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OFFICE OF THE ACADEMIC DEAN AND PROVOST  
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ACDEANINST 3914.1A  
DRS/ADP  
APR 19 2016

ACADEMIC DEAN AND PROVOST INSTRUCTION 3914.1A

From: Academic Dean and Provost

Subj: RECOVERY OF GENERAL AND ADMINISTRATIVE (G&A) COSTS ASSOCIATED WITH REIMBURSABLY FUNDED RESEARCH AT USNA

Ref: (a) ACDEANINST 3920.1N

1. Purpose. The purpose of this instruction is to establish U.S. Naval Academy (USNA) policy for recovering the General and Administrative (G&A) costs resulting from the administration of reimbursably funded research conducted by the Naval Academy faculty and midshipmen.

2. Cancellation. None. This is a new policy and a new instruction. It should be read in its entirety.

3. Background.

a. The Naval Academy, in its commitment to foster an environment of life-long learning, encourages faculty and midshipmen to pursue state-of-the-art research in all disciplines. To support this aspect of the Naval Academy's educational purpose, faculty are expected to maintain scholarship in their disciplines, and maintaining such currency is often accomplished by active participation in an ongoing research program. Reimbursable research funds obtained from external sources (Navy; Government but non-Navy; and commercial, industrial and university sponsors) play a substantial role in this effort.

b. Reference (a) provides detailed information as to the Naval Academy's established research policies and procedures. As the governing document for faculty research, updates to reference (a) will incorporate the information in this instruction.

4. Definitions. The funding from any reimbursably funded research can be categorized into one of two groups: Direct Costs, and General and Administrative (G&A) Costs (often referred to as overhead).

a. Direct Costs are those that can be identified, with a high degree of accuracy, to a specific externally funded project or activity. Examples include the investigator's labor (both salary and fringe benefits), travel, supplies or any equipment purchased or legal services required to carry out the project, and publication costs for any reports or articles associated with the funded research. Materiel purchases required to execute the project can be attributed as direct costs of the project, even if the institution will benefit from these purchases on subsequent projects and activities.

b. General and Administrative (G&A) Costs/overhead are those costs incurred for a common institutional purpose, thus benefitting more than a single research project or activity, and are required to provide administrative/general support for projects. These costs are not readily assignable to a specific research project as they can be attributed to multiple research projects and/or institutional components, but nevertheless these costs are necessary for the general operation of the organization. Examples of

G&A/overhead costs include but are not limited to: general and administrative expenses to process grants, awards and funding documents through USNA's Office of Research and Scholarship (ORS) and the Comptroller Department, expenses incurred during pre-award legal reviews and the processing of agreements and contracts, and expenses required to provide general IT support related to reimbursable research.

5. Policy.

a. Consistent with the information provided in this instruction, the Naval Academy will recover G&A/overhead costs on reimbursable research funds obtained at USNA from external sources. Implementation of this cost recovery is immediate with the execution of this instruction.

b. The recovery of G&A/overhead costs at the Naval Academy has a three-tier structure, based on the level of effort each funding document generates and requires in its various stages. Examples include but are not limited to: pre-proposal process, submission of a proposal, account maintenance and reconciliation, expenditure processes (salaries, benefits, purchasing and travel), compliance with interim and final report submission requirements, and required initial and ongoing support (IT, legal, etc.).

c. The USNA G&A/overhead recovery rates established by this instruction are based on a review of the policies of the National Science Foundation (NSF), as well as discussions with the U.S. Military Academy and the U.S. Air Force Academy about their rates, and discussions with the Bureau of Navy Personnel (BUPERS), the Navy's oversight authority for USNA.

d. The G&A/overhead recovery rates defined in (e) below are to be applied in FY16 and in future fiscal years to all External Research Plans (ERPs) and subsequently to the reimbursable research proposal submissions to external agencies and potential funding partners. Updates and/or adjustments of these rates will be promulgated via revisions of this instruction or by ACDEAN Notices issued against this instruction.

e. The USNA G&A overhead recovery structure for FY16 and beyond is:

- *5% overhead cost will be applied to all Department of Navy reimbursable research funding documents (e.g. ONR, NRL, etc.).*
- *10% overhead cost will be applied to all Government but non-Navy reimbursable research funding documents (e.g. AFOSR, ARO, NSF, NASA, OSD, NSA, etc.).*

Note: The 10% non-Navy/Government rate is the *de minimis* rate that NSF allows without requiring a formal negotiation. Additional information is available at: <http://www.nsf.gov/bfa/dias/caar/indirect.jsp>

- *15% overhead cost will be applied to all reimbursable research funding documents associated with University, Industry and Other efforts (e.g. CRADAs, etc.).*
- *These percentages apply to salary (including fringe benefits), supplies, and travel portions of a budget.*

f. By this instruction, USNA's Director of Research and Scholarship (DRS) is assigned responsibility and oversight for the implementation of this new G&A/overhead recovery policy. The DRS will interact with the Academic Dean and Provost (ADP), the Deputy for Finance and Chief Financial Officer, the USNA Comptroller, the staff of the Comptroller Department, the staff of the ORS, and the Academy's faculty to implement and execute this G&A recovery rate collection policy, and to manage the distribution and use of the recovery funds collected.

g. Per reference (a), every reimbursably funded research effort must be coordinated with the Academy's Office of Research and Scholarship. Each proposal for external funding, regardless of the outside source, must be described in an ERP submitted via the Principal Investigator's (PI) chain of command to the DRS. An ERP must be approved by the DRS prior to the PI submitting a research proposal to an agency or to a potential collaborator for external funding. The approved ERP, with notations of the DRS as to the applicable G&A/overhead recovery rate, will be transmitted by the ORS staff and received by the Comptroller's Reimbursables Desk prior to the Comptroller accepting any external funds.

h. Questions as to the applicability of a USNA G&A/overhead recovery rate to a research proposal should be addressed to the Director of Research and Scholarship as the PI develops the ERP. A request for a waiver or a reduction in the percentage of the applicable G&A overhead recovery rate to a proposal for external funding must be discussed with the DRS and approved by the ADP in advance of the DRS-endorsed ERP being transmitted to the Reimbursables Desk in the Comptroller Department.

i. Department Chairs and Division Directors will ensure that faculty in their units are aware of this instruction and implementation of USNA's overhead recovery policy, and that the G&A overhead recovery rate is addressed in each ERP submitted for review, endorsement and transmission to the ORS.



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