

What are Facilities and Administration (F&A) Costs and why do I have to pay for them on my grant?

Also referred to as indirect costs

The Office of Management and Budget (OMB) defines F&A costs in CIRCULAR A21

“... costs that are incurred for common or joint objectives and, therefore, cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity. F&A costs are synonymous with "indirect" costs, as previously used in this Circular and as currently used in Appendices A and B. The F&A cost categories are described in Section F.1.”

“F&A costs are broad categories of costs. "Facilities" is defined as depreciation and use allowances, interest on debt associated with certain buildings, equipment and capital improvements, operation and maintenance expenses, and library expenses. "Administration" is defined as general administration and general expenses, departmental administration, sponsored projects administration, student administration and services, and all other types of expenditures not listed specifically under one of the subcategories of Facilities”

Below are some expenses that the university incurs that are typically considered F&A costs:

Telephone Services	Facsimile Services
Space Rental/Maintenance	Department of Human Resources
Administrative Support Staff	Office of Research Administration staff & space
Office of Sponsored Programs staff & space	Office Supplies
Departmental support staff	Advertisement
Recruitment	Audit costs (as required by the OMB)
Payroll Office	Depreciation of Buildings

The current university rate of 57% was negotiated with the Department of Health and Human Services, our cognizant agency. Duke University uses what is called the Modified Total Direct Cost (MTDC) rate when calculating the base amount that F&A costs associated with a particular project will be. The MTDC formula is:

Total Direct Costs - Capital Equipment (>\$5,000 per item) - Patient Care Charges - Tuition Remission - subcontracts OVER 25K = MTDC

The MTDC is then multiplied by 57% and that is the F&A costs for the project. The following has an example.

Created by: E. Dillard

Created on: 9/12/2012

EXAMPLE – For Radiation Oncology Use Only

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Salaries & Fringe Benefits	\$121,235	}	Total Direct Costs
Consultant	\$2,500		
Supplies	\$48,000		
Other Expenses	\$16,280		
Equipment	\$6,050		
Travel	\$2,500		
Tuition Remission	\$8,940		
Subcontract	\$48,000		
Total Direct Costs	\$253,505		
<i>MTDC</i>	\$215,515	}	Total Direct Costs minus Equipment (\$6,050) minus Tuition Remission (\$8,940) minus subcontract OVER 25K (\$23,000)
F&A Costs	\$122,844		
TOTAL PROJECT COSTS	\$376,349		