

# UNDERSTANDING FACILITIES & ADMINISTRATION

---

FEBRUARY 12<sup>TH</sup>, 2025



# Why an F&A Cost Rate?

---

- 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 (2 CFR 200 App III C.11.a(1))

# What is the F&A Cost Rate?

---

**A single number that reimburses the institution for the use of:**

- Buildings
- Equipment
- Interest on Debt for Buildings
- Operations & Maintenance
- General Administration
- Departmental Administration
- Sponsored Projects Administration
- Library

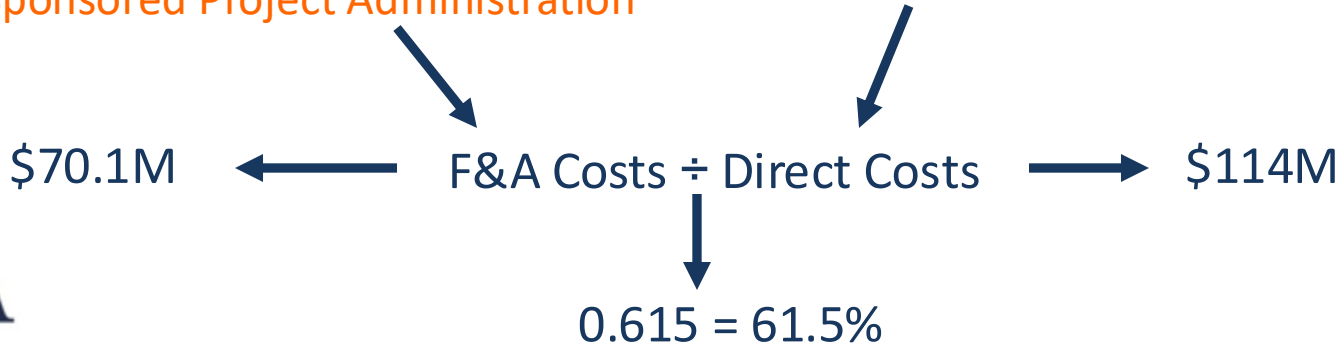
# Calculation of the F&A Cost Rate

## F&A COSTS

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

## DIRECT COSTS

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



# Types of F&A Rates

---

- Negotiated lump sum for F&A
- Predetermined rates - normally for 2-4 years
- Fixed rates and carry forward provisions
- Provisional and final rates
- Simplified Method for Small Institutions (<\$10 million total direct cost in a year)

# Current UVA Rate Agreement

## COLLEGES AND UNIVERSITIES RATE AGREEMENT

EIN: 54-6001796  
ORGANIZATION:  
University of Virginia  
Madison Hall  
P.O. Box 400210  
Charlottesville, VA 22904-4210

Date: 06/03/2024  
FILING REF.: The preceding  
agreement was dated  
05/18/2023

The rates approved in this agreement are for use on grants, contracts and other agreements with the Federal Government, subject to the conditions in Section III.

---

### SECTION I: INDIRECT COST RATES

---

RATE TYPES:	FIXED	FINAL	PROV. (PROVISIONAL)	PRED. (PREDETERMINED)	
	<b>EFFECTIVE PERIOD</b>				
<b>TYPE</b>	<b>FROM</b>	<b>TO</b>	<b>RATE(%)</b>	<b>LOCATION</b>	<b>APPLICABLE TO</b>
PRED.	07/01/2019	06/30/2023	61.50	On-Campus	Organized Research
PRED.	07/01/2019	06/30/2023	56.00	On-Campus	Instruction
PRED.	07/01/2019	06/30/2023	38.00	On-Campus	Other Sponsored Activities
PRED.	07/01/2019	06/30/2023	26.00	Off-Campus	All Programs
PROV.	07/01/2023	Until Amended			Use same rates and conditions as those cited for fiscal year ending June 30, 2023.



# Using F&A Rates

---

- FIN-009: Facilities & Administrative Rate Application and Exception Process
  - A federal proposal may only have one F&A rate for UVA's portion of the work
  - Subcontractors are expected to use their own negotiated rate.
  - Exceptions to the application of the appropriate full F&A rate require specific conditions be established and approved by the State Department of Accounts
  - Approval by the department chair, dean, and associate vice president for research.

<https://uvapolicy.virginia.edu/policy/fin-009>

# Recovery of F&A

---

- 100% of F&A recoveries are returned to the school or unit where it was incurred.
- Schools or units determine the allocation between the dean's office, department, or any other category. The percentage of these allocations vary by school or unit and by the activity where the F&A originated.





**DIRECT COST BASE**

# Direct Cost Bases

---

## Bases represent an institution's direct costs activities:

- Instruction and departmental research (IDR)
  - Sponsored instruction and training
  - Departmental research
- Organized research (OR)
  - Research Training
  - Sponsored research
  - University research
- Other sponsored activities (OSA)
- Other institutional activities (OIA)

# Direct Cost Bases

---

- The distribution basis for F&A costs is modified total direct costs (MTDC).
- MTDC usually includes
  - Salaries and wages & associated fringe benefits
  - Materials and supplies
  - Services
  - Travel
  - Sub-grants and subcontracts up to the first \$25,000

# Direct Cost Bases

---

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

# Direct Cost Bases

---

- Additional direct cost additions
  - Unallowable costs
  - Cost overruns
  - Cost share or matching
  - Salaries over the NIH cap
  - Research Training Grants
  - Applicable Credits



**INDIRECT COSTS**

# Facilities & Administrative 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.



# Facilities Components

---

- Building depreciation
- Equipment depreciation
- Interest expense
- Operations and maintenance
- Library



# Depreciation and Use Allowance

---

Expenses are for the portion of costs related to the institution's buildings, capital improvements to land and buildings, and equipment



# Interest on Debt

---

- Interest associated with certain buildings, equipment, and capital improvements are allowable if they support sponsored agreements
  - Research Buildings
  - Major reconstruction and remodeling of existing research buildings



# Operations & Maintenance

---

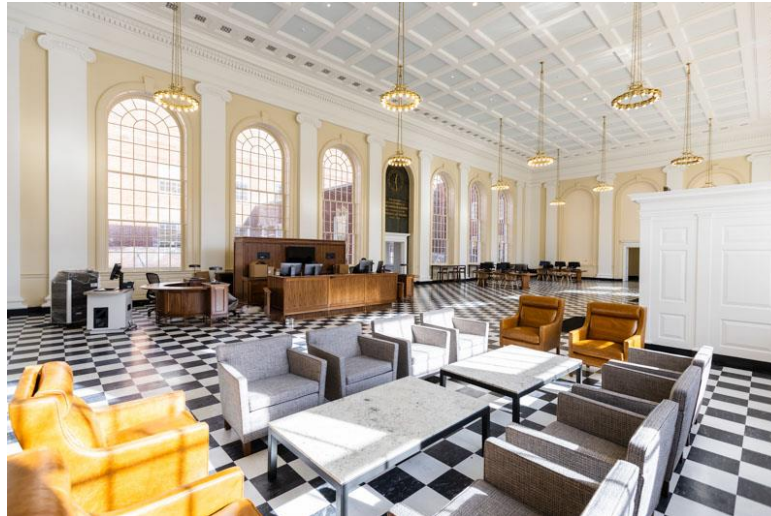
- Expenses incurred for administration, supervision, operations, maintenance, preservation, and protection of the institution's physical plant
- Normally includes:
  - Janitorial/housekeeping
  - Utilities
  - Grounds maintenance
  - Safety and risk management
  - Police and Security
  - Environmental safety
  - Hazardous materials disposal



# Library

---

- Expenses incurred for the operation of the library, including the costs of books and library materials purchased for the library, less applicable credits
- Standard Allocation based on FTEs



# Administrative Components

---

- Administrative components (cost pools)
  - General administration and general expenses
  - Departmental administration
  - Sponsored projects administration
  - Student administration and services
- The combined total of Administrative components is capped at 26% of modified total direct costs

# General Administration (GA)

---

- Expenses incurred for the general executive and administrative office and other expenses of a general nature which do not relate solely to any major function of the institution
- Normally includes
  - Allocations from administrative offices that serve an entire university system
  - Institutional administrative executive offices
  - Central Finance
  - General Counsel
  - Management information systems
  - Cross allocations from depreciation, interest, and O&M cost pools
  - Admin costs from the SICAP

# Departmental Administration (DA)

---

- Expenses incurred for administrative and supporting services that benefit common or joint departmental activities or objectives
- Academic dean's offices (limited to costs associated with administrative activities)
- Academic department and division salaries and fringe benefits attributable to administrative work
- DA costs are not normally identified on university current financial statements
- Cross allocations from depreciation, interest, O&M, and GA cost pools

# Sponsored Projects Administration (SPA)

---

- Expenses are limited to those incurred by a separate organization established primarily to administer sponsor projects. Includes grant and contract administration, special security, personnel, etc.
- Cross allocation from depreciation, interest, O&M, and GA cost pools
- SPA is allocated to the functions performing sponsored projects based on MTC of the sponsored projects



# Student Administration and Services

---

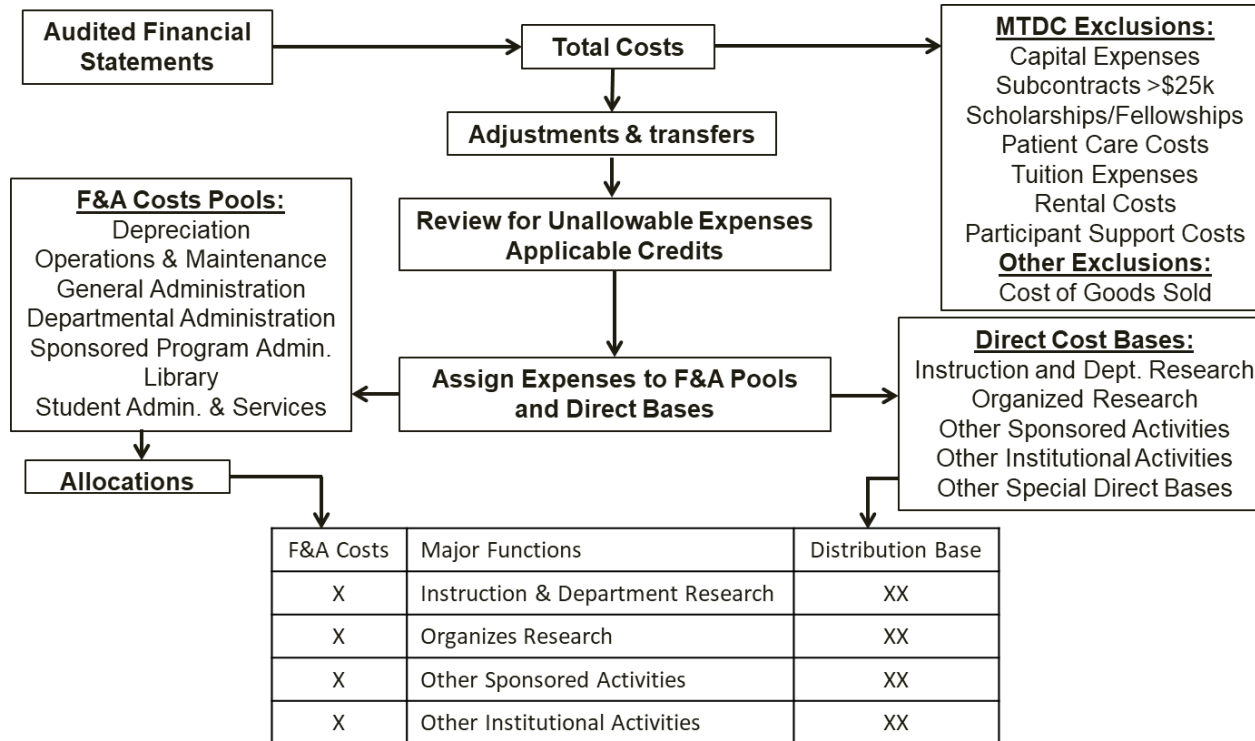
- Expenses incurred for the administration of student affairs and for services to students, including deans of students, admissions, registrar, counseling and placement, student advisors, catalogs, commencements, and convocations
- Cross allocation from depreciation, interest, O&M, and GA cost pools
- Student Administration and Services are allocated 100 percent to instruction function

# Space Survey

---

- The 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
- Used to allocate Building and Equipment Depreciation, Interest, and O&M, i.e., all the “F” components, except Library

# F&A Rate Process Flowchart



# Proposal Submission

---

- The proposal is submitted to designated cognizant agency
- Department of Health and Human Services (DHHS)
  - Reviewed and negotiated by Cost Allocation Services (CAS)
- Office of Naval Research
  - Reviews conducted by Defense Contract Audit Agency (DCAA)
- Due 6 months after the end of the base year

# Questions?