F&A Topics of Discussion

• Definitions
  – Direct Costs
  – Modified Total Direct Costs
  – Facilities and Administrative (F&A) Costs
• Why is there an F&A rate, and what is the process?
• What are the components, and how are rates calculated?
• How much is recovered?
• How do UCI’s rates compare to other UCs
• Indirect Cost Recovery Distribution Methodology (rev. 2017)
Direct Costs

• Direct costs are those costs that can be identified specifically with
  – a particular sponsored project
  – an instructional activity
  – or any other institutional activity
  – or that can be directly assigned to such activities relatively easily with a high degree of accuracy.
# Modified Total Direct Cost (MTDC)

<table>
<thead>
<tr>
<th>MTDC Includes</th>
<th>MTDC Excludes</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Salaries and wages &amp; associated fringe benefits</td>
<td>• Sub-grant and subcontract costs over $25,000</td>
</tr>
<tr>
<td>• Materials and supplies</td>
<td>• Equipment (capital equipment only)</td>
</tr>
<tr>
<td>• Services</td>
<td>• Capital expenditures</td>
</tr>
<tr>
<td>• Travel</td>
<td>• Patient care</td>
</tr>
<tr>
<td>• Sub-grants and subcontracts up to the first $25,000</td>
<td>• Tuition remission</td>
</tr>
<tr>
<td></td>
<td>• Scholarships and fellowships</td>
</tr>
<tr>
<td></td>
<td>• Space rental costs</td>
</tr>
</tbody>
</table>
Facilities & Administration (Indirect) 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.

• The federal government will reimburse the portion of F&A allocable to federally sponsored activities.
# Facilities & Administration (Indirect) Costs

## Facilities
- Depreciation on buildings and equipment
- Capital improvements
- Interest on debt associated with certain buildings
- Equipment and capital improvements
- Operations and Maintenance (O&M)
- Library

## Administration
- General administration and general expenses such as the director's office, accounting
- Sponsored Projects Administration
- Student Administration and Services
- Departmental Administration
Why a Facilities & Administration Cost Rate?

- A mechanism to recover indirect costs associated with federal research grants
- 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
  - CAS – Federal Office of Cost Allocation Services
  - ONR – Office of Naval Research
Every 3 to 5 years UCI prepares rate proposal for submittal to the federal CAS Western Field Office.

UCI and CAS review and negotiate annual F&A rates.

Rates for several years are usually negotiated in a single negotiation.
What is the Facilities & Administration Cost Rate?

- A rate that reimburses the institution for the use of:
  - Buildings
  - Equipment
  - Interest on Debt
  - Operations & Maintenance (O&M)
  - Library
  - General Administration
  - Departmental Administration
  - Sponsored Projects Administration
Establish MTDC

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

F&A Costs

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

Exclude Unallowable Costs

F&A Rate
**Space Survey**

- A 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, such as:
  - Allocate Building and Equipment Depreciation
  - Building Interest
  - Operation & Maintenance (O&M) expenses
Library

• Expenses incurred for the operation of the library, including the costs of books and library materials purchased for the library less applicable credits
• The following are two ways to allocate the Library costs
  – Standard Allocation based on FTE’s
  – Library Cost Study
Organized Research F&A Rate Components from FY 2009

<table>
<thead>
<tr>
<th>Category</th>
<th>Calculated Rate</th>
<th>Negotiated Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Administrative</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Admin</td>
<td>4.68%</td>
<td>4.30%</td>
</tr>
<tr>
<td>Sponsored Project Admin</td>
<td>3.45%</td>
<td>2.50%</td>
</tr>
<tr>
<td>Dept Admin</td>
<td>22.68%</td>
<td>19.00%</td>
</tr>
<tr>
<td>Student Services Admin</td>
<td>0.56%</td>
<td>0.20%</td>
</tr>
<tr>
<td><strong>Subtotal for Administrative</strong></td>
<td>31.37%</td>
<td>26.00%</td>
</tr>
<tr>
<td><strong>Facilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building Depreciation</td>
<td>9.00%</td>
<td>5.90%</td>
</tr>
<tr>
<td>Building Interest</td>
<td>7.18%</td>
<td>6.70%</td>
</tr>
<tr>
<td>Equipment Depreciation</td>
<td>3.56%</td>
<td>3.30%</td>
</tr>
<tr>
<td>Operation &amp; Maintenance (inclus 1.3% UCA)</td>
<td>12.98%</td>
<td>11.70%</td>
</tr>
<tr>
<td>Library</td>
<td>0.85%</td>
<td>0.90%</td>
</tr>
<tr>
<td><strong>Subtotal for Facilities</strong></td>
<td>33.57%</td>
<td>28.50%</td>
</tr>
<tr>
<td><strong>Calculated/Negotiated Rate</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>64.94%</strong></td>
<td><strong>54.50%</strong></td>
</tr>
</tbody>
</table>
Awards, Expenditures, and F&A Recovery

Source: Office of Research Annual Report and Data Warehouse
Note: C&G Exp does not include General Fund Research exp and Total ICR includes State O/H recovery
Comparison of FY2016 rate at UC campuses

- Santa Cruz: 53.5%
- Santa Barbara: 53.5%
- San Francisco: 58.5%
- San Diego: 55.0%
- Riverside: 54.0%
- Merced: 55.0%
- Los Angeles: 54.0%
- Irvine: 56.5%
- Davis: 56.5%
- Berkeley: 57.0%
Facilities & Administration Distribution Methodology Effective FY2017

Principles/Objectives of the Overhead Model

• Predictability for academic units
• Simplify model
• Improve transparency
• ICR growth incentives
• Maintain 1/3 share for academic purposes
• Eliminate cross-subsidization or proportional allocations
• Avoid dramatically redistributing funds
• Recognize pre-award admin by UCI Applied Innovation
• Continue to pass through CIRM ICR to the Stem Cell Center
Facilities & Administration Distribution Model

Key Elements

TOTAL OVERHEAD GENERATED

CIRM ICR to Stem Cell Research Ctr

Remaining Overhead (net CIRM)

68%

Facilities
- Garamendi, Debt, Leases
- UCOP Assessment
- General Fund Share
- Provost Share

32%

Academic Units Share (17%)
Pre-award C&G Admin (5%)
- UCI Applied Innovation
- VC Research
VCR Initiatives (10%)
- Seed funds, cost share, etc.
### Facilities & Administration Distribution

#### FY 2015-16 Recovery

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal</td>
<td>$ 48,123,103</td>
</tr>
<tr>
<td>Private (w/o ind)</td>
<td>$ 9,096,166</td>
</tr>
<tr>
<td>Private (industry)</td>
<td>$ 3,629,941</td>
</tr>
<tr>
<td>Local</td>
<td>$ 108,686</td>
</tr>
<tr>
<td>Clinical Trial</td>
<td>$ 1,473,201</td>
</tr>
<tr>
<td>State</td>
<td>$ 791,377</td>
</tr>
<tr>
<td><strong>sub-total</strong></td>
<td><strong>$ 63,222,475</strong></td>
</tr>
<tr>
<td>CIRM</td>
<td>$ 1,090,592</td>
</tr>
<tr>
<td><strong>Total ICR</strong></td>
<td><strong>$ 64,313,067</strong></td>
</tr>
</tbody>
</table>

#### Proposed FY 2016-17 Distribution

<table>
<thead>
<tr>
<th>Category</th>
<th>Academic Functions</th>
<th>Support Functions</th>
<th>General Fund (Academic &amp; Support Fcns)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Campus-wide Programs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Facilities (Garamendi/Debt/Leases)</td>
<td>68.0%</td>
<td>$ 13,340,462</td>
<td>$ 10,232,213</td>
<td>$ 19,418,608</td>
</tr>
<tr>
<td>UCOP Tax</td>
<td>21.1%</td>
<td>$ 13,340,462</td>
<td>$ 3,488,582</td>
<td>$ 19,418,608</td>
</tr>
<tr>
<td>General Fund Share</td>
<td>5.5%</td>
<td></td>
<td>$ 6,743,631</td>
<td>$ 19,418,608</td>
</tr>
<tr>
<td>Provost Share</td>
<td>30.7%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Local Programs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Academic Units</td>
<td>32.0%</td>
<td>$ 10,747,821</td>
<td>$ 9,483,372</td>
<td>$ 20,231,193</td>
</tr>
<tr>
<td>Pre-Award Administration*</td>
<td>17.0%</td>
<td>$ 10,747,821</td>
<td>$ 3,161,124</td>
<td></td>
</tr>
<tr>
<td>VCR Research Investments</td>
<td>10.0%</td>
<td></td>
<td>$ 6,322,248</td>
<td></td>
</tr>
<tr>
<td><strong>Designated Programs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stem Cell Center - CIRM</td>
<td></td>
<td></td>
<td>$ 1,090,592</td>
<td>$ 1,090,592</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 25,178,875</td>
<td>$ 19,715,585</td>
<td>$ 19,418,608</td>
<td>$ 64,313,068</td>
</tr>
</tbody>
</table>

* Includes funds for VC Research and UCI Applied Innovation.
Questions?

• For F&A Calculation and Rate
  – Nancy Im (949) 824-1506
  – Maria Gorginova (949) 824-3971

• For Indirect Cost Distribution
  – Free Moini (949) 824-6106