

A Partial Explanation of *Facilities and Administration* Charges at Oregon State University (OSU)

The Facilities and Administrative Rate (F&A; also commonly referred to as indirect costs) is the mechanism used to reimburse OSU for the infrastructure support costs associated with sponsored research and other sponsored projects. While the state provides monies for student-related F&A, it does not directly provide F&A dollars for research, extension and other outreach activities. The F&A rate is equivalent to the overhead charge a building contractor would add to your bill for doing a project at your house. It is calculated as a percentage of overhead associated with sponsored research and other activities, divided by the direct costs of sponsored research and other activities. To collect F&A, the University adds the negotiated F&A rate to invoices or other billing instruments submitted to sponsors.

The Facilities and Administrative rate is based on the latest Federal Office of Management and Budget Uniform guidelines. A F&A Cost Proposal is prepared by the OSU Office of Financial Accounting & Analysis. Negotiations are completed by the VP for Finance and Administration with staff from the US Department of Health and Human Services. Negotiated rates are usually established for a 4-year period.

These types of expenses are included in the F&A rate:

- General administrative and general expenses exclusive of costs of student administration and services, student activities, student aid, and scholarships
- Operation and maintenance of university-owned facilities and depreciation after appropriate adjustment for costs applicable to other institutional activities
- Library
- Departmental administration expenses
- Sponsored project administration
- Building depreciation
- Equipment depreciation
- Interest on bonds

Current F&A rates at OSU are these:

- On-campus research – 47%
- Off-campus research – 26%
- On-campus other sponsored activities – 35%
- Off-campus research – 26%
- Oregon Agencies on and off-campus – 26%

Commissions are not charge F&A when their funds are administered through the Agricultural Research Foundation.

Prepared by Russ Karow, ARF Executive Director, as an informational document for Oregon commodity commissions – 03-29-16