


**An Introduction to Facilities & Administrative Rates**



**F&A Costs**

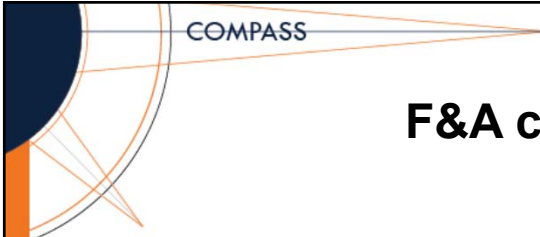
- What are they?
- What are they not?
- Developing a rate
- Components of a rate
- Negotiated rates
- Standard Distributions
- Special Considerations



## F&A costs

**What are they?**

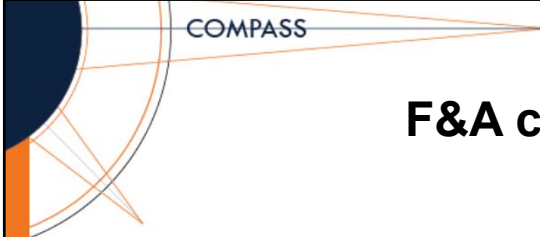
- Costs incurred for common or joint objectives.
- Cannot be assigned to a sponsored project or instructional activity, or any other institutional activity with relative ease or a high degree of accuracy.



## 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



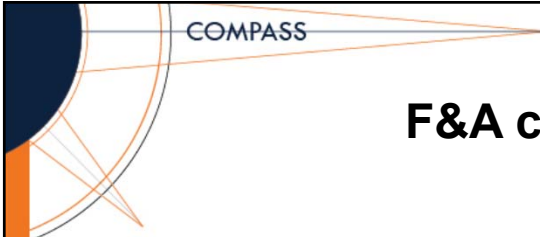
## F&A costs

**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.



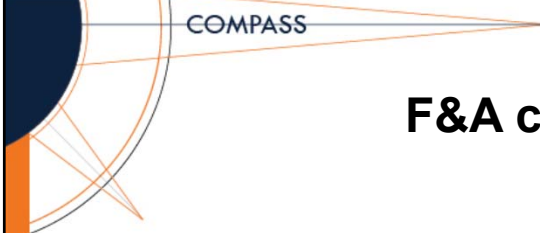
## F&A costs

**Developing an F&A Rate**

**Facilities & Admin Costs Pools \***

Direct Cost Base

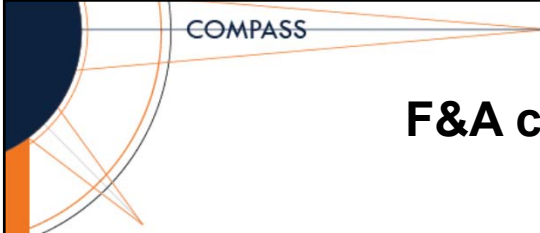
\* Each category defined in federal regulations



## F&A costs

### Components of an F&A Rate

|   |  |
|---|--|
| <p><u>Facilities Costs Pools</u></p> <ul style="list-style-type: none"> <li>• Building Depreciation</li> <li>• Equipment Depreciation</li> <li>• Interest (on debt for buildings or capital improvements)</li> <li>• Operations &amp; Maintenance</li> <li>• Library</li> </ul> | <p><u>Admin Costs Pools</u></p> <ul style="list-style-type: none"> <li>• General Admin</li> <li>• Dept. Admin</li> <li>• Sponsored Projects</li> <li>• Student Services</li> </ul> |
|---|--|

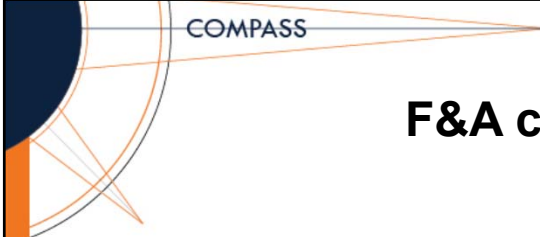


## F&A costs

### 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

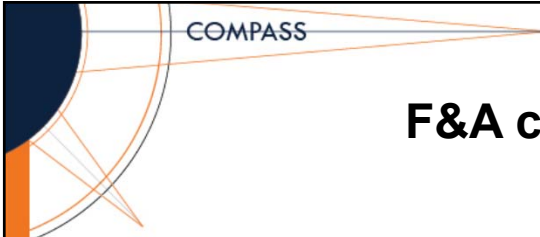


## F&A costs

### 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

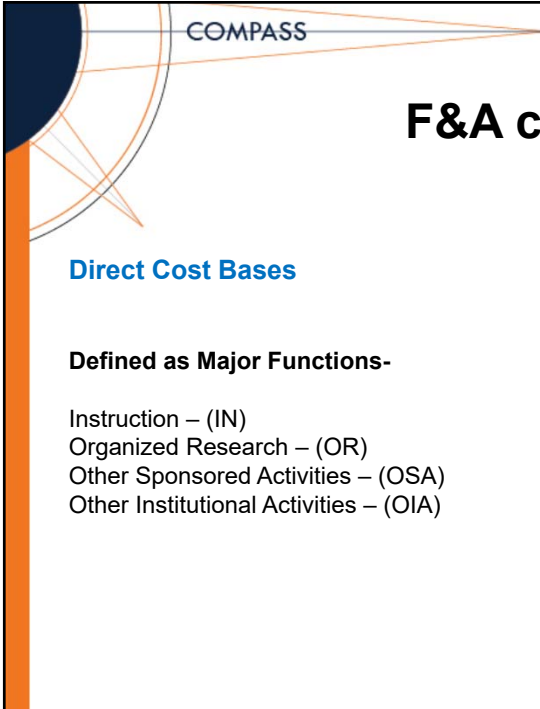
Costs incurred for the administration of student affairs and for services to students.



# F&A costs

Developing an F&A Rate

Facilities & Admin Costs Pools  
*Direct Cost Bases*

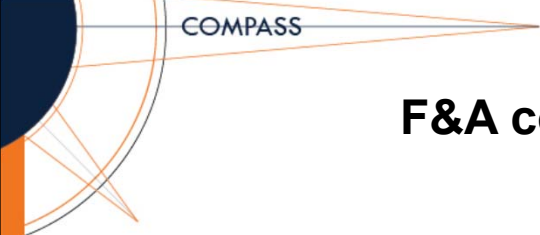


# F&A costs

**Direct Cost Bases**

**Defined as Major Functions-**

- Instruction – (IN)
- Organized Research – (OR)
- Other Sponsored Activities – (OSA)
- Other Institutional Activities – (OIA)



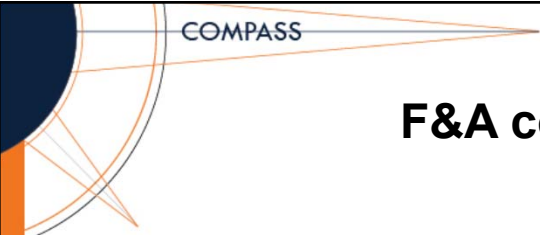
## F&A costs

**Direct Cost Bases**

**Instruction (IN)**

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

- Sponsored instruction & training
- Departmental research



## F&A costs

**Direct Cost Bases**

**Organized Research (OR)**

All research and development activities separately budgeted and accounted for.

- Externally sponsored (Federal & non-federal)
- University research



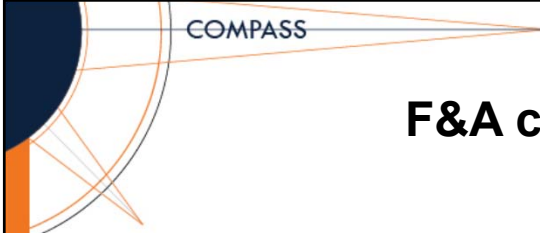
## F&A costs

**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



## F&A costs

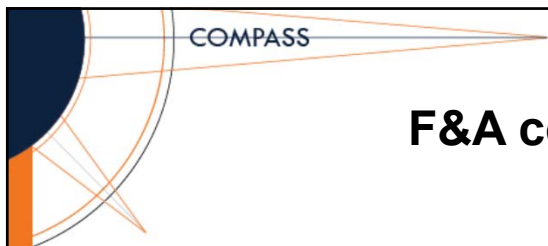
**Direct Cost Bases**

**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

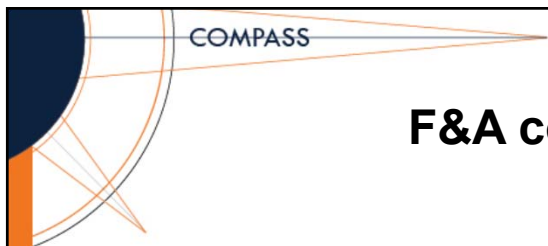




## F&A costs

**Direct Cost Bases**  
Distribution Basis → Modified Total Direct Costs

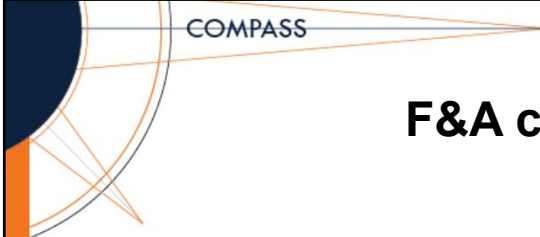
|                               |                            |   |
|-------------------------------|----------------------------|---|
| Salaries & Wages              | <b>L<br/>E<br/>S<br/>S</b> | Equipment   |
| Benefits                      |                            | Capital Expenditures  |
| Materials                     |                            | Patient Care  |
| Services                      |                            | Rental Costs  |
| Travel                        |                            | Tuition remission   |
| 1 <sup>st</sup> \$25K of each |                            | Scholarships  |
| Subgrant/Subcontract          |                            | Fellowships   |
|                               |                            | Each Subgrant/<br>Subcontract > \$25K<br><i>Participant Support<br/>Costs</i> |



## F&A costs

**Developing an F&A Rate**

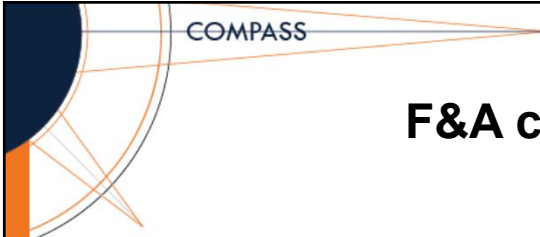
- Perform space study ~ Space Surveys
- Obtain fiscal year financial data
- Classify expenditures from financials into appropriate cost pools & cost bases
- Develop Cost Pools
- Develop Cost Bases
- “Scrub” the cost pools
  - Unallowable costs/activities
    - assigned directly to the OIA base
  - Exclusions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



## F&A costs

Developing an F&A Rate

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

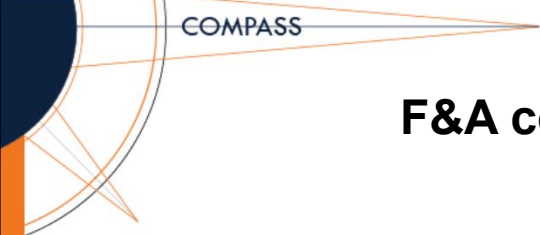


## F&A costs

**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

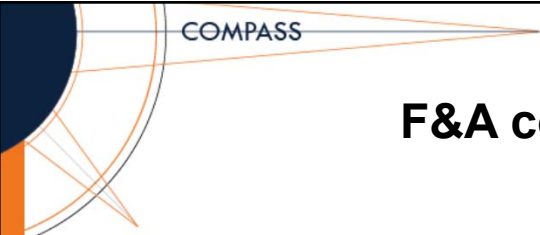


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## F&A costs

**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*

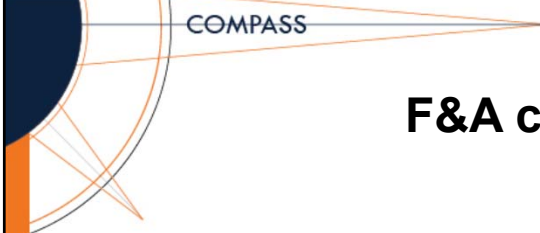


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## F&A costs

**Developing an F&A Rate**

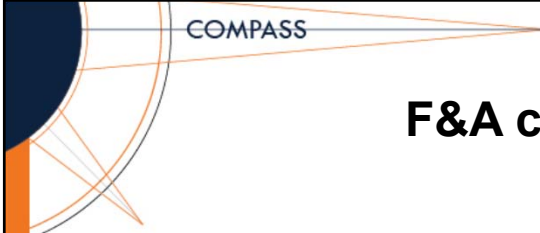
Facilities & Admin Costs Pools  
Direct Cost Bases



## F&A costs

### Negotiated Rates

| TYPE                       | ON CAMPUS | OFF CAMPUS |
|----------------------------|-----------|------------|
| Organized Research         | 51%       | 26%        |
| Instruction                | 52%       | 26%        |
| Other Sponsored Activities | 40%       | 26%        |
| IPA                        | 8%        | 8%         |



## F&A costs

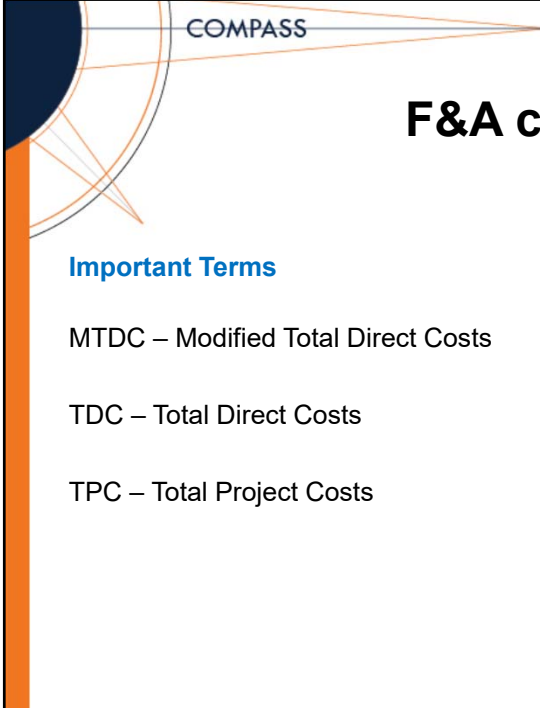
### Rate Agreement

**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)*



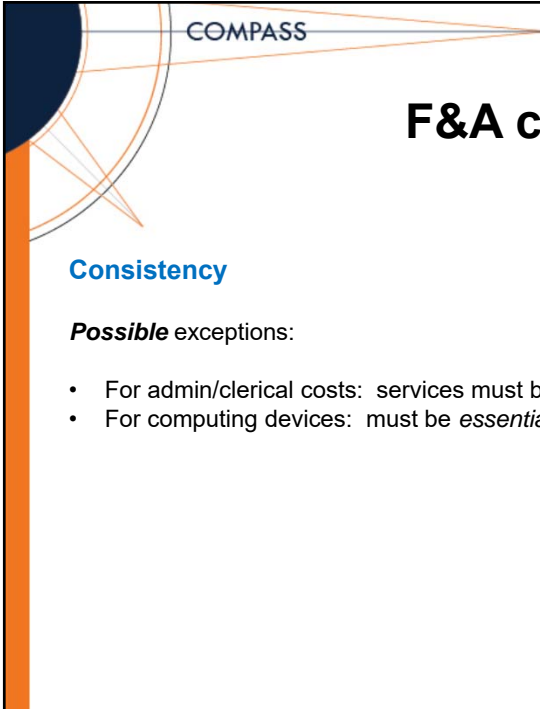
## F&A costs

**Important Terms**

MTDC – Modified Total Direct Costs

TDC – Total Direct Costs

TPC – Total Project Costs

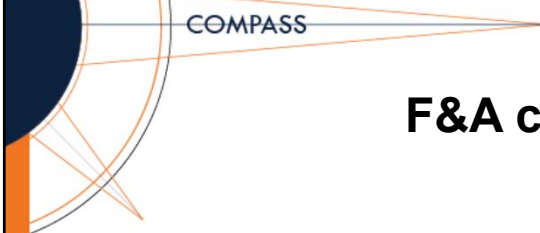


## F&A costs

**Consistency**

**Possible** exceptions:

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

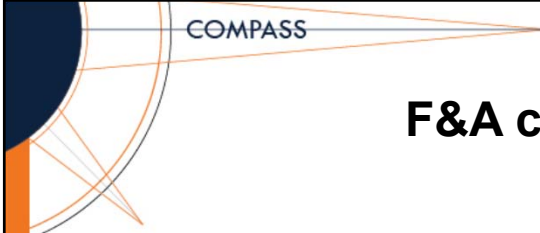


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## F&A costs

**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.



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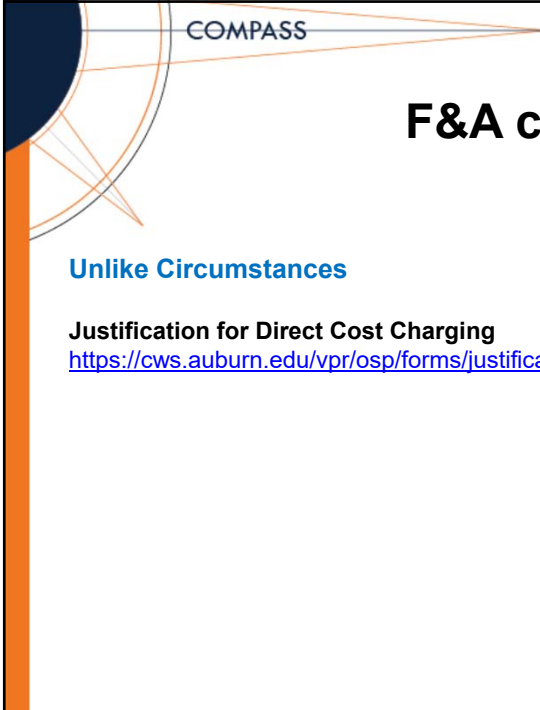
## F&A costs

**Unlike Circumstances**

**Key Considerations:**

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

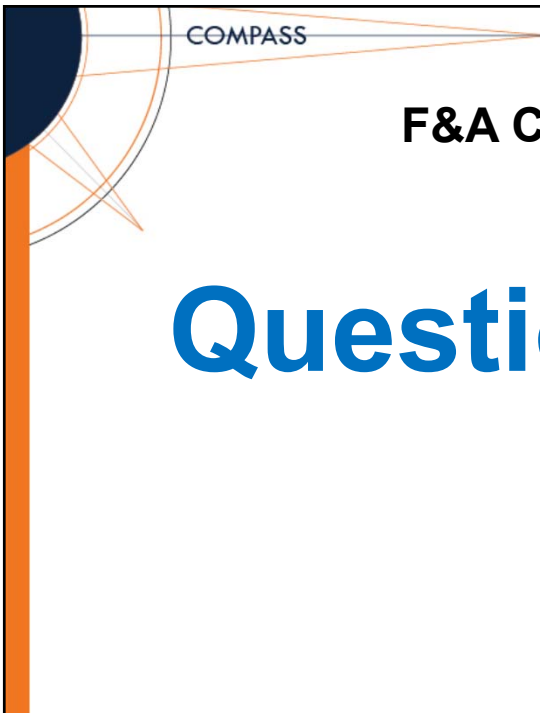
**Remember:**  
Just because it is in the budget does not mean that it is an allowable direct cost to the project.



**F&A costs**

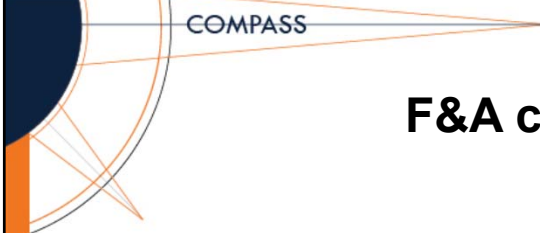
**Unlike Circumstances**

**Justification for Direct Cost Charging**  
[https://cws.auburn.edu/vpr/osp/forms/justification\\_for\\_direct\\_cost\\_charging.pdf](https://cws.auburn.edu/vpr/osp/forms/justification_for_direct_cost_charging.pdf)



**F&A Costs**

**Questions?**



## F&A costs


### 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


On-campus Organized Research (OR) project

**Approved Budget**

|                |          |
|----------------|----------|
| Salaries       | \$24,000 |
| Benefits       | 696      |
| Supplies       | 4,000    |
| Equipment      | 10,000   |
| Tuition        | 9,600    |
| 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)?