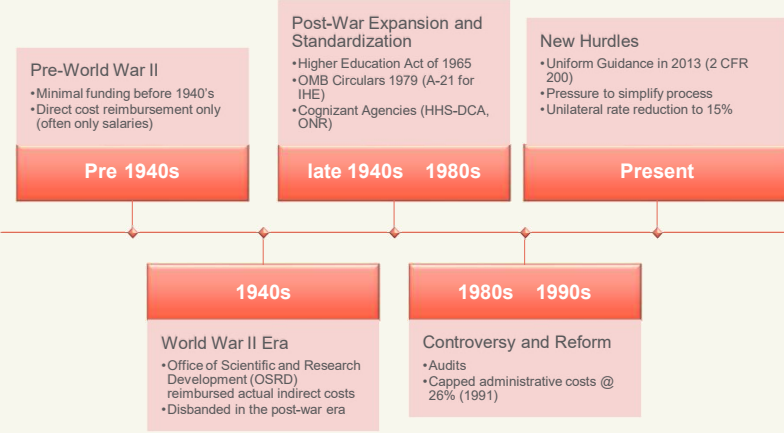


Talking About Facilities and Administrative (F&A) *aka* Indirect Cost

- **Doug Leavell, CPA, MBA**
- **Director, Research Analytics**



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Pre-World War II
 • Minimal funding before 1940's
 • Direct cost reimbursement only (often only salaries)

Post-War Expansion and Standardization
 • Higher Education Act of 1965
 • OMB Circulars 1979 (A-21 for IHE)
 • Cognizant Agencies (HHS-DCA, ONR)


New Hurdles
 • Uniform Guidance in 2013 (2 CFR 200)
 • Pressure to simplify process
 • Unilateral rate reduction to 15%

World War II Era
 • Office of Scientific and Research Development (OSRD) reimbursed actual indirect costs
 • Disbanded in the post-war era

Controversy and Reform
 • Audits
 • Capped administrative costs @ 26% (1991)

F&A Timeline

The ability to recover indirect costs has significantly affected how research is funded at universities.



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2

The total cost of federally sponsored research includes a combination of both direct and facilities and administrative (F&A) costs. Both types of expenditures are key to an institution's ability to conduct cutting-edge research. F&A consists of the construction and maintenance costs of laboratories and high-tech facilities; energy and utility expenses; and safety, security, and other government-mandated expenses. These costs are real and research cannot be conducted without them.

Direct costs - These expenses solely cover research and include lab supplies and equipment; salaries and stipends for researchers and graduate students; and travel costs for conducting and sharing research

Upkeep of any building space not used directly for federally funded research, such as classrooms or lobbies, is not covered by F&A reimbursement

Costs of federal, state, and local regulatory compliance, including human and animal safety review boards

Library and research facilities

Advanced research lab equipment

Radiation and chemical safety, including safety training and hazardous waste disposal

Personnel in support of research, including security, financial, administrative, technical, maintenance, and janitorial staff

- Direct costs
- F&A costs
- No federal funds used

What are Facilities and Administrative Costs?

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Facilities Cost Categories

- Building Depreciation
- Interest
- Operations and Maintenance
- Equipment Depreciation
- Library

Administrative Cost Categories

- General and Administrative
- College and Department Administration
- Sponsored Projects Administration

What are Facilities and Administrative Costs?

Facilities and administrative costs are essential costs of research that aren't easily identifiable to a particular project. The costs are allocated to projects using a rate negotiated with the Federal government.

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Examples of Activities contained in F&A cost pools

Examples of General and Administrative (G&A) Costs

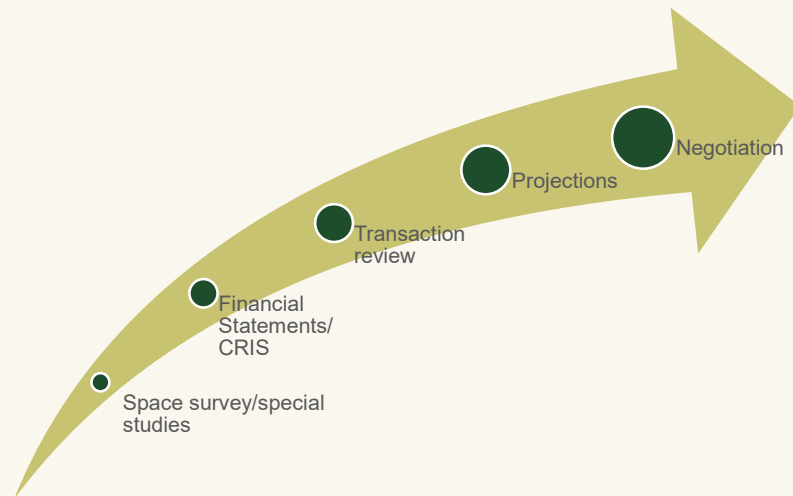
- Information Systems
- Business + Financial Services
- Academic Computing + Network Services
- Human Resources
- Procurement Services

Examples of Operations and Maintenance (O&M) Costs

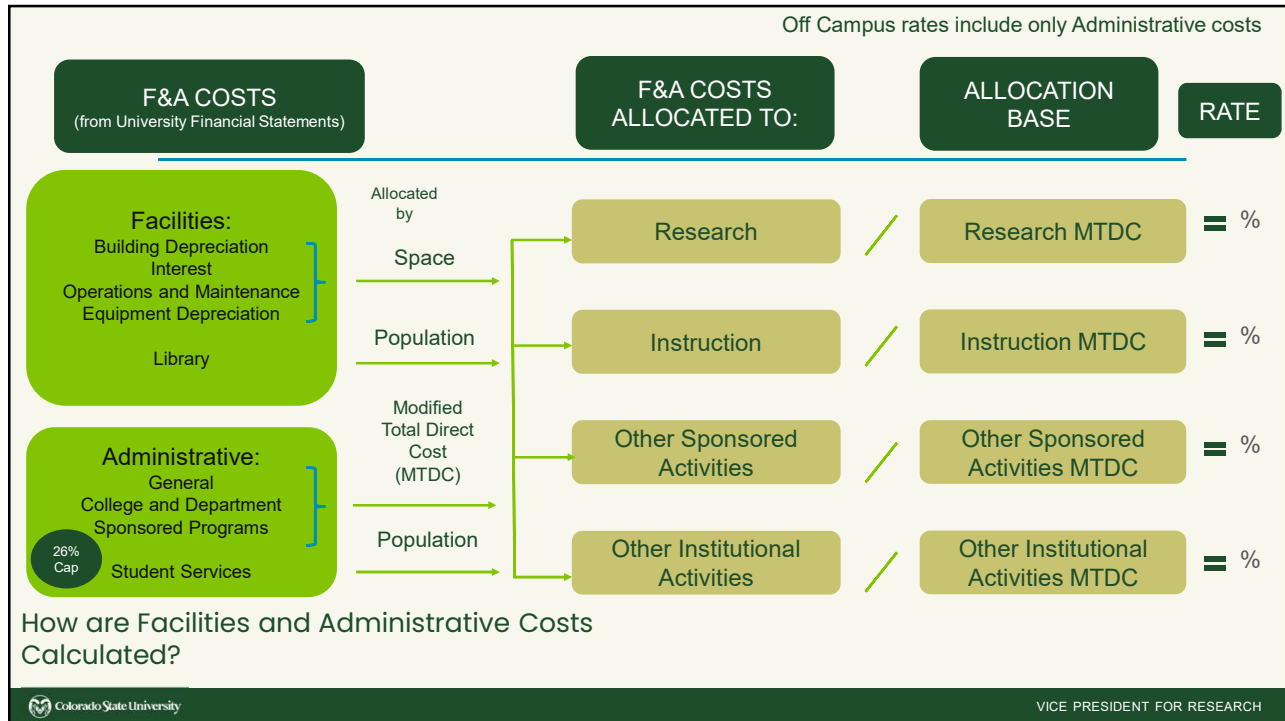
- Custodial
- Hazardous Waste and Biosafety
- Utilities
- Property and Liability Insurance
- Facilities Work Orders

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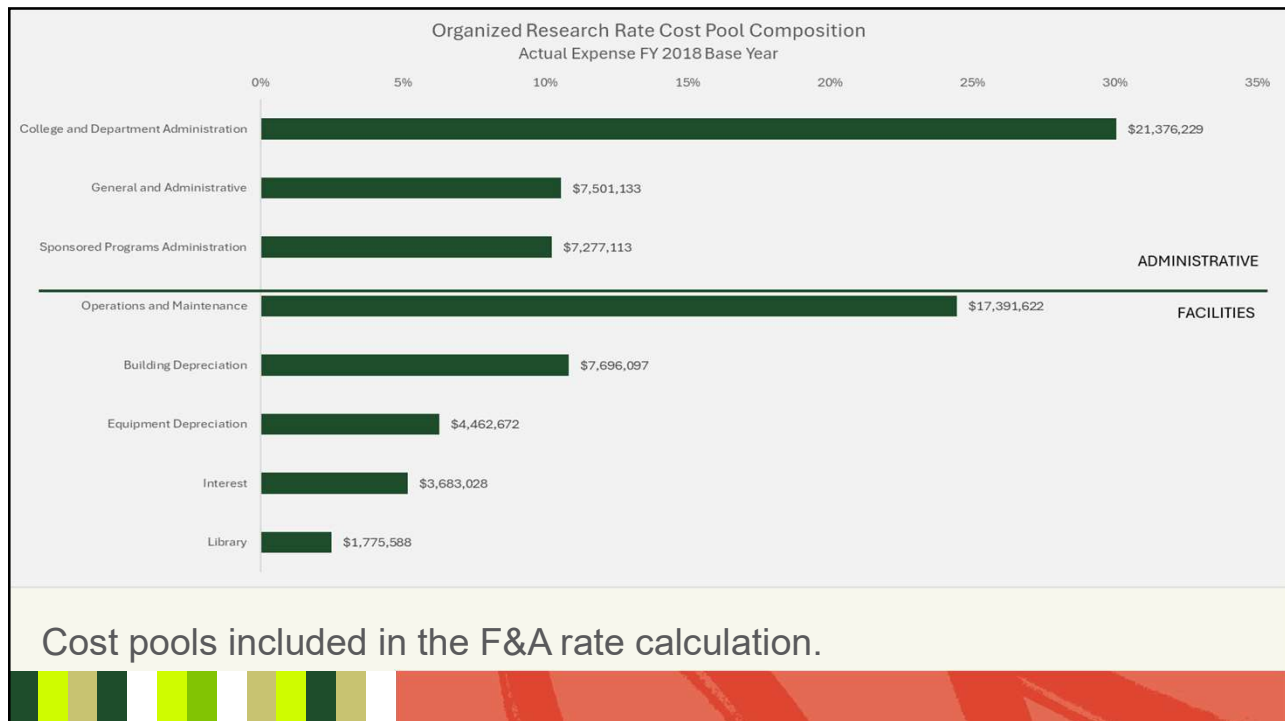
F&A Proposal Process – Predetermined Rate



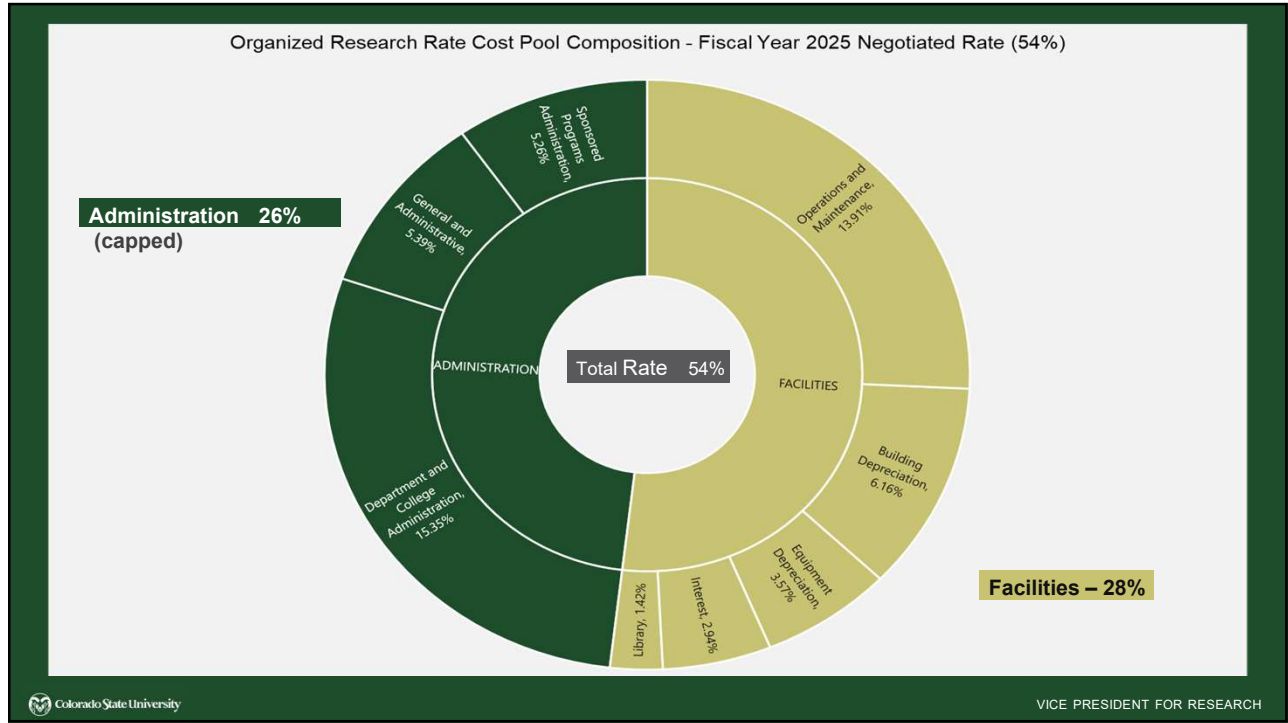
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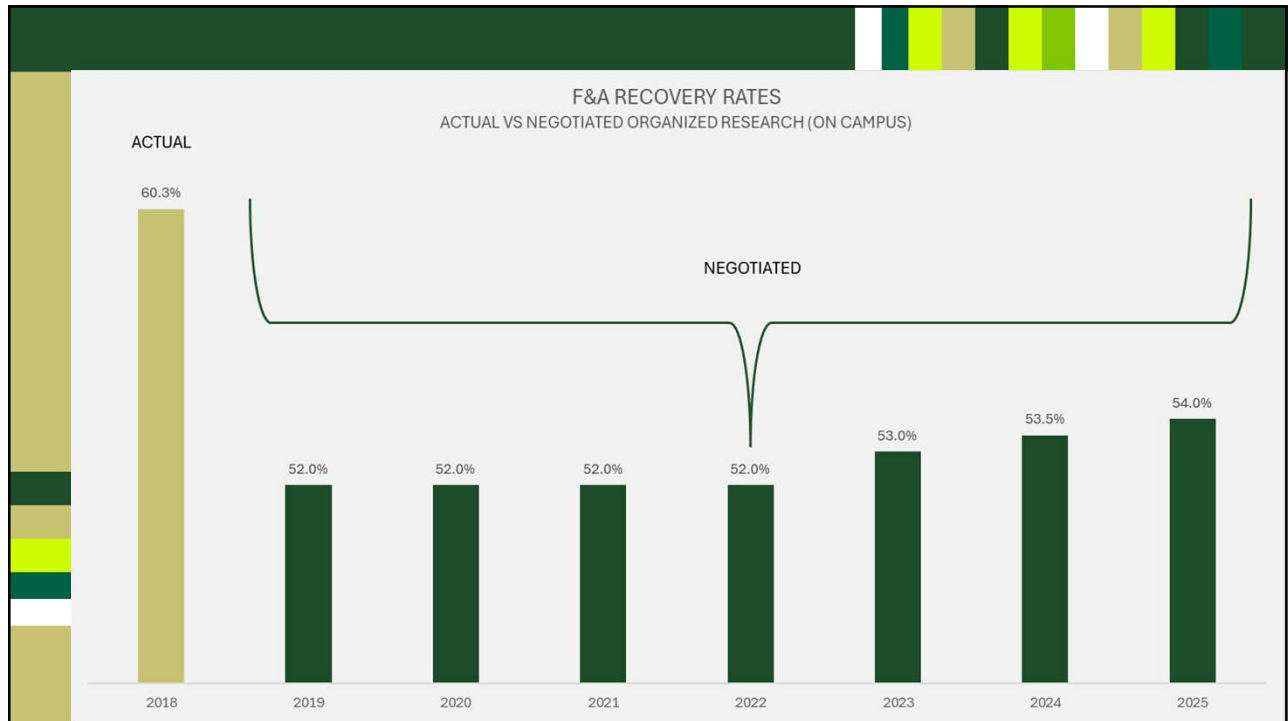
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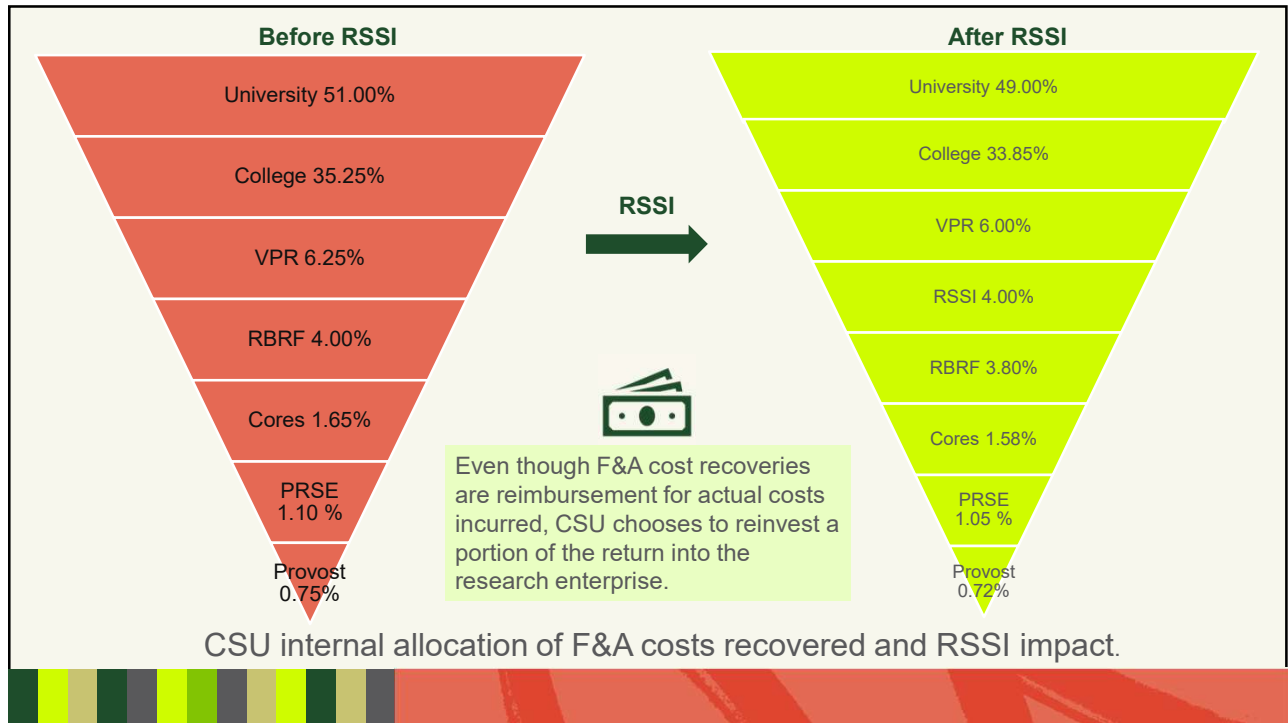
RSSI

The Research and Scholarly Success Initiative (RSSI) funds result from increased facilities and administrative recoveries.

The increase is calculated as the difference between the FY 2015 rate of 48.7% and future negotiated rates for on-campus, organized research projects.

More information is available at:
<https://www.research.colostate.edu/rssi/>

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Under the Spotlight: Emerging Audit Hot Topics

Up next @ 1:45 PM MT



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Let us know your
insights in this 2-minute
feedback survey!

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Notes