

# UCI

**Facilities & Administration  
(F&A) Rate Calculation,  
Recovery, and Distribution**

## F&A Topics of Discussion

- Definitions
  - Direct Costs
  - Modified Total Direct Costs
  - Facilities and Administrative (F&A) Costs
- Why is there an F&A rate, and what is the process?
- What are the components, and how are rates calculated?
- How much is recovered?
- How do UCI's rates compare to other UCs
- Indirect Cost Recovery Distribution Methodology (rev. 2017)

## Direct Costs

- Direct costs are those costs that can be identified specifically with
  - a particular sponsored project
  - an instructional activity
  - or any other institutional activity
  - or that can be directly assigned to such activities relatively easily with a high degree of accuracy.

## Modified Total Direct Cost (MTDC)

### MTDC Includes

- Salaries and wages & associated fringe benefits
- Materials and supplies
- Services
- Travel
- Sub-grants and subcontracts up to the first \$25,000

### MTDC Excludes

- Sub-grant and subcontract costs over \$25,000
- Equipment (capital equipment only)
- Capital expenditures
- Patient care
- Tuition remission
- Scholarships and fellowships
- Space rental costs

## Facilities & Administration (Indirect) Costs

- Costs that are incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project, instructional activity or any other institutional activity.
- The federal government will reimburse the portion of F&A allocable to federally sponsored activities.

## Facilities & Administration (Indirect) Costs

### Facilities

- Depreciation on buildings and equipment
- Capital improvements
- Interest on debt associated with certain buildings
- Equipment and capital improvements
- Operations and Maintenance (O&M)
- Library

### Administration

- General administration and general expenses such as the director's office, accounting
- Sponsored Projects Administration
- Student Administration and Services
- Departmental Administration

## Why a Facilities & Administration Cost Rate?

- A mechanism to recover indirect costs associated with federal research grants
- It is federal policy to provide for the reimbursement of F&A costs except when specific limitations and prohibitions exist
- This is accomplished through use of an F&A rate
- The cognizant agency negotiates and approves the F&A rates for an educational institution on behalf of all Federal agencies
  - CAS – Federal Office of Cost Allocation Services
  - ONR – Office of Naval Research

## Facilities & Administration Cost Rate Process

- Every 3 to 5 years UCI prepares rate proposal for submittal to the federal CAS Western Field Office
- UCI and CAS review and negotiate annual F&A rates.
- Rates for several years are usually negotiated in a single negotiation



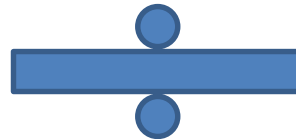
## What is the Facilities & Administration Cost Rate?

- A rate that reimburses the institution for the use of:
  - Buildings
  - Equipment
  - Interest on Debt
  - Operations & Maintenance (O&M)
  - Library
  - General Administration
  - Departmental Administration
  - Sponsored Projects Administration

**F&A Costs**

- Building Depreciation
- Equipment Depreciation
- Interest on Debt
- Operations & Maintenance
- Library Support
- General Administration
- Departmental Administration
- Sponsored Project Administration

Exclude Unallowable Costs



**Establish MTDC**

- Research Salaries & Fringes
- Consultant Services
- Travel
- Technical Services
- Research Supplies
- Subcontracts up to \$25,000
- Committed Cost Sharing

**F&A  
Rate**

## Space Survey

- A space survey is the process of assigning institutional space into functional categories based on space use
- The results are used to calculate the percentage of space that is used to support Organized Research and support the subsequent allocation of space-related costs to Organized Research , such as
  - Allocate Building and Equipment Depreciation
  - Building Interest
  - Operation & Maintenance (O&M) expenses

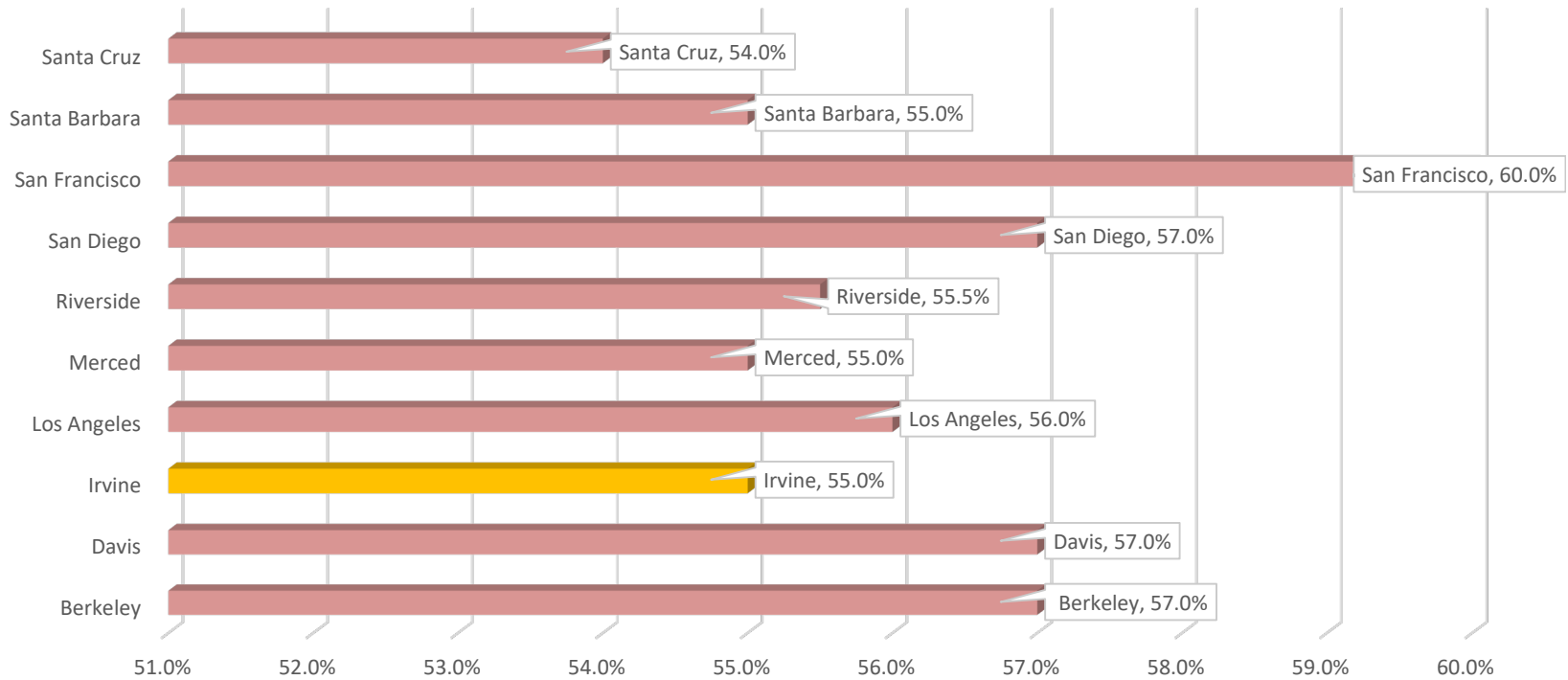
## Library

- Expenses incurred for the operation of the library, including the costs of books and library materials purchased for the library less applicable credits
- The following are two ways to allocate the Library costs
  - Standard Allocation based on FTE's
  - Library Cost Study

# Organized Research F&A Rate Components from FY 2009

	Calculated Rate	Negotiated Rate
<b>Administrative</b>		
General Admin	4.68%	4.30%
Sponsored Project Admin	3.45%	2.50%
Dept Admin	22.68%	19.00%
Student Services Admin	0.56%	0.20%
<b>Subtotal for Administrative</b>	<b>31.37%</b>	<b>26.00%</b>
<b>Facilities</b>		
Building Depreciation	9.00%	5.90%
Building Interest	7.18%	6.70%
Equipment Depreciation	3.56%	3.30%
Operation & Maintenance (includes 1.3% UCA)	12.98%	11.70%
Library	0.85%	0.90%
<b>Subtotal for Facilities</b>	<b>33.57%</b>	<b>28.50%</b>
<b>Calculated/Negotiated Rate</b>	<b>64.94%</b>	<b>54.50%</b>

## Comparison of FY2019 rate at UC campuses



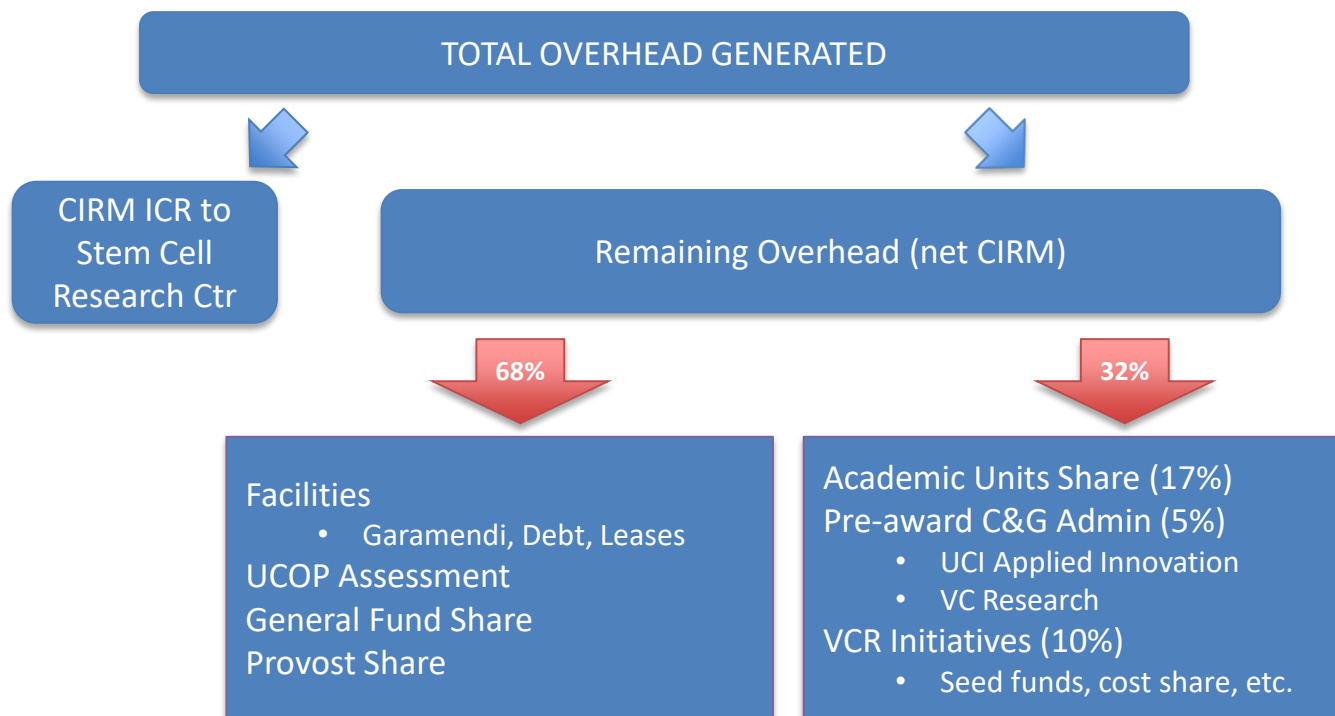
### Facilities and Administrative (F&A-Indirect) Cost Rate By Campuses

## Facilities & Administration Distribution Methodology Effective FY2017

### Principles/Objectives of the Overhead Model

- Predictability for academic units
- Simplify model
- Improve transparency
- ICR growth incentives
- Maintain 1/3 share for academic purposes
- Eliminate cross-subsidization or proportional allocations
- Avoid dramatically redistributing funds
- Recognize pre-award admin by UCI Applied Innovation
- Continue to pass through CIRM ICR to the Stem Cell Center

## Facilities & Administration Distribution Model Key Elements





## Facilities & Administration Distribution

Proposed FY 2016-17 Distribution

FY 2015-16 Recovery			Academic Functions	Support Functions	General Fund (Academic & Support Fcns)	Total	
Federal	\$ 48,123,103	<b>Campus-wide Programs</b>	<b>68.0%</b>	<b>\$ 13,340,462</b>	<b>\$ 10,232,213</b>	<b>\$ 19,418,608</b>	<b>\$ 42,991,283</b>
Private (w/o ind)	\$ 9,096,166	Facilities (Garamendi/Debt/Leases)	21.1%	\$ 13,340,462			
Private (industry)	\$ 3,629,941	UCOP Tax	5.5%		\$ 3,488,582		
Local	\$ 108,686	General Fund Share	30.7%		\$ 19,418,608		
Clinical Trial	\$ 1,473,201	Provost Share	10.7%		\$ 6,743,631		
State	\$ 791,377						
<b>sub-total</b>	<b>\$ 63,222,475</b>	<b>Local Programs</b>	<b>32.0%</b>	<b>\$ 10,747,821</b>	<b>\$ 9,483,372</b>		<b>\$ 20,231,193</b>
		Academic Units	17.0%	\$ 10,747,821			
		Pre-Award Administration*	5.0%		\$ 3,161,124		
		VCR Research Investments	10.0%		\$ 6,322,248		
		<b>Designated Programs</b>					
CIRM	\$ 1,090,592	Stem Cell Center - CIRM		\$ 1,090,592			\$ 1,090,592
<b>Total ICR</b>	<b>\$ 64,313,067</b>	<b>Total</b>		<b>\$ 25,178,875</b>	<b>\$ 19,715,585</b>	<b>\$ 19,418,608</b>	<b>\$ 64,313,068</b>
				<b>39.2%</b>	<b>30.7%</b>	<b>31.4%</b>	

\* Includes funds for VC Research and UCI Applied Innovation.

## Questions?

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