FY17 Facilities & Administrative (F&A) Rate Proposal/Negotiation and ASRSP Staff Update

Jennifer Mitchell
Associate Executive Director
Financial Research Administration
F&A (Indirect Costs) Rate Negotiation
Before We start – What is F&A?

• Facilities and Administrative rate
• F&A = Overhead = Indirect Costs
• Mechanism used to reimburse research costs
• Calculated F&A Rate =

Indirect Costs of Organized Research
Direct Costs of Organized Research

What costs are included?
The Numerator - F&A Costs

Building and Equipment Depreciation

Repair & Maintenance, Utilities

Interests

Executive Management

Not directly assignable to any one activity

Library

Accounting, Budgeting, Human Resources

Departmental Administration

Pre and Post-Award Administration

* Allowable indirect costs funded by Northwestern
Final space and salary data submitted to DHHS/CAS April 16
6 departments selected for onsite space and equipment reviews the week of May 6
Interview prep meetings with 6 departments held week of April 22
Potential additional PI interview prep meetings week of April 29
Negotiation May to September 2019
Rates finalized late September
# Negotiated F&A Rates

<table>
<thead>
<tr>
<th>Program Type</th>
<th>Fiscal 2020-2021 (9/1/19-8/31/21)</th>
<th>Fiscal 2022 and Beyond (Starting 9/1/21)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sponsored Research</td>
<td>58.00% MTDC*</td>
<td>60.00% MTDC*</td>
</tr>
<tr>
<td>– on campus</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DoD Contracts</td>
<td>59.00% MTDC*</td>
<td>61.00% MTDC*</td>
</tr>
<tr>
<td>– on campus</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Sponsored Activity</td>
<td>36.00% MTDC*</td>
<td>36.00% MTDC*</td>
</tr>
<tr>
<td>– on campus</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sponsored Instruction</td>
<td>51.00% MTDC*</td>
<td>51.00% MTDC*</td>
</tr>
<tr>
<td>– on campus</td>
<td></td>
<td></td>
</tr>
<tr>
<td>All Programs</td>
<td>26.00% MTDC*</td>
<td>26.00% MTDC*</td>
</tr>
<tr>
<td>– off campus</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Provisional rates finalized; all rates remain the same
- FY20 and FY21: rates remain the same
- Starting FY22: On-campus Organized Research Rate increased to 60%
- Next F&A Base Year: FY22
- A 1% increase of On-campus, Organized Research Rate generates ~$2.1 million in unrestricted revenue
- Rate agreement available from the Cost Studies website: [https://www.northwestern.edu/coststudies/docs/northwestern-negotiated-fa-agreement_2019.pdf](https://www.northwestern.edu/coststudies/docs/northwestern-negotiated-fa-agreement_2019.pdf)
60% F&A Rate Starting **FY22** – What Does It Mean?

For every one dollar received, 63% is Direct and 37% is indirect ($1/1.60 = $0.63)

- **37¢** is for Overhead
- **63¢** is for Direct Research Costs

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**Facilities**

- Total: 21¢

**Operations & maintenance (e.g., Utilities):** 9¢

**Equipment:** 2¢

**Interest:** 3¢

**Building:** 6¢

**Libraries:** 1¢

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**Administration**

- Total: 16¢

**Dept Admin, HR, etc.**

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**Research salaries and employee benefits**

**Equipment**

**All subcontracts and other direct charges**

**Other Allowable expenses**
Non-Federal F&A Rates

<table>
<thead>
<tr>
<th>Category</th>
<th>FY20 &amp; Future Years On-Campus Rate/Base</th>
<th>FY20 &amp; Future Years Off-Campus Rate/Base</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sponsored Research</td>
<td>69.64% MTDC*</td>
<td>34.62% MTDC*</td>
</tr>
<tr>
<td>Other Sponsored Activity</td>
<td>43.85% MTDC*</td>
<td>32.84% MTDC*</td>
</tr>
<tr>
<td>Sponsored Instruction/Training</td>
<td>83.81% MTDC*</td>
<td>58.03% MTDC*</td>
</tr>
<tr>
<td>Industry Clinical Trials</td>
<td>32.0% TDC**</td>
<td></td>
</tr>
</tbody>
</table>

- What should we do if the sponsor demands to pay a lower F&A rate? Please consider if the following approach is feasible.
  - Fixed price contract
  - Use Total Direct Cost (TDC) as the Base instead of MTDC
  - Included in budget to direct charge allowable indirect cost items such as printer
- Commercial contractors and industry are not subject to the 26 percent administrative cap
FY17 Research Base Increase (in millions)

Research Rate = Facilities & Administrative Cost Supporting Organized Research

Research Base* (Direct Cost + Cost Share)

<table>
<thead>
<tr>
<th></th>
<th>FY10</th>
<th>FY14</th>
<th>FY17*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research Base(MTDC*)</td>
<td>251.3</td>
<td>251.3</td>
<td>297.6</td>
</tr>
<tr>
<td>$ Increase</td>
<td>0</td>
<td>0</td>
<td>46.3</td>
</tr>
<tr>
<td>% Increase</td>
<td>0%</td>
<td>0%</td>
<td>18.4%</td>
</tr>
</tbody>
</table>

* Modified Total Direct Cost excludes capital equipment, patient care, subcontracts in excess of the first $25K, tuition/stipends, amortization, and internal telecommunication expenses.
Research Space Coding

<table>
<thead>
<tr>
<th></th>
<th>FY14</th>
<th>FY17</th>
<th>Space Growth from FY14</th>
<th>% Growth from FY14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research Space (ASF*)</td>
<td>1,017,577</td>
<td>1,110,540</td>
<td>92,963</td>
<td>+9%</td>
</tr>
<tr>
<td>Total Space (ASF)</td>
<td>6,428,918</td>
<td>6,597,381</td>
<td>168,463</td>
<td>+3%</td>
</tr>
<tr>
<td>Percent of Total Space</td>
<td>15.8%</td>
<td>16.8%</td>
<td></td>
<td>+1%</td>
</tr>
</tbody>
</table>

* Assignable Square Feet

- No new research buildings in FY17
  - Mudd building and Simpson-Querrey not online in FY17
- Research space coding increased by 1% of total space (92,963 ASF)
  - Changes:
    - Thank you for your help! Cost Studies met with 49 departments to review research space and find opportunities
    - Definition of vacancy enforced; more research space was coded
Cost Share Analysis

Cost Share is the costs funded by Northwestern instead of sponsors, either mandated or voluntary committed, and is required to be included in F&A Bases such as Organized Research.

Federal Direct Growth per Indirect Cost Reports: +14% from FY14 to FY17

<table>
<thead>
<tr>
<th>School or Area ($ in millions)</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY17 vs. FY14 $</th>
<th>FY17 vs. FY14 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>16.60</td>
<td>19.13</td>
<td>23.17</td>
<td>26.10</td>
<td>9.5</td>
<td>57%</td>
</tr>
</tbody>
</table>

Fund 191 to 193:

<table>
<thead>
<tr>
<th>Fund ($ in millions)</th>
<th>FY14</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>191-Mandatory Cost Sharing</td>
<td>2.32</td>
<td>1.85</td>
</tr>
<tr>
<td>192-Over-the-Cap Commitment</td>
<td>13.60</td>
<td>18.41</td>
</tr>
<tr>
<td>193-Voluntary Committed</td>
<td>0.68</td>
<td>5.84</td>
</tr>
<tr>
<td>Total</td>
<td>16.60</td>
<td>26.10</td>
</tr>
</tbody>
</table>

*Analysis per Indirect Cost Reports*
ASRSP Staff Updates
ASRSP Staff Updates

Welcome to ASRSP!

– Maria Jimenez, Grant & Contract Financial Administrator
– Renee Stokes, Senior Accounting Representative
– Parvez Siddiqui, Senior Accounting Representative
– Sonya Roy-Singh, Senior Accounting Representative
– Ricardo Torres Jr., Senior Accounting Representative
ASRSP Staff Updates

Promotions in ASRSP!

- Sara Baciak, Senior Grant & Contract Financial Administrator
- Jacky Sancen, Grant & Contract Financial Administrator
- Zoe Sing, Grant & Contract Financial Administrator
- Silvana Sabatino, Assistant Grant & Contract Financial Administrator
- Rosanna Sian, Expenditure Audit Coordinator
Thank You