An Introduction to Facilities & Administrative Rates

• What are they?
• What are they not?
• Developing a rate
• Components of a rate
• Negotiated rates
• Standard Distributions
• Special Considerations

F&A Costs
What are they?

- Costs incurred for common or joint objectives.
- Cannot be assigned to a sponsored project or instructional activity, or any other institutional activity with relative ease or a high degree of accuracy.

F&A costs

What are they?

- Building Maintenance Costs
- Utilities - Electricity, Water, Gas
- Library
- Payroll
- Accounting
- General Counsel
- Academic Offices – Dean's, Departmental
- Sponsored Programs
What are they not?

- Profit for the university.
- Tax on research.
- Not real costs and not necessary for the conduct of sponsored programs.

They are: Costs that directly support sponsored activities, but are calculated indirectly.

Developing an F&A Rate

*Facilities & Admin Costs Pools*

Direct Cost Base

* Each category defined in federal regulations
Components of an F&A Rate

Facilities Costs Pools
- Building Depreciation
- Equipment Depreciation
- Interest (on debt for buildings or capital improvements)
- Operations & Maintenance
- Library

Admin Costs Pools
- General Admin
- Dept. Admin
- Sponsored Projects
- Student Services

General Administration
Costs incurred for the general executive and administrative offices and other expense of a general nature which do not relate solely to any major function of the institution.
- President’s office
- Payroll
- Accounting
- General Counsel
- Risk Management
- Human Resources
F&A costs

Departmental Administration

Costs incurred for administrative and supporting services that benefit common or joint departmental activities or objectives within a discrete unit.

• Dean’s Office
• Academic Departments and Divisions

F&A costs

Sponsored Projects Administration

Costs incurred by separate organization(s) established primarily to administer sponsored projects.

Student Services Administration

Costs incurred for the administration of student affairs and for services to students.
F&A costs

Developing an F&A Rate

Facilities & Admin Costs Pools

Direct Cost Bases

F&A costs

Direct Cost Bases

Defined as Major Functions-

Instruction – (IN)
Organized Research – (OR)
Other Sponsored Activities – (OSA)
Other Institutional Activities – (OIA)
F&A costs

Direct Cost Bases

Instruction (IN)

Teaching and training activities (credit & non-credit based)

• Sponsored instruction & training
• Departmental research

Organized Research (OR)

All research and development activities separately budgeted and accounted for.

• Externally sponsored (Federal & non-federal)
• University research
Direct Cost Bases

Other Sponsored Activities (OS)

Programs and projects financed by federal and non-federal agencies involving the performance of work other than instruction and organized research.

- Community & health service projects
- Sponsored outreach activities

Other Institutional Activities (OIA)

All activities of an institution except instruction, departmental research, organized research, and other sponsored activities.

- Residence & dining halls
- Intercollegiate athletics
- Auxiliary Enterprises
- Costs unallowable to sponsored projects
### F&A costs

#### Direct Cost Bases

<table>
<thead>
<tr>
<th>Distribution Basis</th>
<th>Modified Total Direct Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries &amp; Wages</td>
<td>L</td>
</tr>
<tr>
<td>Benefits</td>
<td>E</td>
</tr>
<tr>
<td>Materials</td>
<td>S</td>
</tr>
<tr>
<td>Services</td>
<td></td>
</tr>
<tr>
<td>Travel</td>
<td></td>
</tr>
<tr>
<td>1st $25K of each</td>
<td></td>
</tr>
<tr>
<td>Subgrant/Subcontract</td>
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</tbody>
</table>

### Developing an F&A Rate

- Perform space study ~ Space Surveys
- Obtain fiscal year financial data
- Classify expenditures from financials into appropriate cost pools & cost bases
- Develop Cost Pools
- Develop Cost Bases
- “Scrub” the cost pools
  - Unallowable costs/activities
    - assigned directly to the OIA base
  - Exclusions
    - excluded from both indirect & direct cost pools
- Allocate Cost Pools
Developing an F&A Rate

https://www.youtube.com/watch?v=kFncatk0514

Unallowable Costs/Activities

Including but not limited to:
- Advertising
- Alcohol
- Alumni Activities
- Development/Fund raising
- Entertainment
- Selling & Marketing Costs
- Lobbying Costs
- Convocation Expenses
- Student activities, clubs, publications
Exclusions

- Capital Expenditures
- Cost of Goods Sold
- Tuition Remission
- Scholarships & Fellowships
- Federal Portion of Federal Work Study
- Subgrants/Subcontract expenditures > $25,000
- Patient Care
- Off-campus space rental on grants
- Participant Support Costs

Developing an F&A Rate

Facilities & Admin Costs Pools
Direct Cost Bases
### Negotiated Rates

<table>
<thead>
<tr>
<th>TYPE</th>
<th>ON CAMPUS</th>
<th>OFF CAMPUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organized Research</td>
<td>51%</td>
<td>26%</td>
</tr>
<tr>
<td>Instruction</td>
<td>52%</td>
<td>26%</td>
</tr>
<tr>
<td>Other Sponsored Activities</td>
<td>40%</td>
<td>26%</td>
</tr>
<tr>
<td>IPA</td>
<td>8%</td>
<td>8%</td>
</tr>
</tbody>
</table>

### Rate Agreement

**Modified Total Direct Costs (MTDC) includes**
- Salaries, Wages, and Benefits
- Materials
- Supplies
- Services
- Travel
- Subgrants and subcontracts up to the first $25,000 of each subk

**Modified Total Direct Costs (MTDC) excludes**
- Equipment, capital expenditures
- Tuition
- Off-campus rental
- Scholarships/fellowships
- Subgrants and subcontracts > $25,000
- Participant support costs (for NEW rate)
F&A costs

**Important Terms**

MTDC – Modified Total Direct Costs

TDC – Total Direct Costs

TPC – Total Project Costs

**Consistency**

*Possible* exceptions:

- For admin/clerical costs: services must be *integral* to the project
- For computing devices: must be *essential* and *allocable*
Unlike Circumstances

- Significant in cost and quantity to the project.
- Is used **solely** to advance the work on the project.
- Is completely consumed in the course of the project.
- Is assigned with relative ease and with a high degree of accuracy.

**Key Considerations:**

The costs are clearly *disclosed*, fully *justified* in the proposal budget, and *approved* by the sponsor in the award document.

Remember:
Just because it is in the budget does not mean that it is an allowable direct cost to the project.
Unlike Circumstances

Justification for Direct Cost Charging
https://cws.auburn.edu/vpr/osp/forms/justification_for_direct_cost_charging.pdf

F&A Costs

Questions?
Calculating F&A Costs

On-campus Organized Research (OR) project

**Approved Budget**

- **Salaries**: $10,000
- **Benefits**: 3,250
- **Supplies**: 4,000
- **Equipment**: 10,000
- **F&A @ 51% MTDC**

What are the total direct costs (TDC)?
What are the modified total direct costs (MTDC)?
What are the total project costs (TPC)?
F&A costs

Calculating F&A Costs

Off-campus Organized Research (OR) project

Approved Budget
Salaries $24,000
Benefits 696
Supplies 4,000
Equipment 10,000
Tuition 9,600
F&A

What are the total direct costs (TDC)?
What are the modified total direct costs (MTDC)?
What are the total project costs (TPC)?