



April 5, 2017

Federally Funded Academic Research Costs

Federal funding for research includes:

- x Direct costs –

These costs cannot be viewed separately; together they represent the total cost of performing research-3.9 (i) of the, human resources

compliance and oversight activities. The Federal government funds only that portion of F&A costs, including the costs of research space incurred in conducting federal research. The mechanism for reimbursement is a negotiated F&A rate between the federal government and each individual research institution to ensure appropriate costs.

F&A costs on Federal awards have remained relatively constant for the past two decades, less than 28% of the total cost of Federal awards. That stability has occurred despite ever-increasing federal regulations and reporting requirements that require additional compliance activities according to cost sharing. Federal

F&A rates negotiated with the federal government follow rules established by OMB defined in 2 CFR Part 200. F&A rates charged to non-federal sponsors are not expected to comply with federal accounting rules. For example, rates charged to industry and other non-federal sponsors are charged to the entire contract amount (versus the lesser "modified" amount used for federal awards which excludes costs such as graduate tuition and equipment). These awards may also reimburse for costs not allowed under federal rules. Private foundations and charitable organizations often place limitations on F&A reimbursement. Research institutions accept these awards when such sponsors support mutual research and service aims for which funding opportunities are limited.