

FACILITIES AND ADMINISTRATIVE (F&A) COSTS POLICY

Definition

Facilities and Administrative Costs (F&A) are frequently referred to as “Indirect Costs” and are general operating costs incurred by the University in support of sponsored research, public service, and instruction. F&A costs are actual costs incurred by the University that cannot be readily identifiable or associated with a single sponsored project or activity. These costs are often misunderstood or incorrectly construed to be “profit” for the University. As is true for any organization that receives external support, these costs are real and necessary expenses for the University. F&A costs should be included as a separate line item in the budget of each proposal submitted for external funding. These costs must be budgeted so that the University can recover the true costs incurred by sponsored research public service, and instruction projects.

The determination of these costs is based on a cost proposal submitted by the University to our federal cognizant agency, the Department of Health and Human Services. The University's current calculated F&A rate:

Effective Period		Rate (%)	Location	Applicable to:
09/01/2020	08/31/2024	47.00	MTDC On Campus	All Programs
09/01/2020	08/31/2024	13.00	MTDC Off Campus	All Programs

Modified total direct costs (MTDC), consist of all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel and up to the first \$25,000 of each subaward (regardless of the period of performance of the subawards under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward more than \$25,000.

Distribution of Recovered F&A Costs

To enhance research and sponsored project productivity, recovered F&A costs from an individual project are distributed as follows:

- 10% is reallocated to the principal investigator (PI) who generated the successful proposal as an incentive for seeking funding to support their research,
- 5% is reallocated to the PI's home department* to enhance departmental research efforts,
- 5% is reallocated to the PI's home college* for research development efforts in the college, and
- 80% is reallocated to the Office of Research and Scholarship (ORS) to offset operating costs for university research enhancement.

The allocated funds are restricted for research development and to support general research and sponsored project activities and must be expended accordingly. Each PI, respective department and respective college has their own account set up for the expenditure of these funds. Should a PI leave the University, any unexpended reallocated F&A costs remaining in their account will be moved to their Department's and College's F&A accounts. The F&A costs are booked into the respective accounts on a quarterly basis and reflect the costs recovered for that quarter. Because most grants are administered on a cost-reimbursement basis, F&A costs cannot be recovered until the appropriate expenditures have been made. As soon as expenditures on the grant are made, the F&A costs can be recovered. This is the reason that it is important for a PI to expend their grant funds according to schedule.

* The Ben and Maytee Fisch College of Pharmacy gives the college's and department's share of reallocated F&A costs to the PI.