

# Facilities and Administrative (F&A) Cost Recovery



**Board of Regents**  
**July 17, 2008**

# What are the costs of research?

- Examples of direct costs:
  - Salaries and benefits for PIs and research staff
  - Lab supplies
  - Subcontracts with other universities
  - Research equipment
- Examples of facilities and administrative (F&A) costs:
  - Building maintenance and utilities (water, electric, gas)
  - Other operations costs (security, grounds maintenance)
  - Libraries
  - Administrative costs (central, college, departmental)

# How are F&A rates calculated?

- Calculation is a ratio of:

F&A (indirect) costs allocated to Organized Research  
divided by  
Organized Research Modified Total Direct Costs

- Same ratio is used for these F&A rates:
  - On-campus organized research
  - Off-campus organized research/training
  - On-campus training
  - Applied Physics Lab
  - Regional Primate Center
  - South Lake Union

# Why is F&A recovery important?

F&A recovery supports the cost of carrying out research. It is an important source of reimbursement to the University.

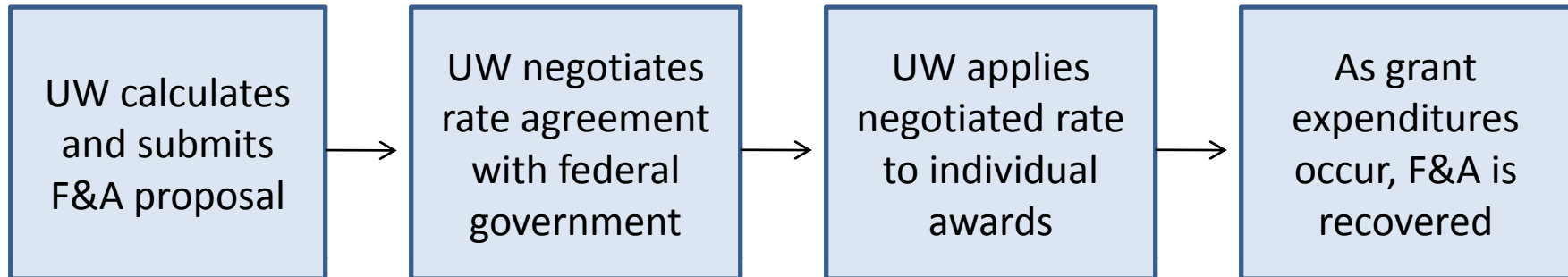
For FY 2007:

- Awarded grants and contracts exceeded \$1 billion
- Direct expenditures from grants and contracts were \$827 million
- F & A reimbursement from grants and contracts was \$189 million (~23%)

# What are the UW's F&A rates?

Location & Award Type	1999-2002	2002-2004	2005-2007	2007-2009
On Campus Research	52.0	51.6	55.5	56.0
Off campus Research & Training	26.0	26.0	26.0	26.0
On Campus Training	55.0	55.0	58.0	58.0
Applied Physics Lab	17.0	17.0	17.0	17.0
Primate Center (Core Grant)	30.0	30.0	44.0	44.0
Primate Center (Non-Core)	60.0	60.0	75.0	75.0
South Lake Union	n/a	n/a	66.0	66.0
Research Vessel Operations	25.0	25.0	25.0	25.0

# How are F&A rates established?



## Rates are:

- Calculated in accordance with federal cost principles (OMB Circular A-21)
- Negotiated with Department of Health and Human Services Division of Cost Allocation
- Typically re-negotiated every 4-6 years

# What is the difference between the UW's calculated and negotiated rate?

Rate Components	On-campus Rate
<u>Facilities Components</u>	
Buildings	5.52
Interest	1.81
Equipment Depreciation	3.61
Operations and Maintenance	19.3
Libraries	1.87
	<b>32.11</b>
<u>Administrative Components*</u>	
General Administration	7.96
Departmental Administration	20.3
Sponsored Project Administration	2.37
	<b>30.63</b>
Utility Cost Adjustment	1.3
<b><u>Calculated Rate</u></b>	<b>64.04</b>
Less Reduction to 26% Admin Cap	-4.63
<b><u>Proposed Rate</u></b>	<b>59.41</b>
Projected Capital	5.02
<b><u>Proposed Rate with Projected Capital</u></b>	<b>64.43</b>
<b><u>Negotiated Rate</u></b>	<b>55.5/56</b>
<b><u>Provisional Rate (prior to last negotiation)</u></b>	<b>51.6</b>

#### Footnotes:

- Administrative rates are capped at 26%, per A-21, Section G8.

NOTE: Base Year 2003

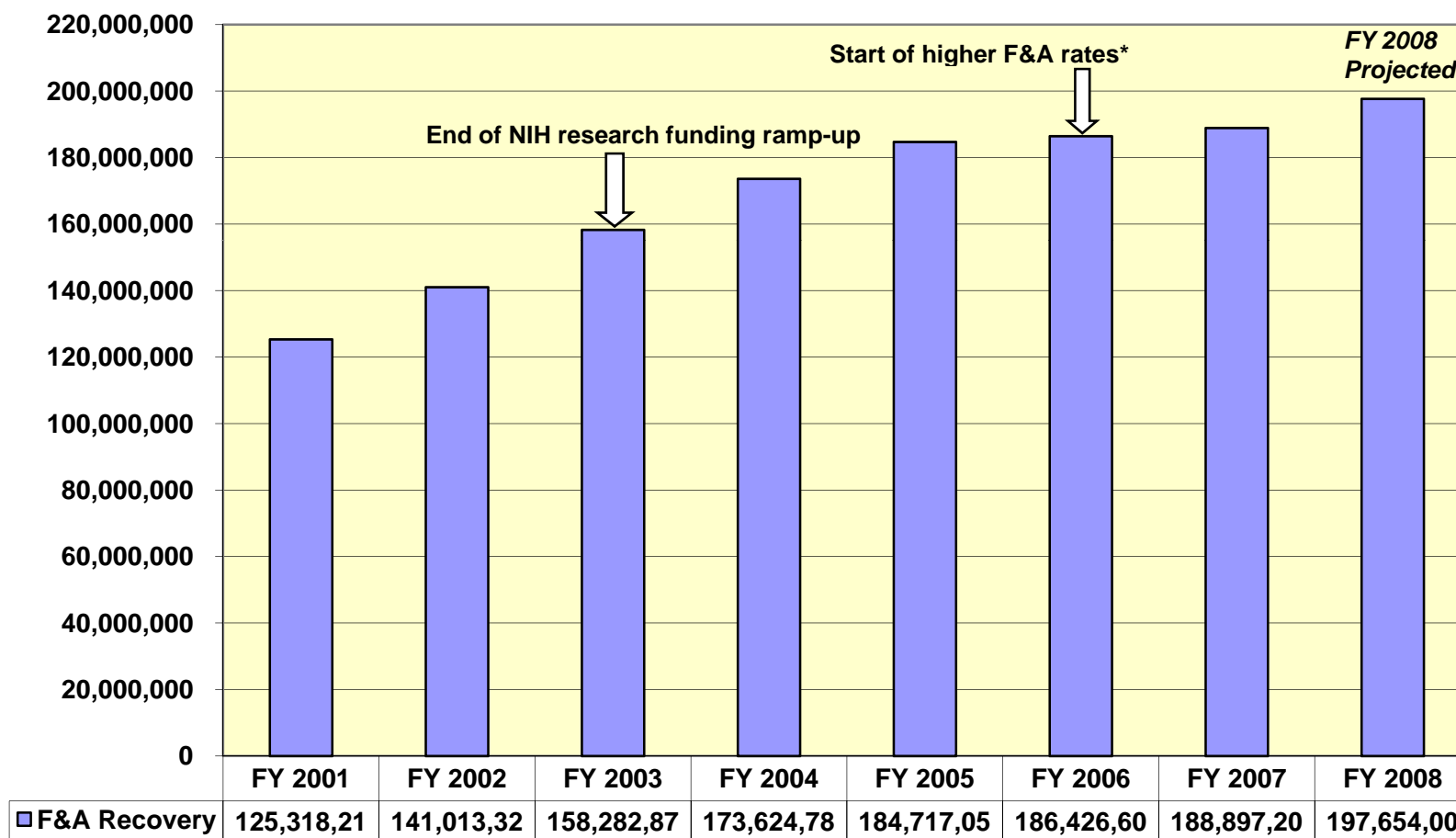
# What are our peers' rates?

'08-09 for Global Challenge State Peer Institutions	Rate
University of California, Davis	52.0%
University of California, Irvine	52.5%
University of California, Los Angeles	54.0%
University of California, San Diego	54.5%
University of Colorado, Boulder	51.5%
University of Colorado, Denver with Health Sciences	54.0%
University of Connecticut	52.0%
University of Maryland, College Park	50.0%
University of Maryland, Baltimore	50.0%
University of Massachusetts, Amherst	57.0%
University of Massachusetts, Worcester	63.5%
Rutgers University	54.5%
University of Medicine & Dentistry of New Jersey	56.0%
University of Virginia	51.5%



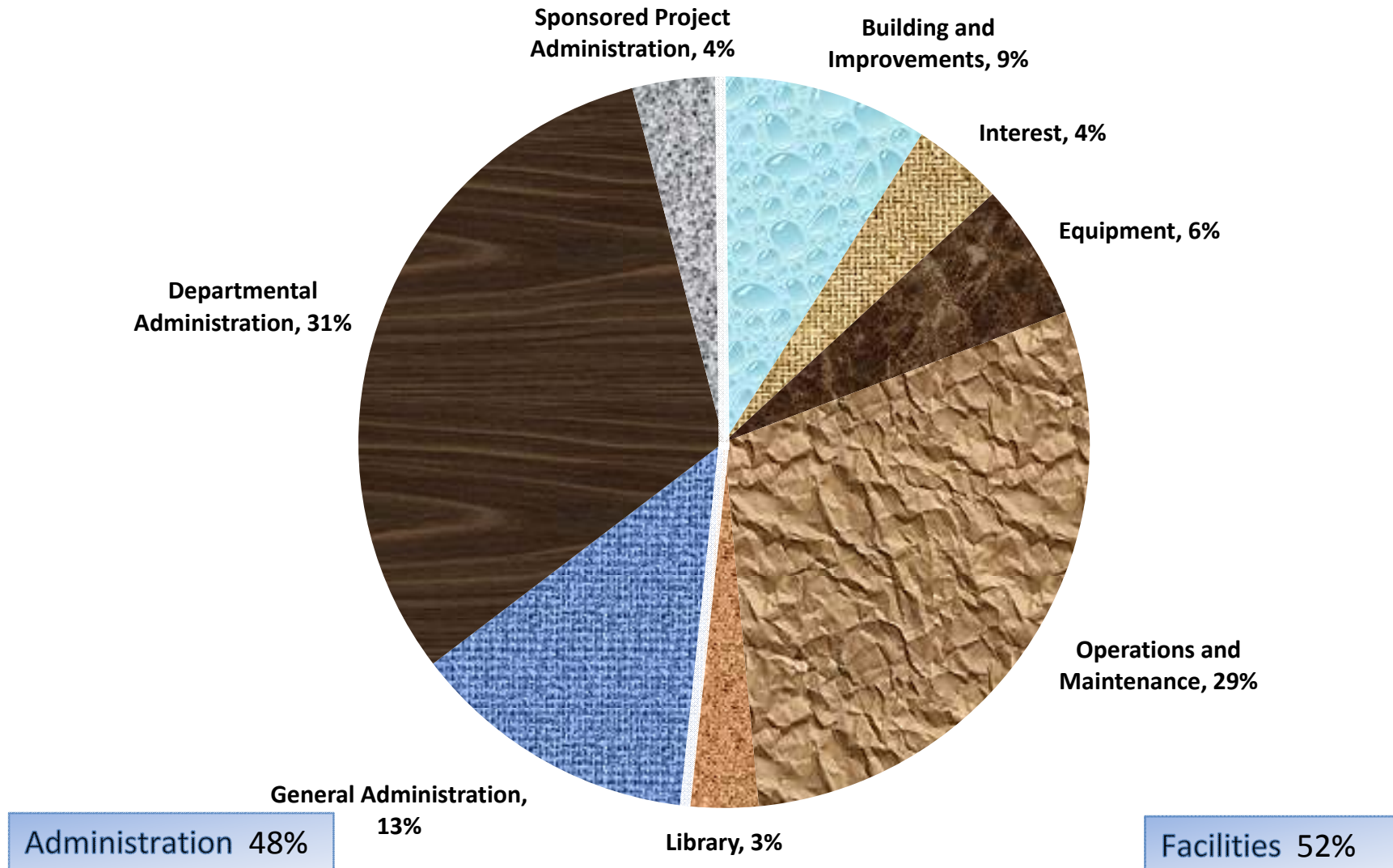
# What is our trend in F&A recovery?

F&A Recovery  
Fiscal Years 2001 through 2008



\*New F&A rates are applied when a new grant is awarded or existing grants go through a competitive renewal. Because many NSF and NIH grants are awarded for three, four or five year time periods, it can take up to five years for changes in F&A rates to fully phase in on individual awards.

# How do we spend our F&A recovery?



FY06

# How much centrally paid debt service is supported by F&A recovery?

Debt Service Supported by F&A Recovery		
Debt Service Paid Centrally	FY 2008	FY 2009
K-Wing of Health Sciences*	4,579,000	4,593,000
Roosevelt 1 (4225 Roosevelt)	2,000,000	2,071,000
Harborview Research and Training	1,540,000	1,538,000
Oceanography and Fisheries Sciences Buildings	2,273,000	2,270,000
Benjamin Hall Building	3,334,000	3,800,000
Foege Building	3,215,000	3,481,000
Animal facilities upgrades**	0	1,375,000
Research portion of UW Tower Data Center	299,826	838,051
<b>Total:</b>	<b>17,240,826</b>	<b>19,966,051</b>

\* A portion (approximately \$1.2 million/year) of the debt service for K-Wing of Health Sciences is paid for by the School of Medicine from sources other than F&A recovery.

\*\* Estimate based on project cash flows.

# How much college/unit debt service is supported by F&A recovery?

Debt Service Paid by Colleges/Units	FY 2008	FY 2009
<b>Debt Service Paid by Health Sciences Administration</b>		
Primate Center Western Avenue Improvements*	707,000	709,000
* This debt service is paid from the Primate Center "A" rate F&A recovery.		
<b>Debt Service Paid by the School of Medicine</b>		
Brotman Building	2,822,000	2,827,000
South Lake Union 2**	0	11,154,000
<b>Total:</b>	<b>2,822,000</b>	<b>13,981,000</b>
<p>** South Lake Union 2 complex includes both a 188,000 sq ft research building and a 97,000 sq ft administrative building. The debt service figure listed includes debt associated with both of these buildings. F&amp;A recoveries support debt service payments associated with the research building part of South Lake Union 2. Almost all of the tenants in the office building part of South Lake Union 2 are re-locating from space the School of Medicine has been leasing. Resources that had been used for lease payments will instead be used to pay for occupancy costs associated with the office portion of South Lake Union 2.</p>		

# UW F&A Contacts

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