



Indirect Cost

Facilities and Administration (F&A)

Overview

October 26, 2021



Meet Our Presenters

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Campus Controller

Elizabeth Spencer

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Moderated by:

Sharon DeCarlo CCO Training Team



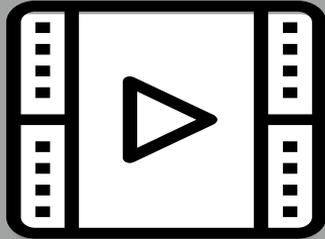
Ask Questions at Any Time

Using the Chat Feature



Recording and Slides Available

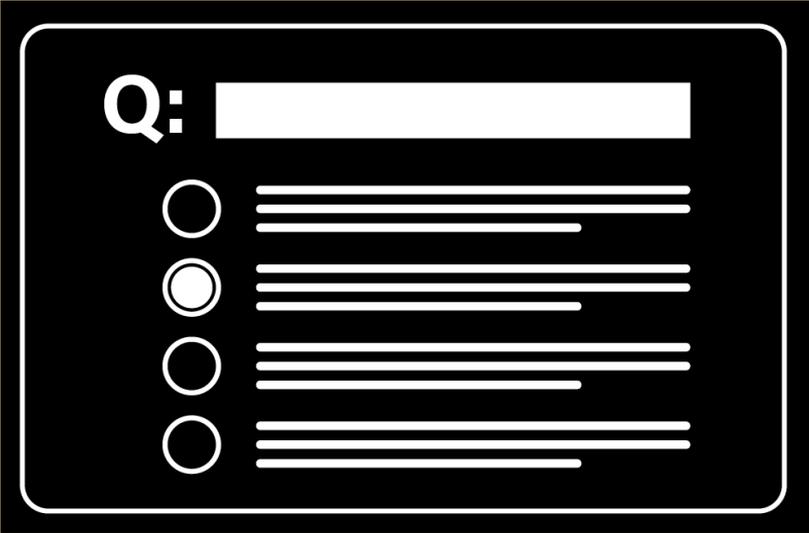
colorado.edu/controller/training



Poll Question #1

Multiple Choice

What is your level of understanding about F&A?



A graphic of a multiple-choice question box. It features a large white 'Q:' followed by a white rectangular input field. Below this are four radio button options, each followed by three horizontal lines representing text. The entire graphic is set against a black background with a white border.



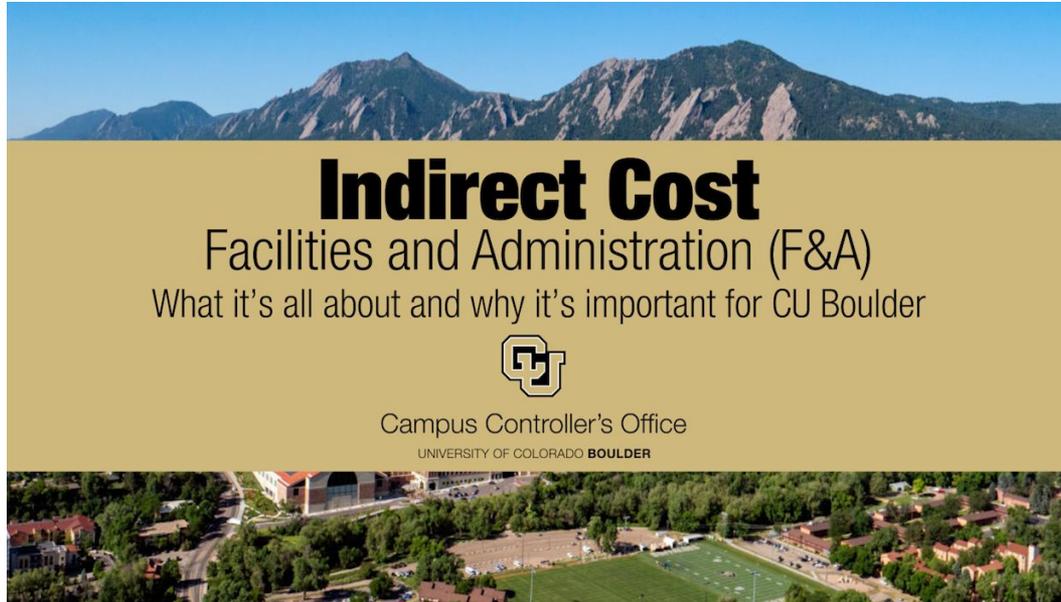
Indirect Cost

Facilities and Administration (F&A)

What it's all about and why it's important to CU Boulder

Audience:

Please be sure to **mute** yourself on Zoom and get ready to adjust your **volume**.



History

To advance our nation's economy security and health around the time of WWII, the federal government decided to partner with universities to conduct research on behalf of the government. Central to this partnership is federal grant money.

Performing research on behalf of federal agencies incurs a variety of costs that universities would not otherwise have, both leading up to and while conducting a specific research project.

Indirect cost (F&A) payments **help reimburse a portion of the university's infrastructure and operational costs** related to federally-funded research that have already been incurred and reviewed.



Indirect Costs

Expenses that indirectly support research

Operation and maintenance of research facilities

Utilities for the research spaces

Personnel in support of research

Library costs



Direct Costs

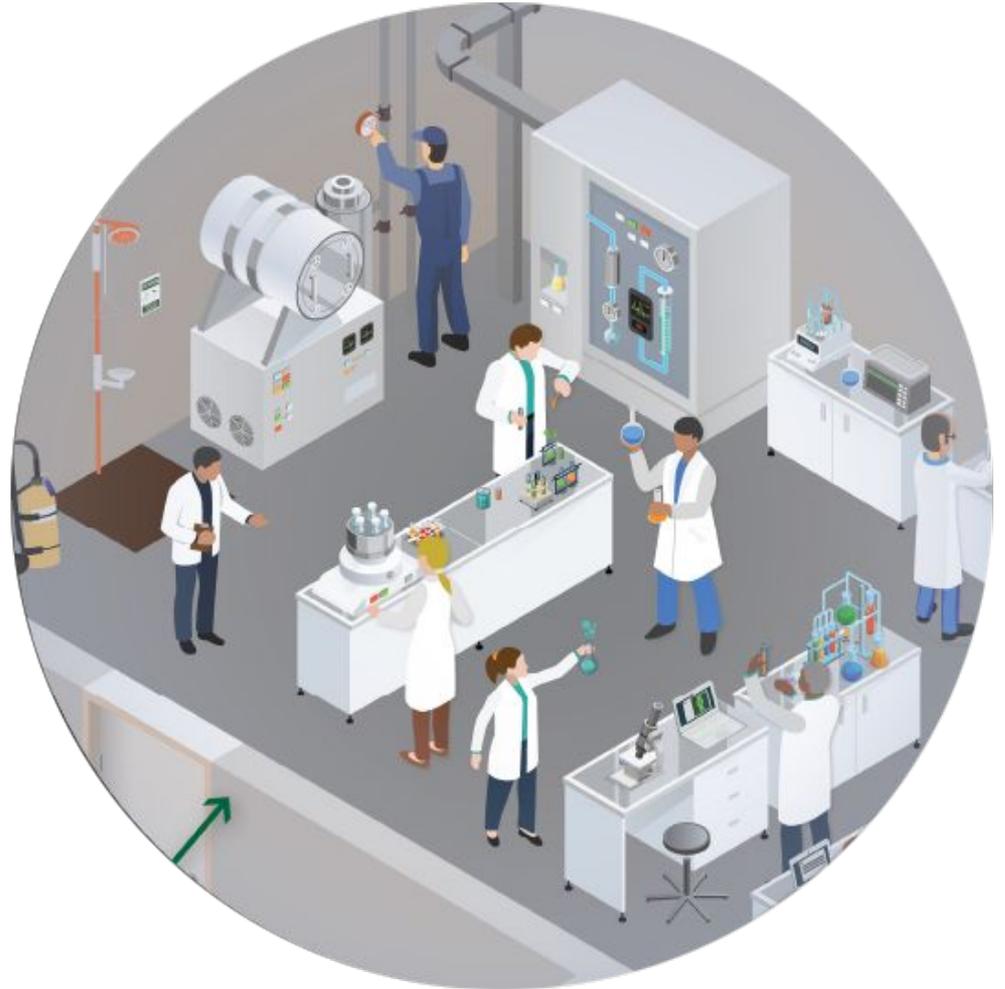
Expenses that directly support research

Salary for researchers and lab personnel

Lab supplies and materials

Capital equipment specifically for research

Travel costs (sponsor approved)



Poll Question #2

Multiple Choice

Is F&A charged on all direct costs?
If not, which ones are excluded?

Q:

- _____
- _____
- _____
- _____



Modified Total Direct Cost (MTDC)

Not all direct costs are subject to F&A. Some costs, like the exemptions listed here, are not included in our calculated F&A rate.

Exemptions include:



Subaward
amount over
\$25K



**Capital
Equipment** and
other capital
expenses



**Tuition
Remission,**
Scholarships,
Fellowships



**Participant
Support
Costs**



**Rental
Costs**



Calculated Rate

F&A
Rate

=

Allowable **Indirect** Costs

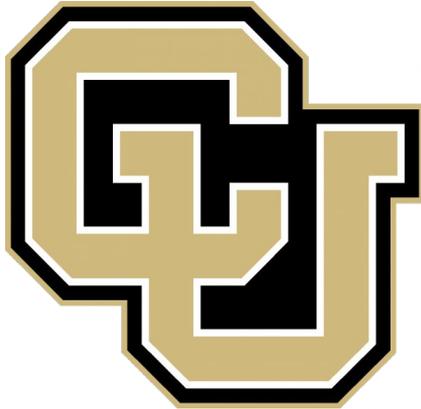
Modified Total **Direct** Costs (MTDC)

Allowability is determined by Federal Uniform Guidance
For more information, contact the Campus Controller's Office



Negotiation Cycle

Every four to five years CU Boulder negotiates a new F&A rate (officially known as an indirect cost rate agreement) with our cognizant audit agency, the Department of Health and Human Services.



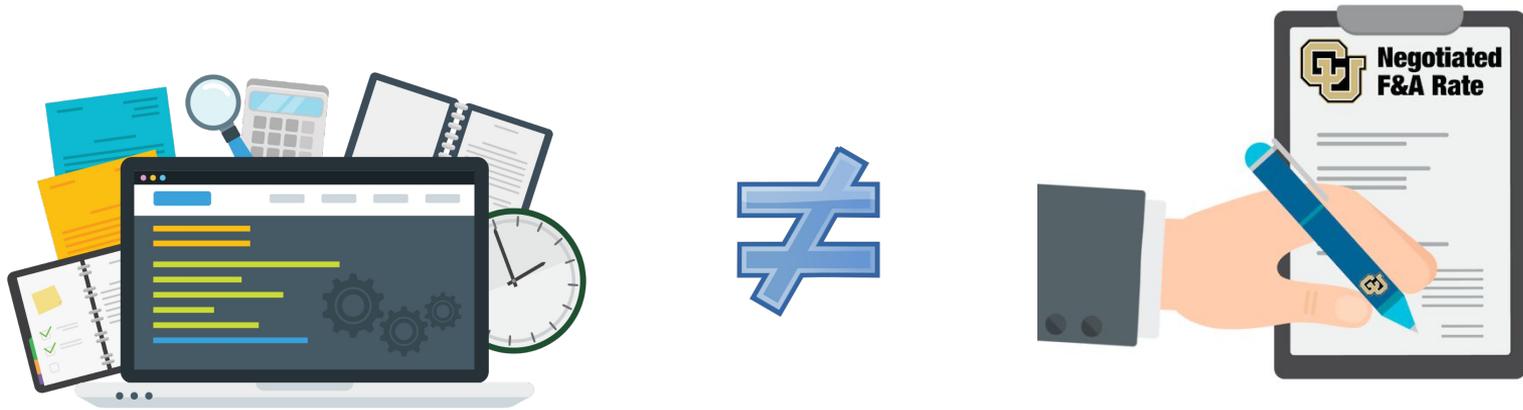
Poll Question #3

True or False

An F&A calculated rate is the same as an F&A negotiated rate?

Q:





Calculated rate is not the same as the **negotiated** rate.

Direct Cost Pools

Instruction

Faculty activity that is not separately budgeted

Organized Research

Inquiry, experiment, or investigation that is separately budgeted

Other Sponsored Activity

Service agreements and public service projects

Other Institutional Activities

Auxiliaries enterprises and internal service activities



Facilities Cost Pools (indirect)



Building & Capital Equipment Depreciation

Depreciation for CU Boulder buildings and non-structural improvements

Depreciation for capitalized equipment



Operations & Maintenance

Utilities (lights, heat, water, etc.); custodial services; building and equipment maintenance; public safety; grounds and deferred maintenance; facilities management administration



Interest on Construction Bonds

Interest costs incurred and identifiable to research buildings constructed after July 1, 1982.



Library

Running and maintaining the CU Boulder library system

Purchase of new books

Library administrative costs including, director, libraries and administrative staff, office supplies and other operating expenses



Administration Cost Pools (indirect)

Administration costs are capped at **26%** for research.



General & Administrative Expenses

Costs associated with general and academic administration of benefit to the entire university.



Departmental Administration

Dean, school, and academic department management



Sponsored Projects Administration

Costs incurred specifically for sponsored projects.



Student Services Administration

Costs incurred for services to students.

Cost Pools

Total University Expenditures
Remove Exclusions
Allocate into Cost Pools

Facilities Cost Pools

Building Depreciation
Capital Equipment Depreciation
Interest
Operations & Maintenance
Libraries

Administration Cost Pools

General & Administrative
Departmental Administration
Sponsored Projects Admin
Student Services

Indirect

Direct

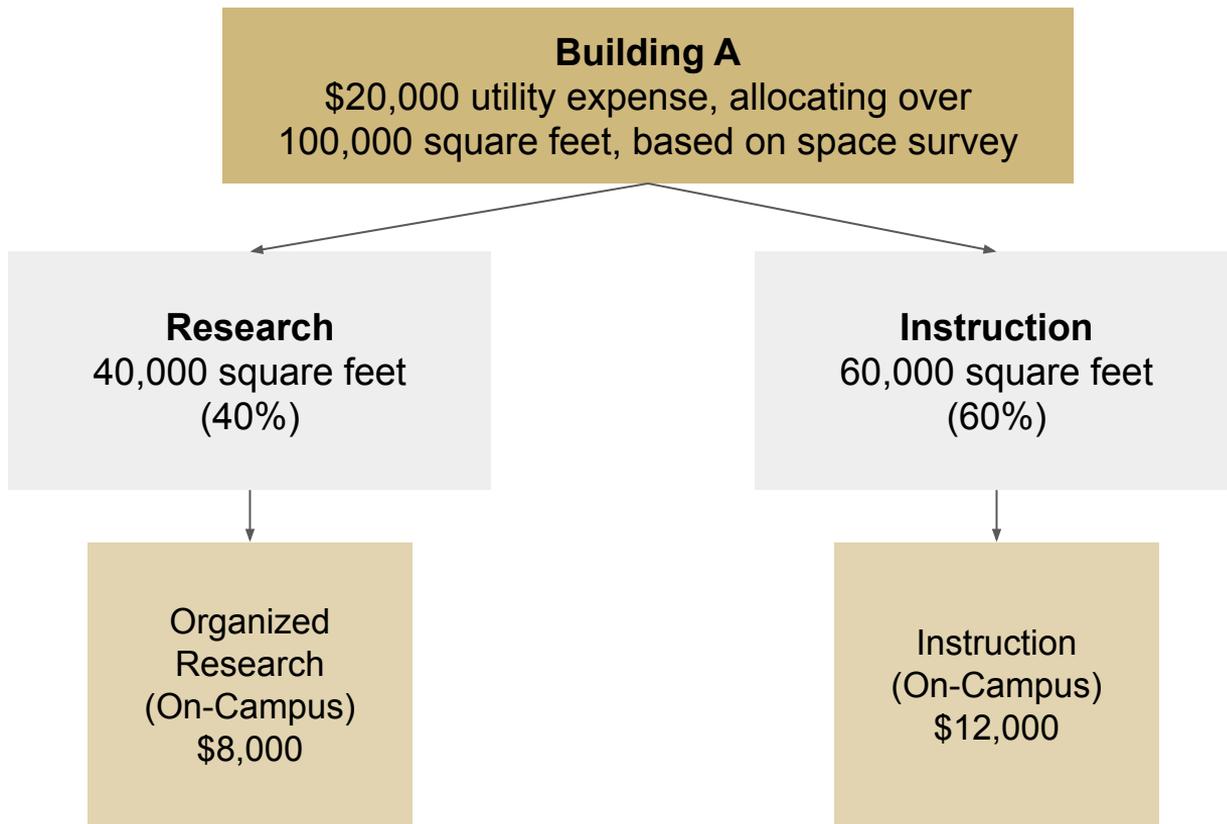
Instruction (On,
Off-campus)

Organized
Research (On,
Off, LASP)

Other
Sponsored
Activity

Other
Institutional
Activities

Cost Pools, Allocation Example



Calculated Rate

F&A
Rate

=

Allowable **Indirect** Costs

Modified Total **Direct** Costs (MTDC)

Allowability is determined by Federal Uniform Guidance
For more information, contact the Campus Controller's Office



Calculated Rate

16%

F&A

Rate

=

\$8,000

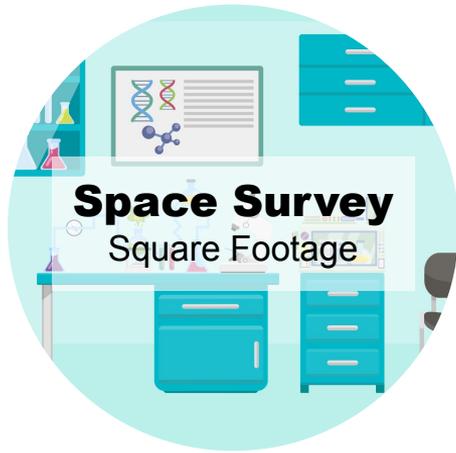
Allowable **Indirect** Costs

\$50,000

Modified Total **Direct** Costs (MTDC)

Allowability is determined by Federal Uniform Guidance
For more information, contact the Campus Controller's Office





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Survey data collected

will be used to allocate the indirect costs to the direct costs for the calculation.



Current F&A Rates

Current Approved Agreement (based on FY17 base year)

On-Campus Research	Off-Campus Research	LASP	On-Campus Instruction	Off-Campus Instruction	Other Sponsored Activities On-Campus	Other Sponsored Activities Off-Campus	IPA* Off-Campus
56.5%	26%	43%	47.5%	26%	33.5%	14.4%	10%

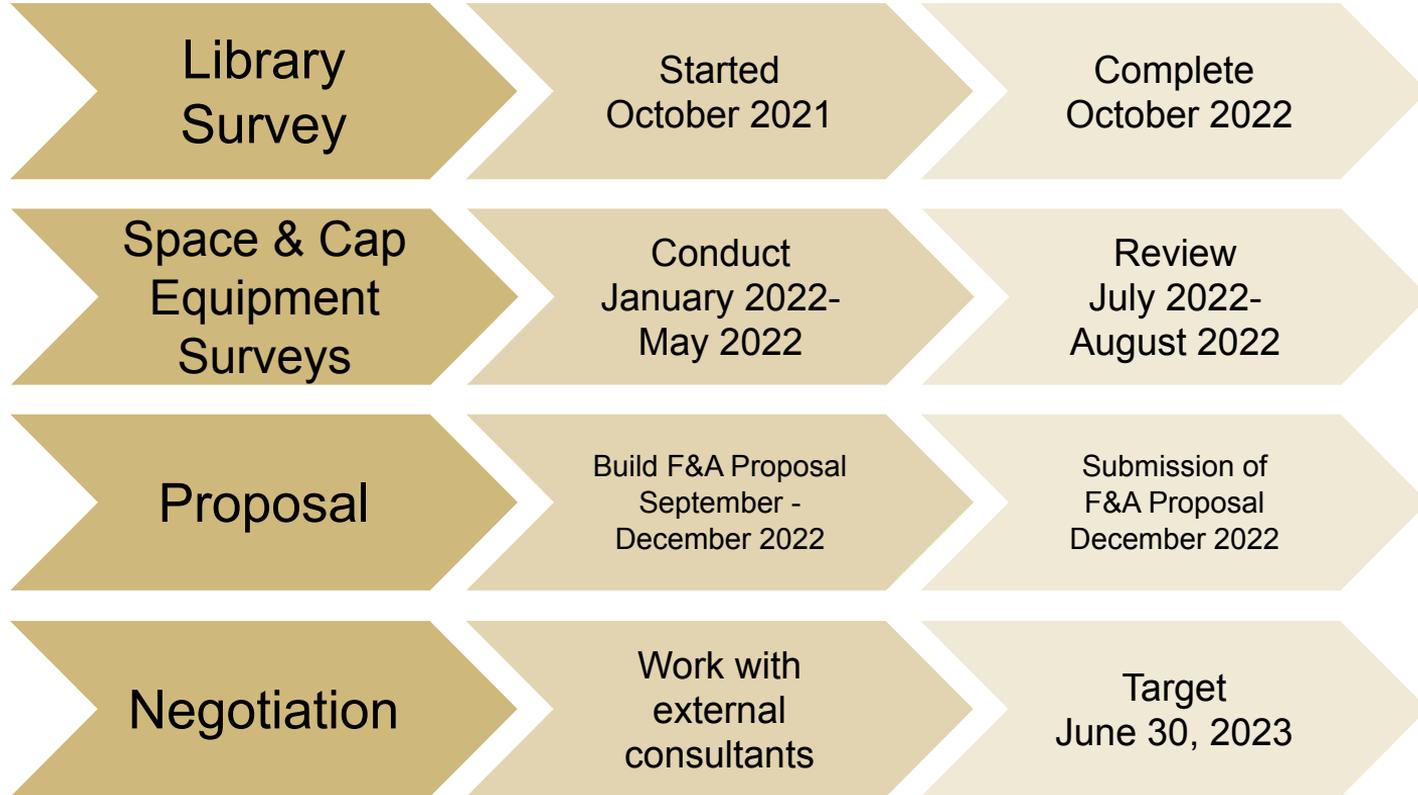
*Intergovernmental Personnel Act Agreements

Organized Research F&A Rate Components

	FY17 Calculated	FY17 Negotiated
Administration Components		
General Administration	11.98	
Department Administration	18.33	
Sponsored Projects Administration	5.11	
Total Uncapped Administration	35.42	
Total Capped Administration	26.00%	26.00%
Facilities Components		
Building Depreciation	9.62	
Capital Equipment Depreciation	2.33	
Interest	0.84	
Operations & Maintenance	19.52	
Library	2.73	
Total Facilities Components	35.58%	30.50%
Actual Calculated		
	61.58%	
Total Rate		
	61.58%	56.50%



Timelines



Summary

The F&A cost rate is:

- ❖ Used for reimbursement of costs incurred to support research activity
- ❖ Does not recover all support costs due to imposed caps and the negotiation process

The process of developing the rate is:

- ❖ Based on expenses, metrics and research activity from one year (base year)
- ❖ Requires surveys to collect non-financial data

The result:

- ❖ Allows CU the ability to support and invest in research that positively impacts students and sets us apart from other universities.

Questions?



Before you go, please complete the feedback survey

https://cuboulder.qualtrics.com/jfe/form/SV_1GDOmLEXUaQOkEC

Thank you!



Campus Controller's Office
UNIVERSITY OF COLORADO **BOULDER**