

Facilities and Administrative (F&A) Costs on Contracts and Grants

Facility and Administrative (F&A) costs are used to pay for actual expenses incurred by the university in the course of performing research. The federal government requires these costs to be calculated and they are subject to audit. The signed agreement between the university and the U.S. Department of Health and Human Services (DHHS) on F&A costs can be found on the Sponsored Programs Institutional Rates webpage. In order to lower administrative burden calculating these charges for each individual researcher, department, college, or other sub-unit, the percentage F&A rates used represents an average across the multiple divisions and projects ([CFR 2 Part §200.420](#)). F&A Costs were formerly known as indirect costs or overhead. This term was replaced by the DHHS in order to help clarify the reason for these costs and their primary usage.

Why does it exist?

Following guidance of the electronic Code of Federal Regulations in [Appendix III to Part 200](#) the costs go to support a variety of shared resources such as physical plant operation, maintenance, utility costs, departmental and university administrative expenses, and depreciation or use of buildings and equipment.

Direct Cost Items include:

- Salaries and fringe benefits
- Supplies
- Equipment
- Professional services
- Participant support costs
- Travel
- Service fees
- Publication costs

* F&A is not charged on ALL Direct Cost items.

F&A Cost Items include:

- Library Resources
- Departmental and College Administration
- Sponsored Program Administration
- Building and Equipment Depreciation
- Operations and Maintenance
- General Administration
- Interest

Where is it charged? How is it waived?

F&A Costs are charged on all federal and state grants and on many foundation awards. F&A rates are also charged on some private grants. The F&A waiver system exists for cases where sponsors, programs, and grant agreements place a restriction on the total F&A which can be charged to it. In most cases, F&A waivers are granted.

When is it charged?

F&A is charged to an award when the expenditure is posted to the account/general ledger. If you win an award for \$10,000 and only spend \$2000, then F&A is only charged against the \$2000 expenditure. This protects the university from *owing* F&A money in cases where grants are not completely expended.

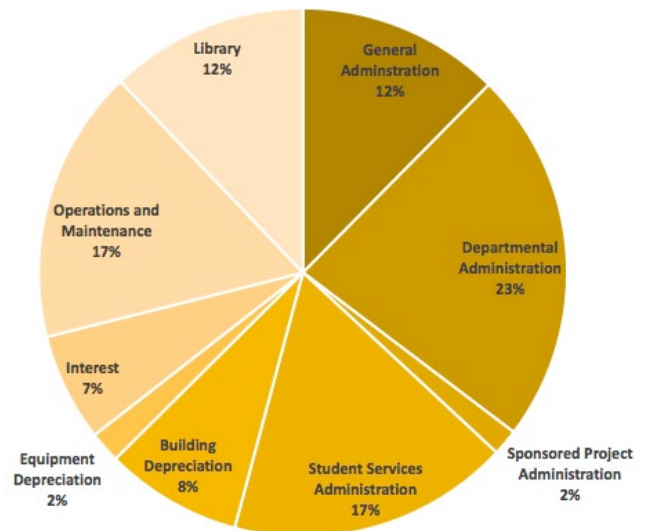
F&A Rates at Rowan University (FY2020)

Glassboro, SJTP, Camden - On Campus	50%
Glassboro, SJTP, Camden - Off Campus	26%
CMSRU/SOM – On Campus Research Project.....	61%
CMSRU/SOM – Off Campus Research Project.....	26%
CMSRU/SOM – On Campus Instruction.....	63%
CMSRU/SOM – Off Campus Instruction.....	26%
CMSRU/SOM – On Other Sponsored Program.....	37%
CMSRU/SOM – Off Other Sponsored Program.....	26%

How are F&A Rates Determined?

F&A costs are calculated and negotiated based on identifiable university F&A expenditures incurred. These negotiations occur periodically, and the costs are based on recent years having complete sets of expenditure data available. DHHS negotiators evaluate the proposed F&A costs to determine whether these meet their criteria. The signed agreement indicates that the negotiated rates were accepted by DHHS.

Breakdown of Rowan University F&A Costs



* F&A rate distribution breakdown varies depending on location of activity across campuses.

List of Resources: <https://research.rowan.edu/officeofresearch/sponsoredprograms/rates.html>