



Research Function White Paper Issued for FY 2012 Updated March, 2013

The A&M System Office and members have analyzed expenses reported in the Research function and issued this white paper to provide analysis and additional guidance. The Research function is important for many reports that compare institutions across the State of Texas and across the nation.

The Texas A&M System-Office of Sponsored Research Services (OSRS) manages grants for several members and assesses a fee for these services. It is recommended that the OSRS assessments will be recorded in a consistent manner. According to the definitions provided OSRS assessments paid by most members must be recorded in Institutional Support; except for pre-award costs. Pre-award costs are allowed to be recorded in Academic Support. The members who are considered an experiment station, an institute or a research center, the OSRS assessment should be recorded as a Research function.

Various employee-position titles are listed in this white paper to assist with questions asked by members. The guidance provided below is from the National Association of College & University Business Officer's (NACUBO), Financial Accounting and Reporting Manual (FARM) and the Electronic Code of Federal Regulations (e-CFR), Part 220 Cost Principles for Educational Institutions, Appendix A, (historically known as OMB Circular A-21).

Vice President for Research (Chief Research Officer)

Per Section 703.91 of the FARM, the salary of the Chief Research Officer should be Institutional Support.

¶703.9 Institutional Support

The Institutional Support classification includes expenses for central, executive-level activities concerned with management and long-range planning for the entire institution, such as the governing board, planning and programming operations, and legal services; fiscal operations, including the investment office; administrative information technology (when not accounted for in other categories); space management; employee personnel and records; logistical activities that provide procurement, storerooms, printing, and transportation services to the institution; support services to faculty and staff that are not operated as auxiliary enterprises;



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and activities concerned with community and alumni relations, including development and fundraising.

Appropriate allocations of Institutional Support should be made to auxiliary enterprises, hospital/clinics, and any other activities not directly related to the primary programs—Instruction, Research, and Public Service—or their related support classifications.

The Institutional Support classification includes the following five subclasses.

- Executive Management
- Fiscal Operations
- General Administration
- Public Relations/Development
- Administrative Information Technology

¶703.91 Executive Management

This subclass includes expenses for all central, executive-level activities concerned with management and long-range planning for the entire institution (as distinct from planning and management for any one program within the institution). This subclass includes such operations as executive direction (for example, governing board), planning and programming operations, legal, risk, compliance, and internal audit operations.

All officers with institution-wide responsibilities are included, such as the president, chief academic officer, chief business officer, chief student affairs officer, chief research officer, chief enrollment management officer and chief advancement officer.

Dean of Research

A Dean of Research would be an individual falling below the central executive-level of management of the institution who has responsibility over research activities. Per Section 703.75 of the FARM, the expenses of Deans of Research are Academic Support.

¶703.75 Academic Administration

This subclass includes expenses for activities specifically designed and carried out to provide administrative and management support to the academic programs. This subclass is intended to separately identify expenses for activities formally organized and/or separately budgeted for academic administration. It includes the expenses of academic deans (including deans of research, deans of graduate schools, and college deans), but it does not include the expenses of department chairpersons (which are included in the appropriate primary function categories).



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The subclass also includes expenses for formally organized and/or separately budgeted academic advising.

Expenses associated with the office of the chief academic officer of the institution are not included in this subclass, but should be classified as Institutional Support due to the institution-wide nature of that individual's responsibilities.

Electronic Code of Federal Regulations (e-CFR), Part 220 Cost Principles for Educational Institutions, Appendix A, (historically known as OMB Circular A-21)

Per the definition of Facilities and Administration (F&A) in [Electronic Code of Federal Regulations \(e-CFR\), Part 220](#) Cost Principles for Educational Institutions, Appendix A, (historically known as OMB Circular A-21) F.1.

F.1-Identification and Assignment of F&A Costs defines Facilities and Administration which are broad categories of costs.

- "Facilities" is defined as depreciation and use allowances, interest on debt associated with certain buildings, equipment and capital improvements, operation and maintenance expenses, and library expenses.
- "Administration" is defined as general administration and general expenses, departmental administration, sponsored projects administration, student administration and services, and all other types of expenses not listed specifically under one of the subcategories of Facilities (including cross allocations from other pools).

Proposal Development (including administrative functions) & Pre-Award Office

Most of the administrative functions of proposal development and the Pre-Award Office are considered an administrative department typically budgeted as a support office for research to review, authorize, submit, negotiate and accept proposals and can be classified as Academic Support.

Based on Section 703.76 of the FARM, the best classification of the pre-award activities associated with sponsored projects administration appears to be Academic Support.

¶703.76 Academic Support

This subclass includes expenses for activities that provide the faculty with opportunities for personal and professional growth and development to the extent that such activities are formally organized and/or separately budgeted. This subclass also includes formally organized and/or separately budgeted activities that evaluate and reward professional performance of the faculty. Included in this subclass are sabbaticals, faculty awards, and organized faculty development programs.



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Proposal Development by the Researcher (excluding administrative functions)

Development of a grant proposal by a faculty member or researcher (excluding the administrative functions performed by the pre-award office) is either Instruction or Research. As a practical matter it seems logical that this would be dependent upon where the cost of the individuals involved are recorded. This is consistent with Appendix F of the Activity Lookup Table in the FARM.

Grants Proposal Development..... Ins/GenAcad, Ins/VoTech,
Ins/SpecSession, Ins/CommEd, Ins/PrepRemed,
Res/Indiv and ProjRes

Which function is appropriate depends upon whether the departmental research expenses are separately budgeted. This agrees with the definition of Research in the FARM that excludes activities from being reported as Research when they are not included inside a separately budgeted individual research account.

Sponsored Projects Administration (Post-Award /Grant Accounting)

As sponsored projects administration is an F&A cost, it cannot be Research for most members. Grant & Contract Accounting (post-award) is Institutional Support per Appendix F of the Activity Lookup table in the FARM.

Grants Accounting..... InstSupp/FisOpsContract
Administration..... InstSupp/FisOps

¶703.5 Research

The Research classification includes all expenses for activities specifically organized to produce research, whether commissioned by an agency external to the institution or separately budgeted by an organizational unit within the institution. Subject to those conditions, the classification includes expenses for individual and/or project research as well as that of institutes and research centers.

This classification does not include all sponsored programs nor is it necessarily limited to sponsored research, since internally supported research programs, if separately budgeted, might be included in this classification.

Expenses for departmental research that are separately budgeted are included in this classification. However, the Research classification does not include expenses for departmental



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research that are not separately budgeted. Departmental research that is not separately budgeted is included in the instructional category.

The Research classification includes the following three subclasses.

- Institutes and Research Centers
- Individual and Project Research
- Research Information Technology

Experiment Stations, Institutes and Research Centers

Experiment stations, institutes and research centers are treated differently and fall into 703.51. For the AFR, most of their activity would be reported as Research or Public Service. For Office of Management and Budget, Circular A-21 compliance, the OMB Guidance needs to be followed for the [Effort Code Definitions](#). These entities would include Texas A&M AgriLife Research (formally named, Texas Agriculture Experiment Station), Texas A&M Engineering Experiment Station and Texas A&M Transportation Institute.

¶703.51 Institutes and Research Centers

This subclass includes expenses for Research activities that are part of a formal research organization created to manage a number of research efforts. While this subclass includes agricultural experiment stations, it does not include federally funded research and development centers, which are classified as independent operations.

Agricultural Experiment Station.....	Res/Inst and RC
Institutes and Research Centers.....	Res/Inst and RC
Individual and Project Research.....	Res/Indiv and ProjRes

¶703.52 Individual and Project Research

This subclass includes expenses for research activities that are managed within academic departments. Those activities may have been undertaken as the result of a research contract or grant or through a specific allocation of the member’s own general resources.

¶703.53 Research Information Technology

This subclass includes expenses for formally organized and/or separately budgeted research information technology. If an institution does not separately account for information technology resources, the costs associated with the three primary programs—Instruction, Research, and Public Service—will be classified as Academic Support and the remainder as Institutional Support.



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Conclusion

Each member needs to review functions that are placed on an account when they are setup and periodically review the function to ensure that it follows the NACUBO FARM guidelines as well as the Electronic Code of Federal Regulations (e-CFR), Part 220 Cost Principles for Educational Institutions, Appendix A, (historically known as OMB Circular A-21).

For most members the OSRS assessments must be recorded in Institutional Support; except for pre-award costs. Pre-award costs are allowed to be recorded in Academic Support.

On the AFR, experiment stations, institutes and research centers are treated differently and most of their activity would be reported as Research and a smaller portion would be reported as Public Service. For Office of Management and Budget, Circular A-21 compliance, the OMB Guidance needs to be followed for the [Effort Code Definitions](#). It would be appropriate for the OSRS assessment attributable to experiment stations, institutes and research centers to be classified as the Research function.