

## F&A (Facilities & Administration) or IDC (Indirect Costs)

F&A stands for Facilities and Administrative costs and these represent "indirect costs", in other words, overhead costs to administer external grant funding. F&A dollars represent the real costs of university operations, and for this reason, when a research project receives an external grant, the university receives a percentage of this funding to pay for centralized expenses before distributing the remaining funds to support university research programs. These F&A allocations are dispersed among the sponsoring department, the Vice Provost for Research, the Dean's office and the Principal Investigator. Without F&A funds, research programs like GRI would be forced to make a lot of painful cuts which would reduce our ability to conduct research and attract future funding.

The university's current indirect cost rate is 50.7% of modified total direct costs and this rate will be in effect until 6/30/2024. This annual rate is determined based on costs incurred by the university in a previous year and by negotiations between the university and the federal government. All applications for federally sponsored research projects will generally have associated F&A costs so if the annual rate is 50.7%, then W&M receives \$50,700 in F&A for every \$100,000 Spent on eligible direct costs during the life of the award. This is illustrated in the example below.

\$50,000 Salaries  
 \$20,000 Fringe benefits  
 \$15,000 travel  
 \$15,000 supplies  
 = \$100,000 eligible direct costs  
 \$50,700 F&A  
 =Total Project cost of \$150,700

The rate represents the F&A cost for a particular function (e.g., research conducted on campus) during the selected year divided by the direct costs incurred in support of that function during that year (where the direct cost basis consists of expenses for salaries and wages, fringe benefits, material and supplies, services, travel and subgrants and subcontracts up to the first \$25,000 of each subgrant or subcontract).

Unlike direct costs, Facilities and Administrative (F&A) costs of research, also known as indirect costs or overhead, are costs that cannot be easily billed to one project. These costs may include the cost for electricity to run GRI's two buildings, software shared among multiple researchers, or administrative efforts to support research. Some researchers do not think of F&A costs as part of the expense associated with their research. However, these are real costs to W&M and GRI that make up a large portion of the total necessary resources. Because of these F&A expenses, research budgets should be calculated to include all allowable F&A costs.

### What Does W&M do with collected F&A?

After deducting contributions to the university's E&G funds and paying centralized expenses, the remaining funds are used to support university research programs. W&M allocates a percentage (typically between 30-35%) of recovered F&A to researchers and various departments that support the research mission of W&M. Of this amount, 40% of the recovered F&A remains with the Vice Provost for Research, with the remaining 60% being dispersed among the sponsoring department, the Dean of Arts & Sciences, and Principal Investigator.

Individual Principal Investigators - Whenever multiple W&M investigators are engaged in a project, budgets and recoveries will be apportioned based on each investigator's level of effort unless an alternative arrangement has been approved by the affected departments or units and conveyed to OSP prior to initiation of the project.

If you have any questions, please contact the Office of Sponsored Programs.

Dept/School/Center	F and A (Current FY)	Expenses:	Remaining 35%	40% Department Allocation	40% VPR Allocation	15% Dean Allocation	5% PI Allocation
--------------------	-------------------------	-----------	------------------	---------------------------------	-----------------------	------------------------	---------------------