

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

Indirect or F&A costs of research are those costs that can't easily be billed to one project. They may include the costs of electricity to run the building, equipment shared among many researchers, or administrative efforts to support research.

Some researchers don't think of F&A expenses as part of their research costs, but they make up a large portion of their total necessary resources. Because of these indirect expenses, research budgets should be calculated to include 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:

Departmental Administration	20.2%
Operation & Maintenance	10.0%
Interest, Building & Equipment Use	5.9%
Sponsored Program Administration	3.2%
Library	.5%
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

More Answers about F&A Costs

How does USU's F&A rate compare?

Compared to the rates of other research universities (average ~50%), Utah State's F&A percentage is in the bottom quartile. In addition, USU collects less than 20% of the 40% rate negotiated with the federal government. This is because F&A costs for many educational projects and some federal and state grants are capped at a lower rate than the established 40% actual costs, and most grants from private foundations do not allow for full F&A costs.

All of the research indirect costs taken together are a significant portion of the university's expenses. Without F&A funds, research programs at Utah State would be forced to make many painful cuts, which would reduce the ability to conduct research and attract future funding.

Why should my grant pay F&A?

Most sponsors already anticipate facilities and administration costs when they award funding for a research grant. Therefore, F&A is not taken away from direct costs that could otherwise be covered.

Even researchers who obtain very small grants or use very little space and equipment incur indirect costs, which are often a greater percentage of the award than larger grants.

Although actual F&A costs incurred vary from project to project, it is important to charge the university's average costs. The costs of calculating and charging actual F&A would far exceed savings that could be generated for any one project.

How is F&A calculated on a research grant?

F&A costs do not pay for 100% of all indirect costs, but just that portion the auditors agree may be allocated to research activities.

This percentage is applied, not to the entire grant award, but to the Modified Total Direct Cost (MTDC). This is calculated as the total of all the direct costs, minus certain expenses, such as rental space, tuition remission, capital expenditures, subcontracts over \$25,000 and equipment over \$5,000.

What Does USU Do with Collected F&A?

Although the cost components mentioned help to explain the need for F&A funding, virtually all of the actual monies collected are used to support research programs at Utah State.

Utah State initially allocates 30% of the funds back to the researchers, their departments and colleges, with the remaining 70% being allocated by the Vice President for Research Office.

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

Utah State F&A Fund Usage

Development of new research	38%
Returned to college/department/PI	30%
Research/academic facilities & libraries	10%
University-wide research support	9%
New faculty recruitment & startup	6%
Equipment replacement	6%
Academic & research lab remodeling	1%
TOTAL	100%