F&A Funds

- The F&A rate charged to contracts and grants is the rate negotiated with the appropriate Federal agency and in accordance with OMB Circular A-21 Section G7.
  - Facilities costs are defined as allowances for depreciation and use of buildings and equipment; interest on debt associated with buildings and equipment placed into service after 1982; operation and maintenance expenses, and library expenses. Administrative cost are defined as general administration and general expenses such as the central office of the University President, financial management, general counsel, and management information systems; departmental administration; sponsored-projects administration; and student administration and services that are excluded or limited when computing rates for research.

- Formula Allocation
  - Office of Clinical Trials taxes 6% off the top of the indirects earned on all clinical trials.
  - Division of Laboratory Animal Medicine (DLAM) currently receives 6% off the top of the indirects earned on all Contracts or Grants involving animal subjects.
  - Department receives 15.6% of the indirect earned on the prior year.

- These funds generally carry forward each year.
- There is more flexibility than with State funds, however, there are some restrictions.
- The State does question/review fund balances therefore, we try not to grow the reserves.
- Expenditures
  - Salaries, benefits, supplies, communications, travel, equipment
  - No food or alcohol
  - No gifts or gift cards, etc.
  - Rule of thumb: think accountability before profitability