

## 3 Things To Know About Facilities & Administrative Costs

### 1 What Are Facilities & Administrative Costs?

Facilities and Administrative (F&A) costs refer to the **infrastructure and operational costs necessary for an institution to support research. These costs are not easily linked to an individual research project.** F&A costs are sometimes called indirect or overhead costs.

**Examples of F&A costs include reimbursing for portions of:**

- Space for research activities, including state-of-the-art research labs
- Personnel to support accounting and administration
- Compliance support (e.g., human subject protections, export control, research security)
- High-speed data processing
- Library resources
- IT services
- Utilities

### 2 How are F&A Rates Established?

Federal F&A rates are negotiated between the University and the federal government. The Department of Health and Human Services (HHS) Cost Allocation Services is responsible for reviewing and approving legally binding rates for the University of California. The federal government reviews these rates every 3-4 years to examine the institution's research infrastructure and operations over the volume of all its research costs.

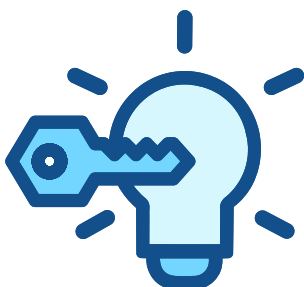
### 3 Why is Investing in F&A Important?

Research drives innovation, strengthens national security, and improves public well-being. By investing in research, funders support the U.S. economy and public to address critical challenges such as disease, energy efficiency and cybersecurity, and allows the U.S. to remain competitive globally.

**Investing in F&A allows research institutions to:**

- Sustain the research infrastructure that provides access to the vast pool of expertise, talent, and cutting-edge facilities that make U.S. growth possible.
- Partially cover the cost of actual expenses that are essential for the institution to conduct research.
- Ensure the long-term financial stability of the national research environment to adequately support groundbreaking discoveries and innovations.
- Support the costs of compliance with grant management and other administrative functions necessary for research oversight.

### Key Takeaways



1. F&A rates only partially cover the institution's necessary expenses and any decreases severely impact research.
2. Negotiated F&A rates are based on detailed negotiations with the institution's federal cognizant agency. Costs are verified by detailed audits and reviews.
3. U.S. investment in F&A is essential for maintaining the critical institutional research infrastructure to both comply with federal regulations and to position the U.S. to compete and lead in scientific, medical, military, economic, and other innovative technologies.
4. Insufficient reimbursement of F&A costs disincentivizes institutions from investing in cutting edge facilities.