

UNIVERSITY OF ALASKA SOUTHEAST

Information Manual for Research and Other Sponsored Projects *Updated: April 2008*

GM 18: Facilities and Administrative Rate (F&A) (Indirect Cost Recovery)

F&A costs are actual costs and, are incurred for a common or joint activity of the university that cannot be easily or specifically identified with a particular project. Funds received from granting agencies in support of programs are generally divided between two categories of expense: direct and indirect.

Direct costs, are those that can be identified and assigned to a specific sponsored project with a high degree of accuracy and with relative ease. Examples of these types of expenses are: PI salaries and benefits, equipment purchases, rentals, consumable project supplies and, program specific travel.

Other costs that are not as easily assigned, such as administrative support staff, office and computer supplies, office/lab remodel projects, major equipment, etc. are covered by the institution. To recover these costs, sponsors allow the University to collect an averaged cost, calculated across all sponsored activities and collected as a percentage of the direct costs minus certain categories (i.e. financial aid, equipment). This is called the Modified Total Direct Cost (MTDC).

The university negotiates an indirect cost rate agreement with the federal government to recover the costs of facilities and administrative support for sponsored projects. The Office of Naval Research (ONR) is the university's cognizant federal agency for this negotiation. UAS is currently using rates negotiated for the period July 1, 2007 through June 30, 2010. The complete, current negotiated agreement can be found at UAS Administrative Services website: www.uas.alaska.edu/vicechancellor. Rates are based on actual costs incurred by the university.

At UAS it is the policy to **never** voluntarily waive indirect cost recovery. As stated above, it is reimbursement, in part, of real costs borne by the university that are not allowable as a direct charge to a sponsored project. The Vice Chancellor for Administrative Services is the only UAS representative with the authority to approve a reduced recovery amount. If a department requests a reduction to the F&A rate, then the difference between the requested and the negotiated amount will be recovered from the requesting department's general fund.

If an agency limits the amount of F&A that can be charged to the award, then written proof of the agency's limitation must accompany the proposal submission form to the Grant's Office. If a department decides to go forward with a project that does not recover fully, it does not change the treatment of general administrative staff, or other charges normally considered indirect. Those costs will remain a cost of the department's unrestricted fund (general fund).

Definition of F&A Recovery

F&A costs are calculated as a percentage of Modified Total Direct Costs, which are Total Direct Costs minus: Equipment (\$5,000 and over), tuition and student aid, and any amount of a contract

that exceeds \$25,000. This is an automated process in the banner financial accounting system, each time an actual expenditure is realized.

Facilities costs (so-called "F" component)

- Building depreciation
- Equipment depreciation
- Interest
- Operations & maintenance
- Library

Administrative costs (so-called "A" component)

- General administration
- Department administration
- Sponsored project administration
- Student services administration

Full F&A Recovery

It is UAS policy to recover at the fully negotiated rates on all externally funded projects. Current rates are:

• Sponsored Research	42.0%
• Other Sponsored Activities	32.0%
• Sponsored training/instruction	30.0%
• State of Alaska sponsored training/instruction	12.0%
• State of Alaska sponsored research	25.0%

Voluntary waiver of indirect cost is not allowed. Only the Vice Chancellor for Administrative Services can accept a reduction to UAS' negotiated rate. If a funding agency caps or limits in any manner the charging of F&A, written documentation must be presented at the proposal application process.

Internal Distribution of F&A

• SW Financial Services	12.8%
• Department	33.6%
• Provost Office	10.0%
• Administrative Services	43.6%

The above distribution applies to awards that receive full F&A. If a funding agency caps F&A, and less than the negotiated rate is received, with the exclusion of SW Financial Services (collects 12.8% regardless) the internal distribution will be prorated to cover administrative costs.