

TIGER TIPS

RESOURCES FOR AUBURN RESEARCHERS

Understanding Indirect/Facilities & Administrative Costs

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.