The Facilities & Administrative (F&A) Cost Rate

“Let’s see now, what can I do to get this rate to what I think it should be.”

Direct & Indirect (F&A) Costs

Direct Costs

• Costs that can be specifically identified to an activity (organized research, instruction, etc.) with relative ease and accuracy.

F&A Costs

• Costs that cannot be specifically identified to an activity with relative ease and accuracy.
**F&A Cost Recovery**

- Federal Government will reimburse for its equitable share of F&A expenses associated with conducting research
- Schools must follow OMB Circular A-21 guidelines
- Costs are grouped; statistics used for allocations; rate developed and negotiated

**F&A Rate**

\[
\text{Allocated Organized Research F&A Costs} \quad \text{Divided by} \quad \text{Organized Research Direct costs} = \text{F&A Rate (negotiated)}
\]

**F&A Rate Components**

- **Administrative Component**
  - General & Administration, Department Administration, Sponsored Projects Administration, Student Services Administration
  - **STAT BASIS:** Modified Total Direct Costs (MTDC)
  - Capped @ 26%
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F&A Rate Components

Facilities Component

Library
STAT BASIS: FULL TIME EQUIVALENT (FTE)

Building and Equipment Depreciation, Capital Interest, and Operation & Maintenance of Plant
STAT BASIS: SPACE
Not Capped

Federal Govt.'s perspective of Space (OMB Circular A-21)

• Done in accordance with room category coding
• Most equitable means to allocate space related costs
• May physically audit the space/results
• Inconsistencies results in significant disallowances

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Space Inventory Musts

- Personal Knowledge Base
- Summary Room Listing
- Floor plans
- Training
- Interviews with Knowledgeable Departmental Personnel
- Organized Research Chartfield Information
- Functional Usage Categories (Definitions)
- Excel Worksheets
- Employee Listing and Funding Source

Room Function Definitions

- Instruction (IDR)
  - Instruction
  - Department Research
- Organized Research (OR)
  - University Research
  - Sponsored Research

Room Function Definitions

- Departmental Administration (DA)
- Other Sponsored Activities (OSA)
- Other Institutional Activities (OIA)
- Vacant (VAC)
Room Function Definitions
Instruction/Department Research

Instruction
Space used for teaching and sponsored training activities (other than training regarding research techniques) including course preparation, classroom instruction, study areas for students, academic advising of students by faculty, and any other activities that involve credit or non-credit.

Departmental Research
Space used for general research that is not separately budgeted and accounted for. This includes preliminary research and individual research efforts that do not receive external or specific internal funding. An example of such programs and projects are seed or start up funds for a new faculty member. Space coded as Departmental Research does not need to be supported with an account number.

Organized Research
Space used for research that is separately budgeted and accounted for. This category also includes activities involving the training of individuals in research techniques commonly called research training. Includes:
- University Research
- Sponsored Research
Room Function Definitions

University Research
Space used for separately budgeted and accounted for research supported by an internal application of university funds.

Sponsored Research
Space used to conduct research that is separately budgeted and accounted for and is supported by an external source. Examples of an external source include the Federal Government, state or local government, corporate, and private entities in the form of grants, contracts, and cooperative agreements.

Departmental Administration
Space used by department heads, deans, faculty or clerical staff for administrative purposes. This includes common use space that is utilized by the entire department or college that may include copy rooms, conference rooms, break rooms, and file rooms.
Other Sponsored Activities
Space used for activity that is neither research nor instructional, however is funded by an external source (grant, contract, or cooperative agreement). Examples of such programs and projects are health service projects, drug studies (human subjects) and community service programs.

Other Institutional Activities
If space cannot be classified into any other categories, this category should be used. Examples are animal care facilities (cage washing), electronic repair shops, machine shops, and supply rooms. Consider the previous functions prior to selecting this category.

Vacant
Space that is not being used now and has been vacant for more than six months of the fiscal year FY10.
How to Functionalize

- Classrooms, Teaching Labs => Instruction (IDR)
- Department Administrative Offices (Dean, Department Head, Business Managers, Clerical, etc.) => Department Administration (DA)
- Conference Rooms => Department Administration (DA)
- Other Offices => Functionalize
- Research Labs => Functionalize

Office Space

- 310 OFFICE -- A room used by faculty, staff or students. Add occupant. => Functionalize
- 312 OFFICE, EMERITUS -- A room used by emeritus faculty. => Other Institutional Activities (OIA)
- 315 OFFICE SERVICE -- A room directly serving an office or group of offices as an extension of the activities in those rooms. => Functionalize

Research Labs

Initial instinct is 100% Research, but .....

- Are there individuals that work in the Lab not funded from a Research award?
- Are there other activities taking place in the Lab that are not related to Research?
- Examples .....
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**Research Lab, Room 505**

- One occupant only, lab is used for work on NIH Research Awards ABC and XYZ
- Occupant is paid 50% from ABC and 50% from XYZ

**Research Lab, Room 529**

- One occupant only, lab is used for work on NIH Research Awards ABC and XYZ
- Occupant is paid 25% from ABC, 25% from XYZ while in this lab, and 50% departmental operating funds while in other space

**Research Lab, Room 540**

- Two occupants, lab is used for work on NIH Research Awards ABC and XYZ
- First occupant, a post doc, paid 50% from ABC and 50% from XYZ while in this lab
- Second occupant, GRA, paid 100% from department operating funds while in this lab
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Research Lab, Room 612

- Two occupants, lab is used for work on NIH Research Awards ABC and XYZ
- First occupant, paid 50% from ABC and 50% from XYZ while in this lab
- Second occupant, paid 50% from ABC and 50% from department operating funds while in this lab

Research Lab, Room 715

- Two occupants, lab is used for work on NIH Research Award ABC and "exploratory/start-up research"
- First occupant, paid 50% from ABC and 50% department operating funds
- Second occupant, paid 100% from department operating funds

Research Lab Support Room

255 RESEARCH LABORATORY SERVICE -- A room adjacent or connected to a research laboratory. May be shared by more than one laboratory or faculty member.
Research Lab Support Room, 715A

- Research support/annex rooms (i.e. rooms connected to the primary Research Lab) should simply follow the functionalization of the primary Research Lab:

Room Cluster

- Use same functionalization for a given Principle Investigator's assigned labs.
- Combine all staff of the PI and use negative approach.

Important Considerations

- Professional judgment is the key; “exact science” will become too complex
- First-hand Knowledge is required
- Functionalize based on 7/1/09-6/30/10 usage
- Visiting Professors and Emeritus Faculty are not Research
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Important Considerations
- Seed Money, Overhead Return Funds, and Department Research is not Research
- Pay special attention to Graduate Research Assistants, Students in the space, and how they are funded.
- Graduate Student Desks in Labs
- Cost Sharing: Committed vs. Voluntary Uncommitted

Important Considerations
- Vacant Space
- Service or Recharge Centers: Machine shops, Chem. Stores, DNA Labs
- Research Training
- Rooms coded 100% Organized Research
- Researcher's from other departments

Timeline
- Completion Due Date: April 10, 2010
- F&A Rate Proposal due to DHHS: December 31, 2010
- DHHS will conduct an on-site review in summer to fall of 2011
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