F&A Rates: A Glimpse Inside the Rate Calculation & Negotiation

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Assistant Vice President & University Controller
Finance & Accounting

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Assistant Controller
Cost Analysis
Finance & Accounting
Objectives

• Identify the basic rules, definitions and process of calculating the F&A rate.
• Review a rate calculation exercise.
• Describe the difference between Off and On years and the impact On years have on the university.
• Describe the F&A rate negotiation process.
• Discuss the Official DHHS Signed Rates.
• F&A Rate is derived from a proposal that is developed using everything.
  – Effort
  – Space
  – Facilities
  – Expenses
  – Environmental Health & Safety
  – Police Department, etc.
 Componentization

- Depreciation of various components of a building based on useful lives.
On/Off Years

• On Year (Base Year):
  – Is the fiscal year used for the proposal development.
  – Everything in this year matters.
• Off Years
  – Years not used for proposal development.

• Why are they important?
  – On track with projections
  – Validate our expenses
  – Tracking helps with the development of proposal during On years
• Every expenditure at the University that is not CAS exempt.
Base Allocations

- Research
- Instruction
- Other Sponsored Activity
- Other Institutional Activities
- Agricultural Research Center
• Everything that supports the activities for the base at the University.
Facilities Allocations

- Utilities
- Library
- Depreciation (Equipment & Building)
- Environmental Health & Safety
- Interest Expense
- Operations & Maintenance
Exercise
Total Costs

Total Expenses
When Coding Goes Wrong…

• In what bucket do you place miscellaneous expenditure?

Answer:
Additional research must be done to determine which bucket is the correct one to allocate the expenditure.
• Higher Education Research & Development Survey
  – Ranks our institution among peer universities.
  – Why is it important?
    • Preeminence
On/Off Campus Rate

- **On Campus Rate:**
  - UF-owned buildings
  - Research is conducted in UF buildings
• Off Campus
  – None UF-owned buildings
  – Research is done outside of the University

Gerold L. Schiebler CMS Center
Test Your Knowledge!

• How does Off Campus affect the IDC Rate?

Answer: The University cannot claim the facilities costs.
F&A Rate Negotiation
• Meet with VP’s for Research and Finance (CFO).
• DHHS – Division of Cost Analysis – Mid-Atlantic Region
• UF F&A Rate Proposal Submission
  – Due December 31 after your base year (2013-14)
  – Extensions granted for 30, 60, 90 days
• Request for additional information
  – Months after submission
• DCA provides a list of space to be reviewed.
• UF hires a consultant.
• Cost Analysis staff visits identified space to prepare chairs, faculty, and staff.
Visit from DCA

- DCA team
- Space walk
  - Projected space
  - 100% research
  - 90+% research
  - High cost per square feet
Departments Selected for Visits

- Animal Care Services
- Department of Molecular Genetics
- Department of Physics
- Department of Pathology
- Department of Civil and Coastal Engineering
- BioMed Building
- Emerging Pathogens Building
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Visit from DCA

• Space walk
  – Ask questions before walk
    • Chairs
    • Faculty
    • Staff
  – Ask questions during walk
    • Anyone in the space
What They Are Looking For

• People not actively engaged in research
• Discrepancies with what was reported and what they are told on the walk
• Equipment
  – We determine where it is
  – If we can’t find it we have to take it off
• Text books, Student desks, Computer screens
• Coffee pots, microwaves, food in the refrigerators
What is Their Goal?

- Total rate
## Fiscal Year Organized Research

**Proposed Rate**

### UNIVERSITY OF FLORIDA

**FISCAL YEAR ENDING 6/30/2009**

**Rate Schedule By Direct Group, Indirect Group Report**

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<th>Direct Cost Group</th>
<th>Indirect Cost Group</th>
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<th>Base</th>
<th>Allocated Amount</th>
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**On Campus Rate:**

55.79

51.05

**Off Campus Rate:**

30.74

26.00
Universities IDC Rate

• University of Florida 50%
• Florida State University 52%
  – Mag lab (70%)
• University of Wisconsin 53%
• University of North Carolina Chapel Hill 52%
• Ohio State University 52.5%
How Much Money Did the University Receive from IDC?

$79,316,183  Total Money from IDC

$67,030,054  Total Money from Organized Research
What is Their Goal?

• Amount of increase
• If we increased by a point, how much additional funding will the University receive?

Answer: $1,164,783

• Effective IDC Rate is 30.41%
• Thank you!