

Northwestern

## Facilities & Administrative Rates - F&A Fun Facts

- *Discussing F&A with Faculty*

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ASRSP  
Semi-annual  
Networking  
Event  
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## What is F&A ?

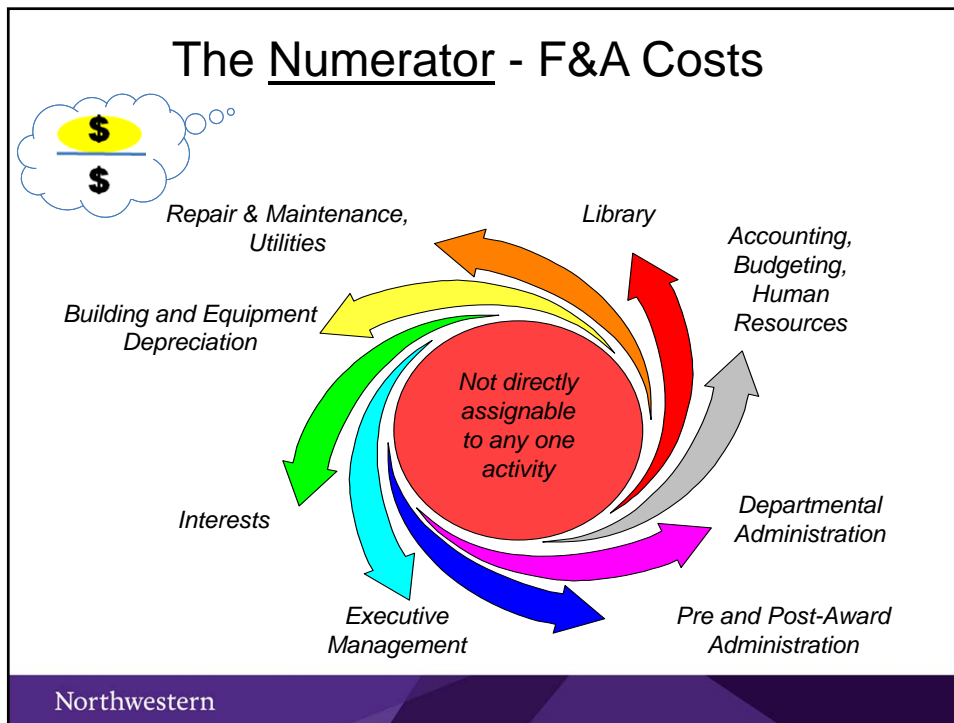
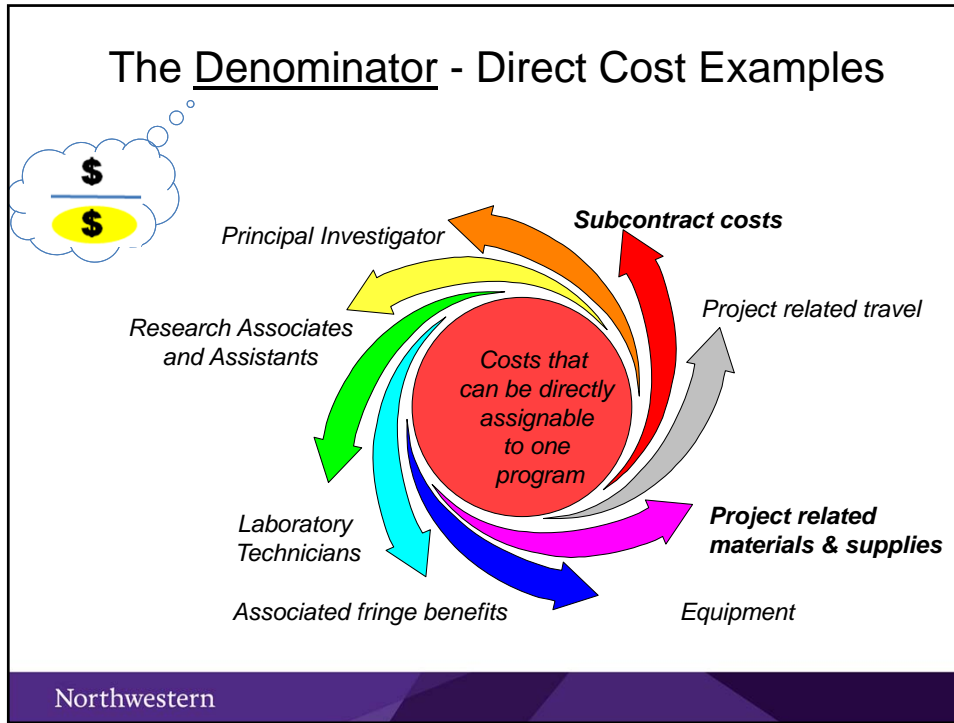
- Facilities and Administrative rate
- F&A = Overhead = Indirect Costs
- Mechanism used to reimburse research costs
- F&A Rate:

$$\frac{\text{Indirect Costs of Organized Research}}{\text{Direct Costs of Organized Research}}$$

*It looks so simple...*

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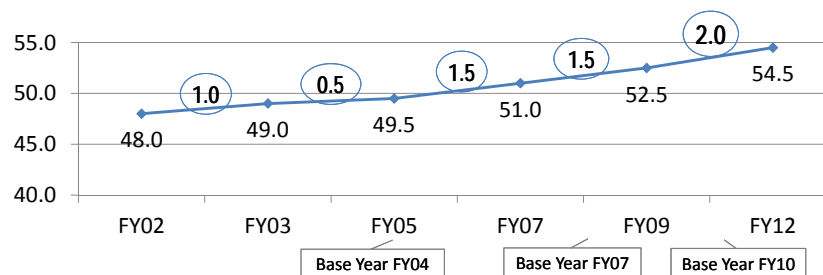


## FY14 F&A Proposal Negotiation

- 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):

FY	Organized Research Rate	Increase from Last Negotiated Rate, 54.5
FY16	55.5	+1
FY17	56.5	+2
FY18 & Beyond	58	+3.5

## Historical Research Rate



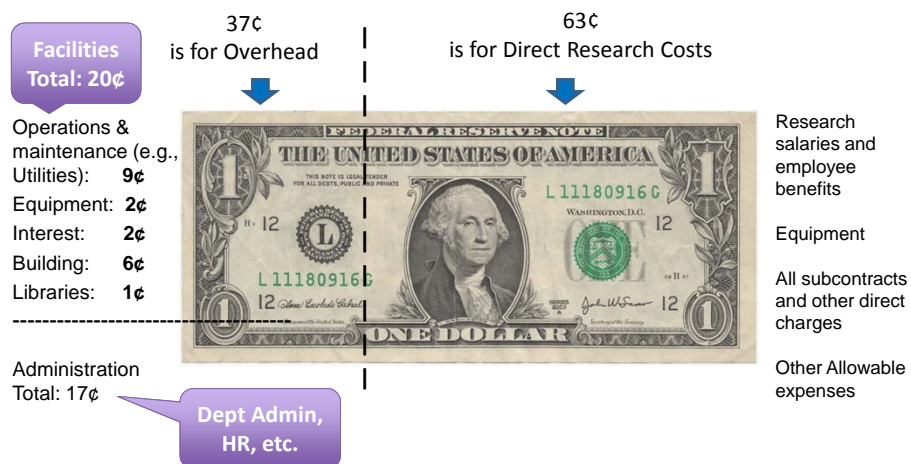
F&A Base Year	Negotiated Year	Negotiated Rate
FY04	2005	49.5%, 51%
FY07	2008	52.5%
FY10	2011	54.5%
FY14	2015, 2016	55.5%, 56.5%, 58%

## 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)**



## Question about F&A

### **True or False?**

Doing research makes money for the University because we also receive overhead.

## Question About F&A

**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.

FY18 Negotiated Rate	Calculated Rate	Difference
58%	68.9%	-10.9%

## 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