What is F&A?

Research costs can be divided into direct costs AND indirect or facilities & administrative (F&A) costs.

**Direct Costs**
Direct costs pay for the resources that can clearly be linked to one project. Examples of direct costs may include salaries for researchers or travel costs to get to a research destination.

**Facilities and Administrative Costs**
Facilities and Administrative (F&A) costs of research, also known as indirect costs or overhead, are those costs that cannot be easily billed to one project. These costs may include but are not limited to the cost for electricity to run buildings, equipment shared among many researchers, or administrative efforts to support research.

Some researchers do not think of F&A costs as part of the expense associated with their research. However, these are real costs to USU that make up a large portion of the total necessary resources. Because of these F&A expenses, research budgets should be calculated to include all allowable F&A costs.

How are F&A Costs Determined?

USU’s F&A rate is negotiated with the federal government, based on actual research costs. After carefully following federal guidelines and assessing USU’s expenditures, USU’s F&A task committee determines cost allocations for specific cost categories. USU’s 5-year historical average of F&A costs are shown below.

<table>
<thead>
<tr>
<th>Departmental Administration</th>
<th>20.2%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operation &amp; Maintenance</td>
<td>10.0%</td>
</tr>
<tr>
<td>Interest, Building &amp; Equipment Use</td>
<td>5.9%</td>
</tr>
<tr>
<td>Sponsored Program Administration</td>
<td>3.2%</td>
</tr>
<tr>
<td>Library</td>
<td>.5%</td>
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</tbody>
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**Total F&A Costs per Grant** | 39.8% |

Why pay F&A?

Here is a list of some of the goods and services provided at a university that are used by researchers but are not covered by direct costs:

- Accounting Office
- Advertising for Personnel
- Affirmative Action Monitoring
- Animal Care Reviews
- Central Administration
- College Administration
- Custodial Services
- Departmental Administration
- Environ. Health & Safety
- Facilities and Space Usage
- Grad Student Admissions
- Graduate Student Services
- Human Subject Reviews
- Library Services
- Maintenance
- Payroll Office
- Personnel Office
- Purchasing Office
- Risk Management
- Security (Campus Police)
- Selected Publications
- Selected Subscriptions
- Sponsored Programs Admin.
- Stockrooms
- Transportation Costs
- University Architect
- Utilities

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More Answers about F&A Costs

How does USU’s F&A rate compare?
Compared to the rates of other research universities (average ~50%) USU’s F&A percentage is in the bottom quartile. In addition, USU collects less than 20% of its current federally negotiated rate. The reason for F&A costs being recovered at a lower rate than has been negotiated is that many educational projects and some federal and state grants are capped at a lower rate. Further, many grants from private foundations do not allow full F&A recovery.

F&A costs are a significant portion of USU’s expenses. Without F&A funds, research programs at USU would be forced to make many painful cuts, which would reduce USU’s ability to conduct research and attract future funding.

Why should my grant pay F&A?
Most sponsors provide F&A costs when they award funding for a research grant. Therefore, F&A costs do not take away from direct costs that would otherwise be covered.

Even researchers who obtain very small grants that use very little space and equipment incur F&A costs. The costs on smaller grants can often make up a greater percentage of the award than F&A costs on larger grants.

How is F&A calculated on a research grant?
F&A costs do not cover 100% of USU’s indirect costs. Only the portion that the auditors agree upon may be allocated to research activities. This percentage is applied, not to the entire grant award, but only to the Modified Total Direct Costs (MTDC) of a project. This is calculated as the total of all the direct costs minus certain expenses, such as rental space, tuition remission, capital expenditures, costs of each subcontract in excess of $25,000, and equipment over $5,000.

Although actual F&A costs incurred vary from project to project, it is important to charge USU’s current federally negotiated rate where allowed. The costs of calculating and charging actual F&A costs would far exceed savings that could be generated for any one project. USU’s current rates can be found on the Division of Sponsored Programs’ website at: http://rgs.usu.edu/spo/htm/proposal-prep-resources/farates.

What Does USU Do with Collected F&A?
All of the actual monies collected are used to support research programs at USU.

USU initially allocates 30% of recovered F&A to researchers, their departments, and colleges. 70% of the recovered F&A remains with the Vice President for Research Office.

The Vice President for Research Office utilizes its 70% to support the research mission of USU. Eventually, about 90% of USU’s total recovered F&A is returned to colleges and departments. The remaining 10% is used to fund university-wide research services.

<table>
<thead>
<tr>
<th>What Does USU Do with Collected F&amp;A?</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development of new research</td>
<td>38%</td>
</tr>
<tr>
<td>Returned to college/department/PI</td>
<td>30%</td>
</tr>
<tr>
<td>Research/academic facilities &amp; libraries</td>
<td>10%</td>
</tr>
<tr>
<td>University-wide research support</td>
<td>9%</td>
</tr>
<tr>
<td>New faculty recruitment &amp; startup</td>
<td>6%</td>
</tr>
<tr>
<td>Equipment replacement</td>
<td>6%</td>
</tr>
<tr>
<td>Academic &amp; research lab remodeling</td>
<td>1%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100%</td>
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