

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 expenses that can be clearly linked to a project. Examples of direct costs may include salaries for researchers or travel costs to get to a research destination.

Facilities and Administrative Costs

Facilities and Administrative (F&A) costs, also known as indirect or overhead costs, are those costs that cannot be directly charged to a project. Examples of F&A costs include electricity to run buildings, equipment shared among multiple researchers, and administrative staff who support research.

Some researchers do not think of F&A costs as part of the expenses associated with their research. However, these are real costs to USU that make up a large portion of the total operating budget. Because of these F&A expenses, research budgets should be calculated to include F&A costs where allowed.

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 committee determines cost allocations for specific cost categories. USU's 3-year historical average of F&A costs for research awards is shown below.

General & Departmental Administration	17.5%
Operation & Maintenance	13.9%
Interest, Building, & Equipment Use	10.1%
Sponsored Program Administration	3.8%
Library	.7%
Total F&A Costs per Award	46.0%

Why pay F&A?

Here is a list of some of the goods and services that are used by researchers that are paid with F&A:

- 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
- Graduate 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%) USU's F&A percentage is in the bottom quartile. In addition, USU collects less than 20% of its current federally negotiated rate. The reason for lower F&A rate recovery is that some federal and state grants and privately funded projects are capped at a lower rate.

F&A costs cover a significant portion of USU's expenses. Without F&A funds, research programs at USU would be forced to make many painful cuts, which would reduce USU's ability to conduct research and attract future funding.

Why should my grant pay F&A?

Most sponsors provide for F&A costs when they award funding. **F&A costs do not take away from direct costs that would otherwise be covered.**

Even researchers who obtain small grants that do not use much space and equipment incur F&A costs. The costs on smaller grants can often make up a greater percentage of the award than F&A costs on larger grants.

Although the actual F&A costs incurred vary from project to project, it is important to charge USU's current federally negotiated rate where allowed. The cost of calculating and charging individual, itemized F&A would far exceed the savings that could be generated for any one project and would in itself, drive up F&A costs. It is therefore a cost saving measure to charge each project an average for those costs represented in the approved F&A rate. USU's current rates can be found on the Sponsored Programs' website at: <https://research.usu.edu/spo/fa-rates>.

How is F&A calculated on a research grant?

F&A costs do not cover 100% of USU's indirect costs. Only the portion that federal regulations allow may be allocated to research activities. This percentage is not applied to the entire grant award but only to the Modified Total Direct Costs (MTDC) of a project. This is calculated as the total of all the direct costs minus certain expenses, such as rental space, tuition remission, costs of each subcontract in excess of \$25,000, and capital expenditures, including equipment over \$5,000.

What Does USU Do with Collected F&A?

All F&A collected is used to support research programs at USU.

USU allocates 30% of recovered F&A to researchers, their departments, and colleges. 70% of the recovered F&A remains with the Office of Research.

The Office of Research utilizes its 70% to support the research mission of USU and ultimately, nearly 90% of USU's total recovered F&A eventually is provided to colleges and departments. The remaining 10% is used to fund university-wide research services.

How the Office of Research utilizes its 70% of Recovered F&A:

College/Department/PI Support	50%
Central Administrative Support	33%
Office of Research Operations	10%
Core Facilities	5%
Student Support	2%
Total	100%