Facilities & Administrative Rates
- F&A Fun Facts

- Discussing F&A with Faculty

Jennifer Mitchell

What is F&A?

- Facilities and Administrative rate
- F&A = Overhead = Indirect Costs
- Mechanism used to reimburse research costs
- F&A Rate:

  Indirect Costs of Organized Research
  Direct Costs of Organized Research

  It looks so simple…
The Denominator - Direct Cost Examples

- Principal Investigator
- Research Associates and Assistants
- Laboratory Technicians
- Associated fringe benefits
- Subcontract costs
- Project related travel
- Project related materials & supplies
- Equipment

The Numerator - F&A Costs

- Repair & Maintenance, Utilities
- Building and Equipment Depreciation
- Interests
- Executive Management
- Library
- Accounting, Budgeting, Human Resources
- Departmental Administration
- Pre and Post-Award Administration
- Not directly assignable to any one activity
FY14 F&A Proposal Negotiation

- Proposal preparation – June, 2014 to February, 2015 (9 months)
- Proposal submitted – February, 2015
- Onsite space review - August of 2015
- Inquiries and reviews by government - May to October, 2015
- Negotiation concluded – May, 2016
- Multiyear rates negotiated for organized research (first in a decade):

<table>
<thead>
<tr>
<th>FY</th>
<th>Organized Research Rate</th>
<th>Increase from Last Negotiated Rate, 54.5</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY16</td>
<td>55.5</td>
<td>+1</td>
</tr>
<tr>
<td>FY17</td>
<td>56.5</td>
<td>+2</td>
</tr>
<tr>
<td>FY18 &amp; Beyond</td>
<td>58</td>
<td>+3.5</td>
</tr>
</tbody>
</table>

Historical Research Rate

<table>
<thead>
<tr>
<th>F&amp;A Base Year</th>
<th>Negotiated Year</th>
<th>Negotiated Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY04</td>
<td>2005</td>
<td>49.5%, 51%</td>
</tr>
<tr>
<td>FY07</td>
<td>2008</td>
<td>52.5%</td>
</tr>
<tr>
<td>FY10</td>
<td>2011</td>
<td>54.5%</td>
</tr>
<tr>
<td>FY14</td>
<td>2015, 2016</td>
<td>55.5%, 56.5%, 58%</td>
</tr>
</tbody>
</table>
Question About F&A

58% F&A rate means 58% of my grant money is going to pay for F&A?

58% F&A Rate – An Example of the Reimbursement

No, for every one dollar received, 63% is Direct and 37% is indirect (58% is applied to Direct Costs, Not Total Costs)

<table>
<thead>
<tr>
<th>37¢</th>
<th>63¢</th>
</tr>
</thead>
<tbody>
<tr>
<td>is for Overhead</td>
<td>is for Direct Research Costs</td>
</tr>
</tbody>
</table>

- Facilities Total: 20¢
- Operations & maintenance (e.g., Utilities): 9¢
- Equipment: 2¢
- Interest: 2¢
- Building: 6¢
- Libraries: 1¢
- Administration Total: 17¢

Research salaries and employee benefits
Equipment
All subcontracts and other direct charges
Other Allowable expenses

Dept Admin, HR, etc.
Question about F&A

True or False?
Doing research makes money for the University because we also receive overhead.

• In reality, Research is being Subsidized (so No)
• The rise of the F&A rate is due to Facilities Costs
  – Admin Rate capped at 26% for more than 2 decades
• Our Uncapped, Actual F&A rate is 68.9% per FY14 F&A Proposal. The negotiated rate is Lower than the actual overhead rate.

<table>
<thead>
<tr>
<th>FY18 Negotiated Rate</th>
<th>Calculated Rate</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>58%</td>
<td>68.9%</td>
<td>-10.9%</td>
</tr>
</tbody>
</table>
Next F&A Base Year

• FY17 – 9/1/2016 to 8/31/2017

• How can you help?
  – Space survey accuracy (Related $ in numerator)
    • FY16 space survey: July to August, 2016
  – Monitoring cost share ($ in denominator)
  – Equipment inventory accuracy ($ in numerator)
  – Appropriate Effort Reporting (defending space survey and cost share)

Thank You