Indirect costs are a topic of discussion on campus and across the country. These costs are also
known as Facilities and Administrative Costs (F&A) to reflect the broad categories that make up
indirect costs. There is often some misunderstanding about what indirect costs are, how they are
calculated, and how they are used. Auburn’s F&A rate agreement is posted on the Office of
Sponsored Programs website and the rates are also reflected on the AU Fact Sheet.

F&A costs are incurred for common or joint objectives and, therefore, cannot be identified
readily and specifically with a particular sponsored project, instructional activity, or other
institutional activity.

Examples of F&A costs are:

• Salaries of department administrators;
• Building utility and maintenance costs; and
• President, Provost, CFOs offices and Sponsored Research offices.

It is important to note that F&A costs are:

• Real costs incurred by the institution;
• Calculated as a % of a base (for Auburn, this is a modified total direct cost - MTDC -
  base); and
• Comprised of both “facilities” and “administrative” costs.

The Association of American Universities and other organizations have created three short and
helpful documents that address some common issues: Federal Government-University
Partnership and Costs of Conducting Research, Costs of Federally Sponsored Research,
and Frequently Asked Questions about F&A Costs. Also see the COGR document on Comparing
Foundations to Federal Research Support.

Please contact the Office of Sponsored Programs for questions related to indirect costs.