Welcome

Dr. Glen A. Laine
Division of Research

October 9, 2013
Facilities and Administrative Costs (F&A)

What are F&A Costs?

Incurred for a common or joint objective that CANNOT be attributed to a specific research project.

Previously referred to as *Indirect Cost Earnings*.

Texas A&M University’s negotiated federal return is 45.5%.
Facilities Cost

• **Operation and Maintenance**
  Physical plant operation and maintenance expenses

• **Use Allowance**
  Depreciation for a building-includes land improvements (sidewalks, exterior lighting, landscaping, and non-federal equipment)

• **Library Costs**
  Costs for portions of the library that can be attributed to research
Administrative Cost (capped at 26%)

- **General Administration**
  Central administration, personnel, payroll, purchasing, treasury, accounting, President/Provost offices

- **Departmental Administration**
  College and departmental expenses

- **Sponsored Project Administration**
  Contracts and grants offices, proposal support, research compliance, time and effort, etc.

- **Student Administration and Services**
  Dean of students, admissions, registrar (mostly graduate students)
Examples of Direct Costs

• Actual time and effort expended by researcher on the project

• Supplies needed to complete the specific project

• Equipment required and dedicated for the project
State Restrictions on Use of F&A Revenue

- No federal restrictions

- Texas Education Code/Chapter 145
  - new research initiatives and feasibility studies
    - research development activities
    - start-up
    - sponsored project administration

- Audits are conducted periodically by the State
F&A Rate

• The following slides are applicable to Texas A&M University ONLY (excluding the Health Science Center)

• **NOT:**
  – Texas A&M AgriLife Research
  – Texas A&M Engineering Experiment Station
  – Texas A&M Transportation Institute
Distribution of F&A Revenues

TAMU Formula

- 15% - retained for sponsored project administration at SRS (4% of direct costs)
- 15% - to PIs for research development and support
- 35% - to Colleges
- 35% - to University
### Indirect Distribution Formula

<table>
<thead>
<tr>
<th>Description</th>
<th>TAMU</th>
<th>IDC %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Direct Costs/Example</td>
<td>$1,000,000</td>
<td></td>
</tr>
<tr>
<td>Total Indirect Earnings (45.5% of MTDC)</td>
<td>$455,000</td>
<td></td>
</tr>
<tr>
<td>VPR Retained for SRS</td>
<td>$68,250</td>
<td>15.00%</td>
</tr>
<tr>
<td>College Return (Departmental Return)</td>
<td>$159,250</td>
<td>35.00%</td>
</tr>
<tr>
<td>PI Return</td>
<td>$68,250</td>
<td>15.00%</td>
</tr>
<tr>
<td>Retained Centrally for Program Development</td>
<td>$159,250</td>
<td>35.00%</td>
</tr>
</tbody>
</table>
F&A Rate

• Some instances that prevent the University from receiving full F&A earnings:
  – Limited F&A on grants (0-45.5%)
  – Costs that do not generate F&A return
    Example: Equipment and Tuition
  – Waived F&A

• Texas A&M University’s F&As generated an estimated $17 million in research development funds for FY 2013
Questions?

Dr. Glen A. Laine
Division of Research

glaine@tamu.edu | 979.845.8585