administrative work (including bid and proposal preparation) of faculty (including department heads), and other professional personnel conducting research and/or instruction, shall be allowed at a rate of 3.6 percent of modified total direct costs.

For the purpose of Payroll Distribution, this allocation of faculty administrative effort is not required in payroll certifications (or time and effort reporting) as it represents a ‘residual category.’

“Institutions may include in a residual category all activities that are not directly charged to sponsored agreements, and that need not be distributed to more than one activity for purposes of identifying F&A costs and the functions to which they are allocable. The components of the residual category are not required to be separately documented.