



Facilities and Administrative Cost

(Indirect Costs or Overhead)



What are F&A costs?

- Costs that are incurred for common or joint objectives; and cannot be identified readily and specifically with a particular sponsored project, but contribute to the ability of the University to support research projects and programs.
- Expenses of maintaining and operating the University's facilities and services, such as building (lab and office space), utilities (water, electricity, heating, and air conditioning), general administration (purchasing, accounting, payroll), departmental administration (dean's offices, academic departments and divisions) and so forth.
- Think of this example: An investigator's use of electrical power, water and other utilities, or the services of the purchasing and accounting offices or the library are not normally charged directly because it is not practical to account for them separately.



Administrative

- **General Administration and General Expenses** – These are expenses for executive administration, the business office, and most other offices serving the entire university, i.e., President, Provost, Human Resources, General Counsel, as well as a variety of other central administrative functions.
- **Departmental Administration** - These are administrative and support expenses of departments, colleges, and divisions, which benefit common or joint activities. Examples include salaries for the administrative portion of the unit administrator and support staff, office supplies, local phone, postage, and membership costs.
- **Sponsored Projects Administration** - These are expenses of separate units established to administer sponsored projects. Several offices are involved (including Office of the VP for Research, Research and Sponsored Programs, and Grants and Contracts), performing services such as proposal review, contract negotiation, fiscal management, financial report preparation, and billings.
- **Student Administration and Services** – These are expenses associated with the administration of student affairs and the provision of services to students. Examples include, Dean of Students, Admissions, and Registrar.



Facilities

- **Operations and Maintenance of Plant** - Included are costs of operating and maintaining the physical plant, i.e. heating, lighting, custodial services, care of grounds, campus security, and routine maintenance of buildings.
- **Building and Equipment Costs** - The institution is credited for providing buildings and equipment to sponsored projects by taking depreciation on buildings and equipment. Equipment and buildings purchased with federal funds are excluded from depreciation. Based on space utilization studies an estimate is made on the portion of building usage which can be attributed to the research effort.
- **Library** - Included here is a share of all expenses of the library including the cost of books, and library materials. Small departmental libraries, operated by academic departments are not included.
- **Interest** – Interest on debt associated with certain buildings and equipment.



Space Utilization Survey

- **Purpose:** To update and or verify building usage every three to four years. Data is used in the development of the Facilities component of the F&A proposal.
- **Information updated and or verified:**
 - Square footage of rooms
 - Department assigned to the room
 - Room function - which is based on the activities conducted in that room during a particular fiscal year (instructional/departmental research, organized research)
 - Room type - office, lab, classroom, etc.
 - Room Occupants – faculty, staff, graduate students, etc.
 - Current externally funded organized research grants/contracts
- This information is then used to allocate building and equipment depreciation and operations and maintenance costs for the **Facilities** component of **F&A**

Fiscal Year 2010-2013

F&A Rate

	On Campus	Off Campus
Component:		
Building Use/Depreciation Allowance	7.5	
Equipment Use/Depreciation Allowance	2.7	
Interest	2.2	
Operation & Maintenance	11.6	
Library	1.0	
Administrative Component:	24.0	24.0
Total	49.0	24.0



Definitions

- Equipment- article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit.
- Off Campus- all activities performed in facilities not owned by the institution and to which rent is directly allocated to the project(s). Grants or contracts will not be subject to more than one F&A cost rate. If more than 50% of a project is performed off-campus, the off-campus rate will apply to the entire project.



Modified Total Direct Cost (MTDC) Base

- The MTDC base has been specified by the federal regulations as a method of reasonably assigning the F&A cost pool to individual projects on an average basis.
- The MTDC base includes all direct costs on all projects with a few exclusions: equipment, renovations, tuition, patient care, subcontracts (the portion over 25K) and participant support
- These costs are excluded from the F&A calculation to prevent an inappropriately large assignment of costs to a particular project



Facilities and Administrative Costs Proposal

- Every three to four years the University must prepare an F&A proposal to be able to claim F&A costs on sponsored projects.
- The Facilities component and the Administrative component make up the total F&A rate for on campus projects.
- The Administrative component is the F&A rate for off campus projects.



Application of the Rate

- Since the F&A cost rate is an average, the dollars charged to a particular project are not necessarily equal to the amount of F&A costs actually incurred by that project.
- The rate is applied on Modified Total Direct Costs (MTDC) of the project.

GLOW Summary Information

GLOW Main Menu

selection criteria
 Fiscal Year: 2009
 Fund/Department(s): 29-7012490
 Ledger(s): ALL
 Account(s): ALL

NOTE: Click desired *account button* below in order to drilldown to accounting period detail.



Account	Adjusted Budget	Actuals	Commitments	Closing Balance
F/Dept: Jail Diversion Programs, Mgr: Magura Stephen				
Func/Prog: RESEARCH , VP/Coll: VP RESEARCH				
1270 Receiv-Genl-Grants	0.00	0.00	.	.
*** Assets/Liabilities Subtotal	0.00	0.00	0.00	0.00
8922 Billing - Grants	0.00	-12,534.34	.	.
*** Total Revenues Subtotal	0.00	-12,534.34	0.00	12,534.34
4730 Facilities & Administration	2,278.00	0.00	.	.
4996 Indirect Cost Transfers	0.00	627.08	.	.
*** Total Facilities & Admin	2,278.00	627.08	0.00	1,650.92
4701 Personnel	13,458.00	0.00	.	.
3211 Administrative Staff	0.00	3,587.86	.	.
3311 Support Staff-Clerical	0.00	74.63	.	.
*** Personnel Subtotal	13,458.00	3,662.49	9,795.51	0.00
3511 Regular Student	0.00	514.48	.	.
*** Undergrad Students Subtotal	0.00	514.48	0.00	-514.48
4710 Fringe Benefits	6,897.00	0.00	.	.
3911 Soc Sec (FICA)-WMU Share	0.00	280.17	.	.
3912 TIAA/CREF&MPSERF Retirement	0.00	534.74	.	.
3927 Fringe Benefits	0.00	1,025.51	.	.

F&A Calculation Example

Budget Categories	Total Authorized Budget
Graduate Student Salary	12,000.00
Domestic Travel	5,000.00
Supplies	5,000.00
Equipment	15,000.00
Graduate Student Tuition	30,000.00
Total Direct Costs	67,000.00
Indirect Costs	10,780.00
Total Project Costs	77,780.00

- F&A Cost Calculation: 49% of MTDC or 49% of \$22,000 (\$67,000 less \$15,000 less \$30,000)

MTDC=Modified Total Direct Cost

(Direct costs Excluding Equipment and Tuition in this example)