Facilities and Administrative (F&A) Costs
Office of the Associate Dean for Graduate Education and Research
Project Costs

• **Direct costs**: costs that can be identified specifically with a particular final cost objective, with a high degree of accuracy, and directly benefit the project

• **Indirect costs, also called Facilities & Administrative costs (F&A) or overhead costs**: costs that occur for a common or joint objective and cannot be easily and specifically identified to a particular sponsored project

Image Source: [https://www.pinterest.com/pin/492018328023825981/?nic_v2=1a5Co2uLa](https://www.pinterest.com/pin/492018328023825981/?nic_v2=1a5Co2uLa)
F&A Rates

- F&A rates are determined by an agreement with the federal government in accordance with the Code of Federal regulation
- Negotiated every 2-4 years with our cognizant federal agency, the Office of Naval Research
- Different F&A rates apply to different types of funded project (Research, Instruction, Outreach)

<table>
<thead>
<tr>
<th>Type</th>
<th>On Campus (7/1/20 – 6/30/21)</th>
<th>Off Campus (7/1/20 – 6/30/21)</th>
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<tbody>
<tr>
<td>Research</td>
<td>60.50%</td>
<td>26.00%</td>
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F&A exceptions for not-for-profit or governmental [non-foreign] sponsors

- **Sponsor subject to statutory cap on F&A or has published guidelines prohibiting or limiting F&A?** (see RA30)
  - Yes
    - Exception OK
      - Does not require prior approval
  - No
    - Exception is case specific
      - University is required to cost share, solicitation encourages cost share, or academic unit proposes voluntary contribution of F&A costs
      - Intergovernmental Personnel Act (IPA) agreement
      - Gifts (see RA04)
      - Charitable Grant (See RA04)
      - Commonwealth of Pennsylvania or Ben Franklin Technology Partners funding

- **Federal flow-through?**
  - Yes
    - Allowable indirect costs are assessed on the Federally-funded portion of the project
  - No
    - Exception OK
      - Does not require prior approval

- **Requires OSVPR approval prior to the submission of the proposal with justification and supporting documents as follows:**
  - Exception OK
    - Does not require prior approval
  - Obtain ADGER approval
  - Calculate dollar amount lost to the university if waiver is approved
  - Units are expected to contribute some of their RIF to offset the loss of F&A

- **Exception OK**
  - Does not require prior approval

**Image Source:** https://www.bluehomepm.com/common-myths-investing-in-florida-real-estate-from-canada/complex/
F&A policies for private companies and foreign governments

• The university is responsible for ensuring that Federal sponsors do not subsidize indirect (F&A) costs of activities sponsored by industry and foreign governments.
• Penn State charges an additional 5% F&A on industrially-sponsored projects.
• Industry Membership Agreements are assessed at 15% Total Costs for F&A. See RA04 and RAG05
Links to Additional Resources

• Referenced Policies
  RA30 Facilities and Administrative (F&A) Costs: https://policy.psu.edu/policies/ra30
  RA04 Gifts, Grants and Contracts (The Funding Matrix): https://policy.psu.edu/policies/ra04
  RAG05 Establishing Research Institutes, Consortia, and Centers: https://policy.psu.edu/policies/rag05

• OSP Guidance
  F&A FAQ: https://www.research.psu.edu/node/725
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