

## Allocation and Distribution of Facilities and Administrative Costs

	<b>University of Central Florida Office of Research Procedures Document</b>  <b>Reinvestment of Facilities and Administrative Costs</b>
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Purpose of Procedure:	Provide monthly and bi-annual processes related to the reinvestment of facilities and administrative costs in research activities
Who Processes:	OR Finance, OR Post-Award, and GRIT
How Often:	Month-end, Fiscal Periods 6 and 12
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### Overview

Facilities and administrative (F&A) cost is an expense charged to sponsored projects to recover those costs that are incurred by the University but cannot be readily identified nor specifically attributed to a particular sponsored project. Nonetheless, these costs support research endeavors, and include such things as facilities, utilities, library, research administration, human resources, payroll, etc. The expense is charged to sponsored projects at predetermined rates depending on location and type of activity. As expenses are incurred on sponsored projects, F&A costs are also charged to the award at the rate agreed upon per individual award. The charged F&A is then held centrally in the UCF Finance and Accounting Unit awaiting monthly ledger closing. The Office of Research (OR) tracks the F&A expense earned for each award.

Per Florida Statute 1004.22 Divisions of sponsored research at state universities:

Moneys received for overhead or indirect costs and other moneys not required for the payment of direct costs shall be applied to the cost of operating the division of sponsored research. Any surplus moneys shall be used to support other research or sponsored training programs in any area of the university.

### Key Decisions

- Annual verification with management of the allocation percentages to the Colleges/Units where F&A is earned and OR.
- Verify strategic initiatives to be included as off-the-top deductions and review with management

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- Verify with management the continuation of 3% University Resource Fee that support the Research 1 Building

## Procedures

### Bi-Annually:

- The Vice President for Research will review with management the allocation percentages and methodology for the reinvestment of F&A earned. This will be based upon management's overall objective for allocation of F&A. In general, the present distribution is 55% to OR and 45% to the colleges/units (less 3% University Resource Fee) after deductions for strategic initiatives are taken. Different distributions, consistent with supporting larger, strategic objectives of the university, may be requested and decided upon in advance.
- OR Finance Unit will review with the VP for Research the strategic initiatives deductions for the upcoming fiscal year. The present strategic initiatives deductions include the upcoming years' rent and CAM expense for the OR portion of the leased University Tower building. This information is obtained through the Office of the Provost. The debt service on the Burnett bonds also is included in the strategic initiatives deduction. The information on the debt service is acquired from the Associate VP for Debt Management. Additionally, deductions are calculated for research-related software purchased and used by the campus community as well as central support of the shared facilities including machine shops, cleanrooms, and cryogenic facility.
- OR Finance will provide the Graduate and Research Information Technology (GRIT) group with the strategic initiatives deductions to be used in the calculation of the F&A reinvestment report available in AURORA. GRIT will enter the data and post the F&A reinvestment report two times a year. The first reinvestment will occur during month-end of fiscal period 6 (December) and the second reinvestment will occur during month-end of fiscal period 12 (June).
- The fiscal period 6 reinvestment will be based on F&A collected from the January – June period immediately preceding the reinvestment. The fiscal period 12 reinvestment will be based on F&A collected from the July – December period immediately preceding the reinvestment.
- OR Finance will communicate with each unit receiving a reinvestment allocation the amount and methodology for that reinvestment at the beginning of each fiscal year.

### Monthly:

GRIT will extract the F&A costs charged to sponsored projects and publish in the overhead earned and distributed report.