

# Explain Facilities & Administrative Costs. You Have Thirty Seconds

February 27,  
2025

## Speakers:

 #COGRFeb25



**Kelvin Droegemeier**, Professor and Special Advisor to the Chancellor for Science and Policy at the University of Illinois, Urbana-Champaign



**Jeremy Forsberg**, Associate Vice President for Research at the University of Texas at Arlington

## Moderator:



**Cindy Hope**, Director, Costing and Financial Compliance (COGR)

**COGR**

# Reminder: Related Session and Related Materials

Friday, February 28,  
12:00-1:30pm EST



Speaker:  
**Meredith Asbury**  
Association of  
American  
Universities



Speaker:  
**Craig Lindwarm**  
Association of Public  
Land-grant  
Universities

Featured Session:

**Legislative Update and  
Outlook**

Open to COGR Members & ERI Participants

[www.cogr.edu](http://www.cogr.edu)

## COGR F&A Cost Reimbursement Materials

Updated 5-minute Video

New “One-Pager”



ASSOCIATION OF  
PUBLIC &  
LAND-GRANT  
UNIVERSITIES



Association  
of American  
Universities  
America's Leading Research Universities



NACUBO



AAMC  
Tomorrow's Doctors, Tomorrow's Cures®



ACE® American  
Council on  
Education®



COGR  
Advancing Effective Research Policy

**UNDERSTANDING THE REAL COSTS  
OF RESEARCH**

### Facilities & Administrative (F&A) Costs of Research

*U.S. investments in science lead to cures, transformative technologies, and new industries that save lives and improve Americans' health, create new jobs, and protect national security.*

The Facilities and Administrative (F&A) costs of research – also referred to as the “indirect costs” of research – are **essential** to conducting world-class research **effectively, efficiently, safely, and securely**. Federal agencies reimburse institutions for the F&A costs they incur to support research overall; these are expenses that are difficult to attribute to specific research projects on an individual basis (e.g., libraries, physical lab operation and maintenance, utility costs, security, and other similar needs). **Without support of F&A costs, research labs would literally go dark.** Any reduction to reimbursements of the F&A costs of federal research would hinder scientific progress and jeopardize America's innovation leadership in a highly competitive global landscape.

**and More!**

<https://www.cogr.edu/fa-cost-reimbursement-materials-0>

# Such as:

## Updated Infographic

### Costs of Federally Sponsored Research

The total cost of federally sponsored research includes a combination of both direct expenditures and facilities and administrative (F&A) costs, also known as indirect costs. Both types of expenditures are essential to an institution's ability to conduct cutting-edge research. F&A costs consist of the construction and maintenance costs of laboratories and high-tech facilities; energy and utility expenses; and safety, security, and other government-mandated expenses. Research is impossible without the infrastructure investments that F&A costs create and sustain.



**Direct costs:** These expenses cover the salaries and stipends for researchers and graduate students; project-specific lab supplies and equipment; travel costs for conducting, sharing, and publishing research results; and other related activities.

F&A costs: Personnel in support of research, including security, financial, administrative, technical, maintenance, and janitorial staff.

F&A costs: Radiation, biological, and chemical safety, including safety training and hazardous waste disposal.

F&A costs: Secure data storage, internet, telecommunications, and high-speed computing and data processing.

F&A costs: Utilities, including ventilation, heat, air conditioning, water, and lighting.

F&A costs: Library and research facilities.

F&A costs: Specialized core facilities and shared research lab equipment.

F&A costs: Costs of federal, state, and local regulatory compliance, including research security requirements, conflicts of interests reporting, and human and animal safety review boards.

No federal funds used: Upkeep of any building space not used directly for federally funded research, such as classrooms or lobbies, is not covered by F&A reimbursement.

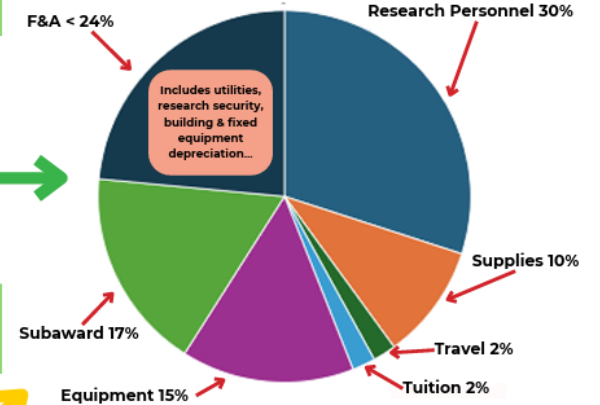


## New F&A Cost Reimbursement Rate Explainer

**Facilities & Administrative (F&A/Indirect) Cost Rates Are NOT a Percent of the Total Award**  
They are a percent of a subset of Direct Costs (DC) called Modified Total Direct Costs (MTDC)

### Sample Budget - \$1M Total Award 50% F&A Cost Reimbursement Rate

Direct Project Expenses	% of Total Funds	Total Direct Cost	F&A Cost at 50% MTDC Rate	MTDC Exclusions F&A Rate Not Applied to:
<b>Research:</b>				
Personnel	30.0%	\$ 300,000	\$ 150,000	
Supplies	10.0%	100,000	50,000	
Travel	2.0%	20,000	10,000	
Student Researcher Tuition	2.0%	20,000	-	Tuition
Project Specific Equipment	15.0%	150,000	-	Equipment
Subaward to Collaborator	17.5%	175,000	25,000	Sub Amounts > \$50K
<b>&gt; 76% of \$s Available for Direct Costs of Research</b>	<b>76.5%</b>	<b>\$ 765,000</b>		<b>&lt; 24% of Total Award Amount Budgeted for F&amp;A</b>
	23.5%	\$ 235,000		
	100.0%	<b>Total Budget = \$1,000,000</b>		



A 50% F&A Cost rate typically results in about one-fourth of the funding reimbursing F&A costs, as the rate is only applied to MTDC.

Even with no MTDC Exclusions, a 50% F&A cost reimbursement rate will result in only one-third of the total cost charged to F&A.

$$F\&A = \text{Direct Cost (DC)} \times 50\%$$

$$DC + (DC \times 50\%) = \$1,000,000$$

$$DC \times 1.50 = \$1,000,000$$

$$DC = \$1,000,000 / 1.50$$

$$DC = \$666,667$$

$$F\&A = \$1,000,000 - \$666,667$$

$$F\&A = \$333,333$$

$$\$333,333 / \$1,000,000 = 1/3$$



Advancing Effective Research Policy  
[www.cogr.edu](http://www.cogr.edu)

Learn More About the Full Cost of Supporting Research on COGR's "F&A Cost Reimbursement Materials" Resource Page, <https://www.cogr.edu/fa-cost-reimbursement-materials-0>

# Topics for Discussion

- Why are F&A Costs and Their Reimbursement Mysterious?
- What should we be communicating, and who needs to hear it?
- What should Institutions be doing?
- What should COGR be doing?



# **Explaining F&A: A New Approach and the Road Ahead**

Kelvin K. Droegemeier

Department of Climate, Meteorology & Atmospheric Sciences

University of Illinois Urbana-Champaign

# Disclaimer

- All opinions expressed, and actions recommended, in this presentation are those of the author and do not represent the views, opinions or policies of the University of Illinois, its Board of Trustees, or its employees.

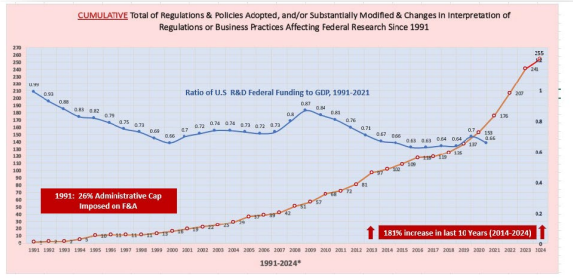
# It's Not Like We Haven't Tried!!

COGR

Council On Governmental Relations

Excellence in Research: The Funding Model, F&A Reimbursement, and Why the System Works

April 2019



Demystifying the Academic Research Enterprise

Becoming a Successful Scholar in a Complex and Competitive Environment

Strengthening the Government-University Partnership in Science

Report of the Ad Hoc Committee on Government-University Relationships in Support of Science  
Committee on Science, Engineering, and Public Policy

National Academy of Sciences  
National Academy of Engineering  
Institute of Medicine

NATIONAL ACADEMY PRESS

United States General Accounting Office  
Report to Congressional Committees

GAO

March 1995

UNIVERSITY RESEARCH

Effect of Indirect Cost Revisions and Options for Future Changes

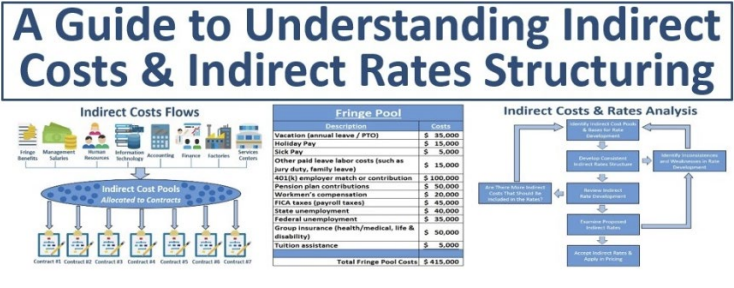
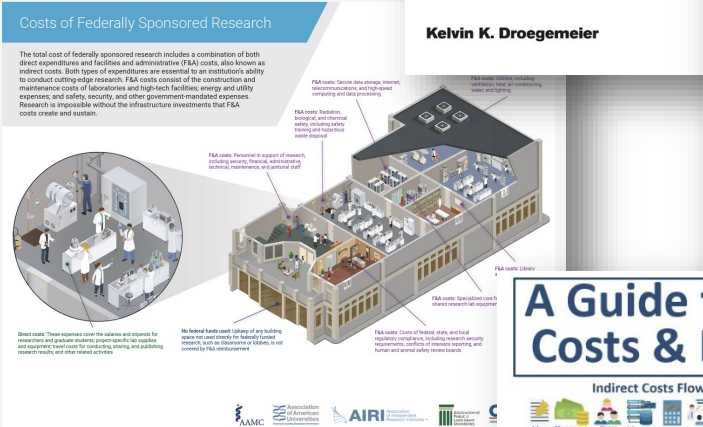
COGR

Advancing Effective Research Policy

F&A SURVEY CAPSTONE: COST REIMBURSEMENT RATES, ACTUAL REIMBURSEMENT, AND GROWING REGULATORY COST BURDEN

Results of the COGR 2023 F&A Survey

DECEMBER 2024



Written Testimony of Dr. Kelvin K. Droegemeier  
Vice President for Research  
Regents' Professor of Meteorology and Weatherwires Chair Emeritus  
University of Oklahoma  
Secretary of Science and Technology, Cabinet of Oklahoma Governor Mary Fallin

Submitted to the Appropriations Sub-Committee on Labor, Health and Human Services,  
Education and Related Agencies  
United States House of Representatives  
for the hearing titled  
The Role of Facilities and Administrative Costs in Supporting NIH-Funded Research  
Tuesday, October 24, 2017, 10:00 am EDT  
Rayburn House Office Building, Room 2508-B

I thank Chairman Cole, Ranking Member DeLamo, and Members of the Subcommittee for the privilege of testifying on the important topic of facilities and administrative costs in research, particularly at the National Institutes for Health. My name is Kelvin K. Droegemeier, and I am Vice President for Research, Regents' Professor of Meteorology, and Weatherwires Chair Emeritus at the University of Oklahoma. I also am a former member of the National Science Board (2004-2016), the last four years as Vice Chairman, and previously serve as the Cabinet of Oklahoma Governor Mary Fallin as Secretary of Science and Technology. I am testifying today in my role as an academic researcher, administrator, teacher, and advisor on matters of science and technology policy.

I also thank the Members of this Subcommittee for their longstanding commitment to fostering national prosperity, economic security, quality education, and international competitiveness through support for basic and translational research at the National Institutes of Health. The topic of this hearing is important to that commitment and traces its roots to the pre-World War II era. Not unlike the U.S. Constitution, the framework of facilities and administrative (F&A) costs, previously known as overhead or indirect costs, has been debated continually since its inception, has multiple interpretations depending upon one's position in the research enterprise, and is vitally important to the nation. Consequently, this hearing is especially critical at a time when our nation's research budgets are stressed to an unprecedented degree, and the health, national security, and other challenges facing us are daunting and depend to no small part upon a robust and stable research enterprise.

1. Direct and Indirect Costs: Definition, Application and Viewpoints

For some 80 years, funding directed toward research and development (RAD) at U.S. institutions of higher education has been bifurcated into direct and indirect costs, also known as overhead and, most recently, as facilities and administrative (F&A) costs. Although the categories of funding comprising these costs have changed over the years, the general concept remains.

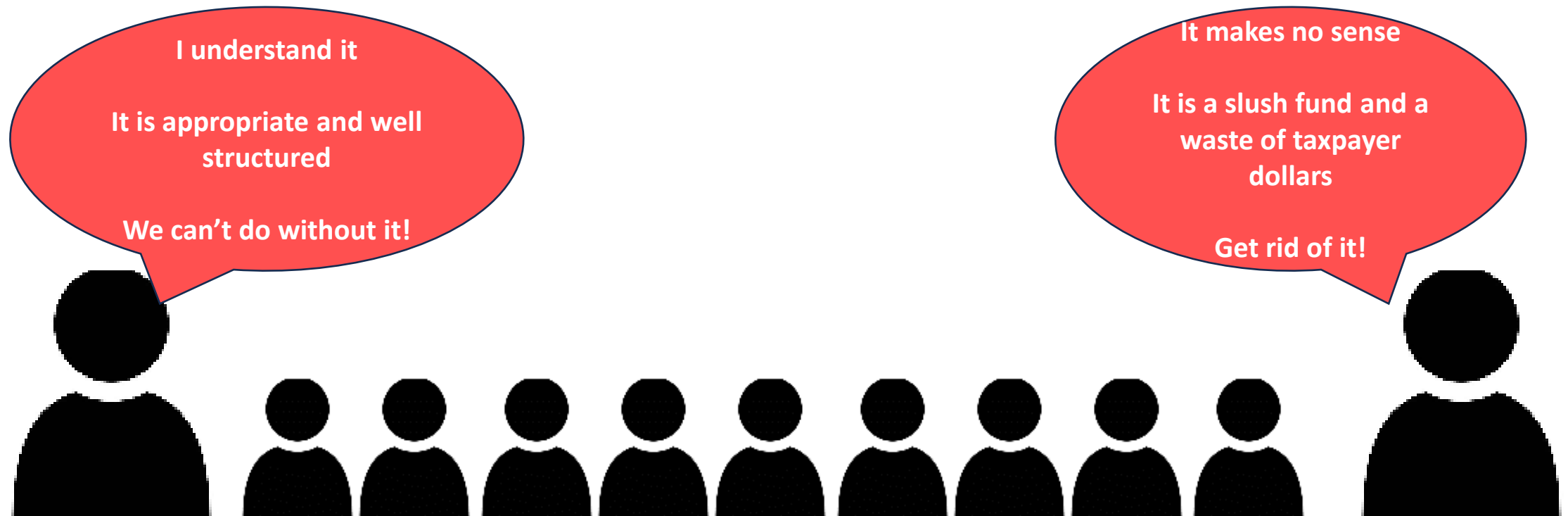
\*The term facilities and administrative (F&A) costs came into existence in the May, 1991 revision of "Cost Principles for Higher Education Institutions" (OMB Circular A-213) to more accurately describe the components of what had previously and synonymously been known as indirect costs or overhead. Although F&A is the appropriate term for contemporary use, I continue to use the terms overhead and indirect costs as referenced in letters, emails and documents.

# Core Audiences

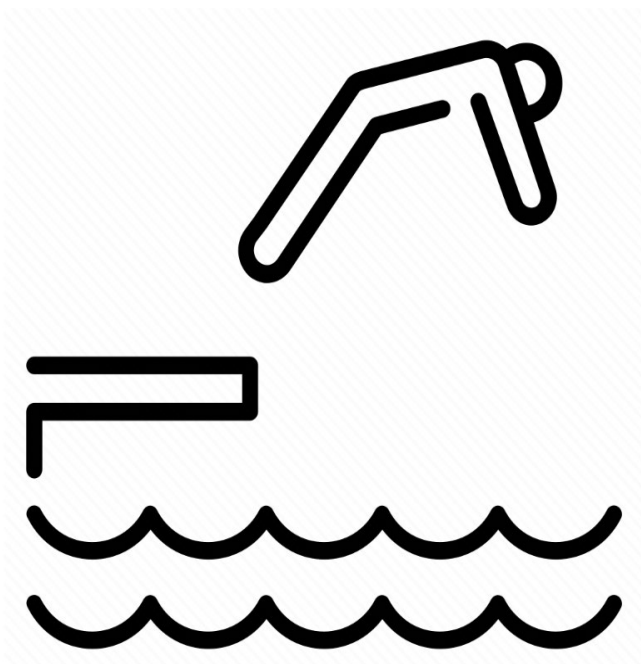
- The White House
- Congress
- Government Funding Agencies
- Private Companies
- Non-Profit Foundations
- Government Relations Experts
- Research Administrators
- Researchers
- University Presidents & Chancellors
- The General Public



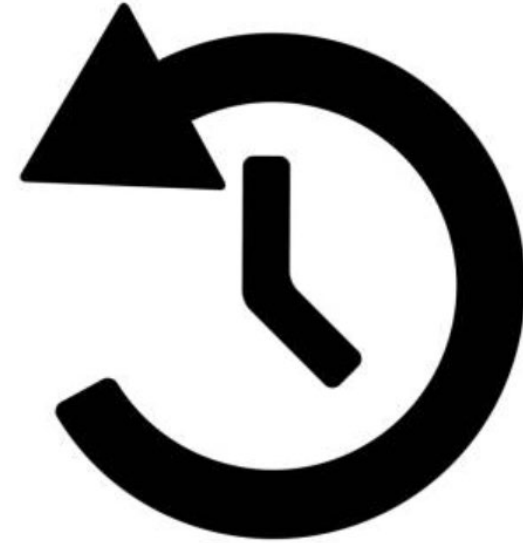
# A Spectrum of Understanding, Worldviews and Goals



# Part of the Problem...



**We Dive Into Proposing Changes...**



**...Before Understanding History,  
Context, and Implications**

# How We Got Here

- Prior to WWII, virtually all **research** in higher education was funded by **philanthropy or private foundations**
- Faculty and Administrators at **private universities** were funded mostly by endowment income and tuition
- **State institutions** relied mostly on state appropriations and tuition
- **Little interest** existed in obtaining Federal money for fear of **intrusion and control**



# How We Got Here

- In 1937, the **National Cancer Institute (NCI)** was created within the National Institutes of Health (NIH)
- NCI began issuing **Federal grants for university research** – all other NIH research was performed in-house
- The National Research Council helped create a concept for the National Bureau of Standards to provide **research funding to universities**. The bill failed but NRC involvement **calmed fears in academia**



Image Credit: National Cancer Institute



# How We Got Here

- In 1939, President Roosevelt began mobilizing the Nation for **war**
- The National Advisory Committee for Astronautics (NACA), led by Vannevar Bush, began providing **contracts** to individual university researchers
- The contract vehicle (procurement) was **well known** and its use was **endorsed** by the NRC





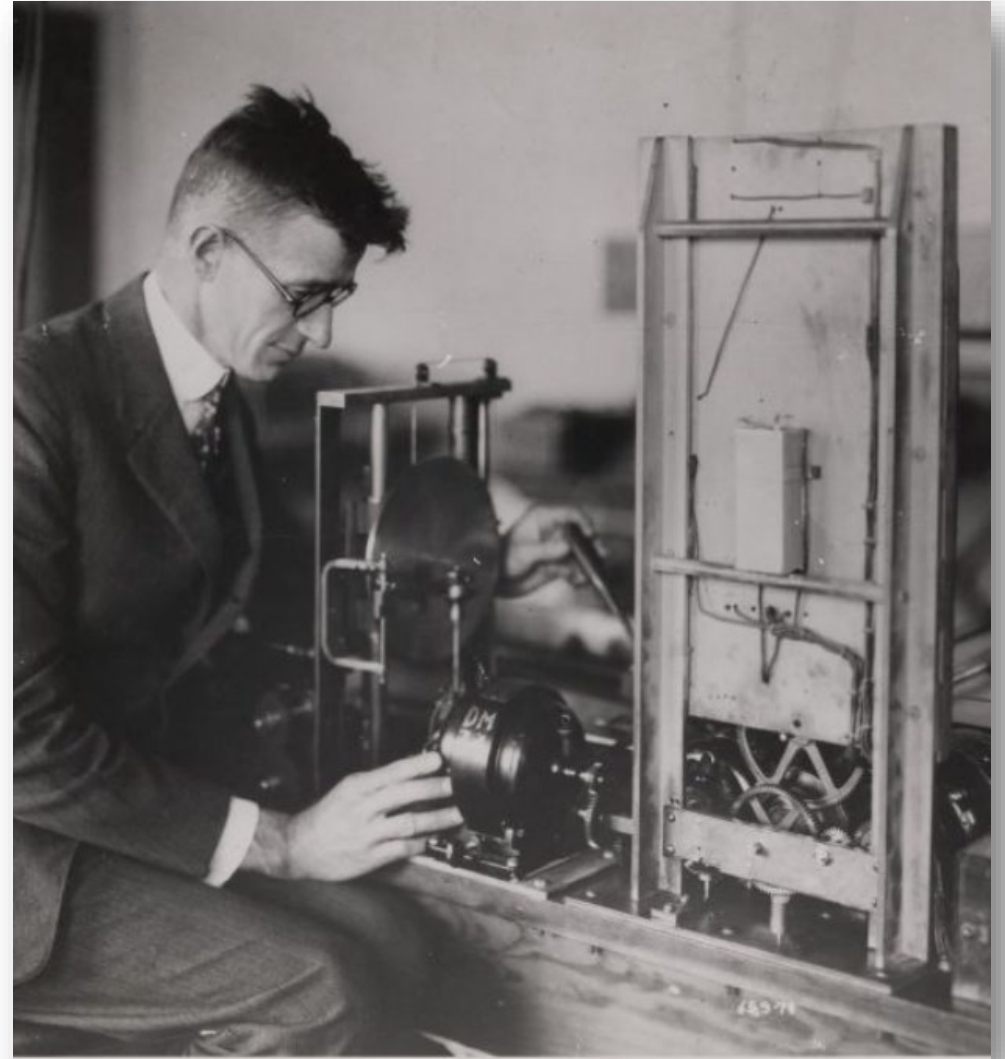
# How We Got Here

- Vannevar Bush was President of the Carnegie Institute and understood that universities bring a **lot of resources to the table** for research (buildings, equipment, people)
- He established a **two-part funding model to leverage university assets for incremental cost by the Government**
  - **Direct costs** (people, travel, equipment)
  - **Indirect costs** (administration, support services, other things related to the research) **fully reimbursed** by the government

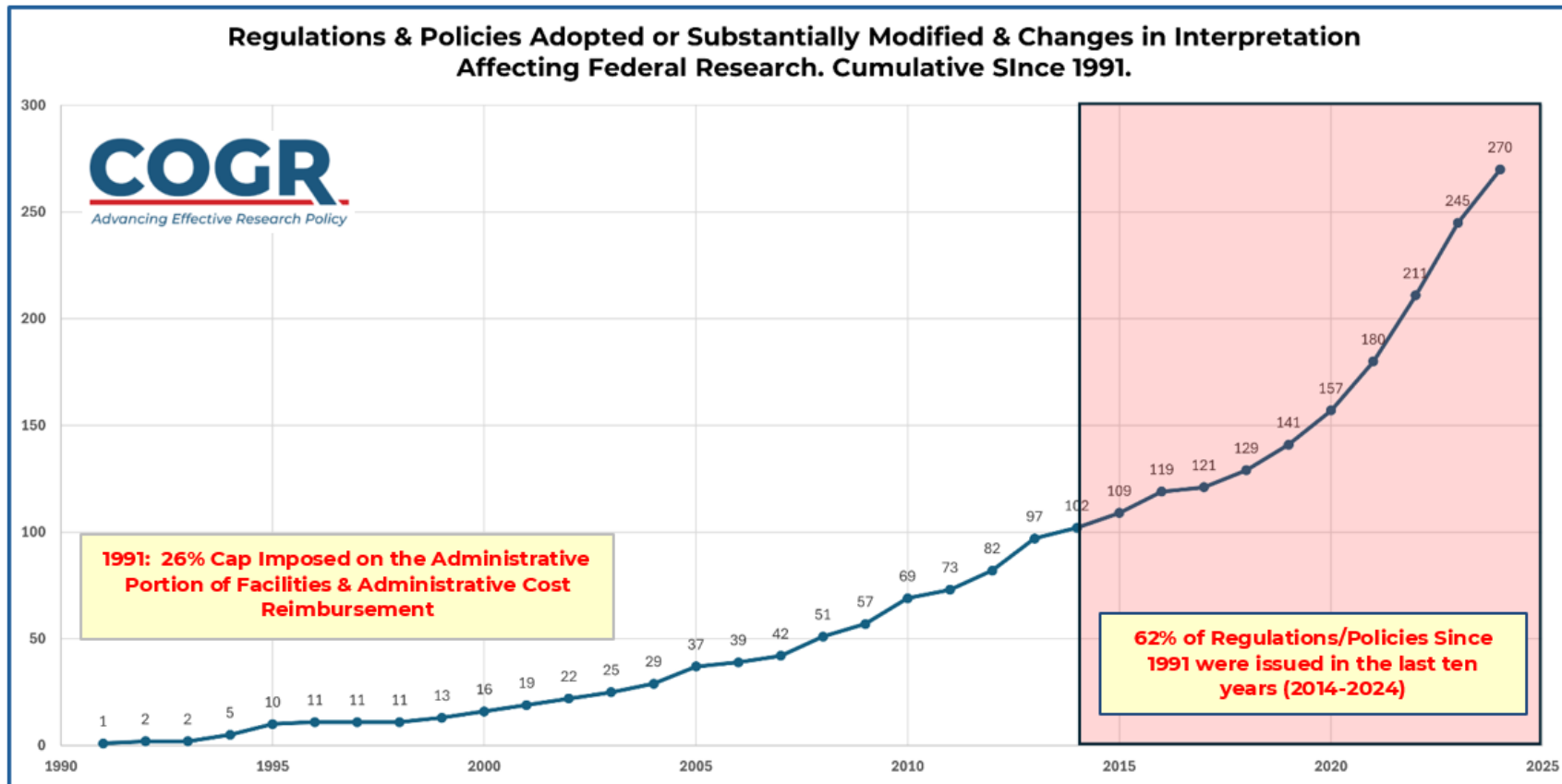


# How We Got Here

- In June, 1940, President Roosevelt authorized Bush to organize and **federally fund academic and industrial research** for national defense
- Higher education began accepting the funding owing to **need and patriotism**
- This watershed moment set the stage for an 80-year **PARTNERSHIP** between the Government and academia in performing research of **MUTUAL BENEFIT. THIS IS KEY!!!**



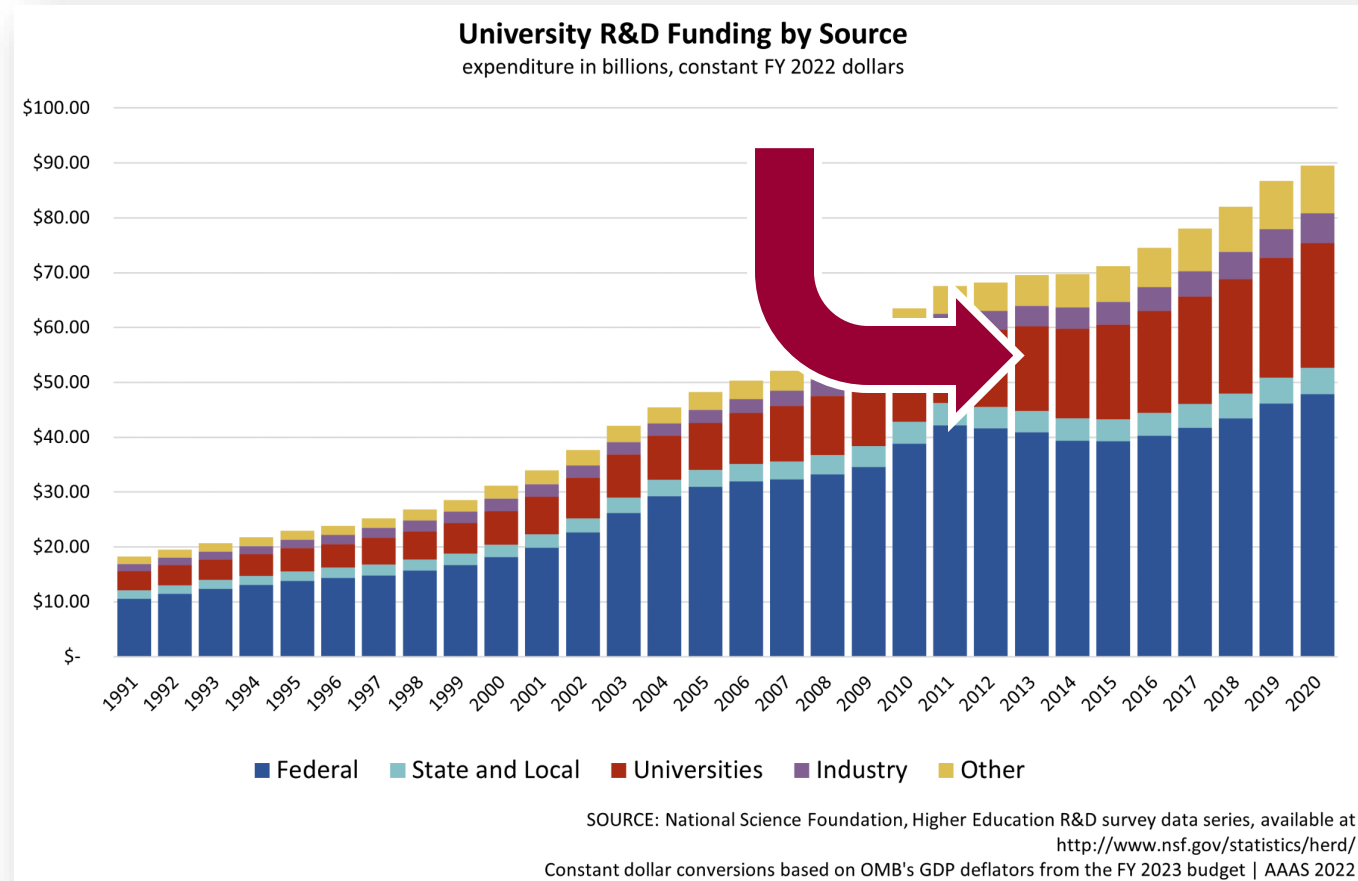
# Unfunded Compliance Mandates



- 270 new or substantially modified requirements since 1991
- 62% of them occurred in the past 10 years
- 181% growth in past 10 years
- No new Federal \$ for these since 1991 – costs come partly from **tuition**

# Source of Funds for University R&D

- Part of the growth of university investment in research has come from having to support **unfunded Federal compliance mandates** on the previous slide
- During the past 25 years, the only growth in R&D funding as a percentage for universities has come from **private foundations** and **universities themselves**



# And of Course the Real Rub – in Two Parts!

- Part 1: Some Federal agency research programs **do not allow** universities to use their **FEDERALLY NEGOTIATED** F&A rate!! They limit it to 25 or 30% - capriciously
  - Across all academic research institutions, this amounts to about ~\$5B of **unrecovered funding** each year!!
- Part 2: At UIUC, the **negotiated** F = 32.6%, A = 26.0% for a total of 58.6%
  - The **“A” component** has been capped at **26%** since 1991 – despite a **HUGE increase in compliance requirements placed on universities** (next slide)
  - The **real rate at UIUC** going into negotiation is **66.7%** (government negotiates it down)
  - The F&A rate **UIUC actually realizes is 23.1%** owing to accepting many grants with reduced or no F&A (e.g., from foundations)
- Private companies **operate differently** and can charge **fees and profit** in addition to recovering indirect costs. **Foundations** also operate differently. (subsequent slides)



# Possible Major Change on the Horizon

- NIH recently issued a **new policy** dramatically limiting its F&A rate – from Federally negotiated rates at institutions (e.g., 58.6% at UIUC) to a **flat 15% rate**
- The impact on **research production** would be **substantial**.
- The policy has been **put on hold** by a Federal judge
- Could eventually apply to **all Federal agencies**, say via Executive Order

## 'Devastating' cuts to NIH grants by Trump's team put on hold by US judge

The ruling temporarily halts a policy slashing research-overhead costs that left some universities wondering how to make ends meet.

By [Max Kozlov](#), [Dan Garisto](#) & [Heidi Ledford](#)



One of the buildings on the US National Institutes of Health's campus in Bethesda, Maryland, is a hospital

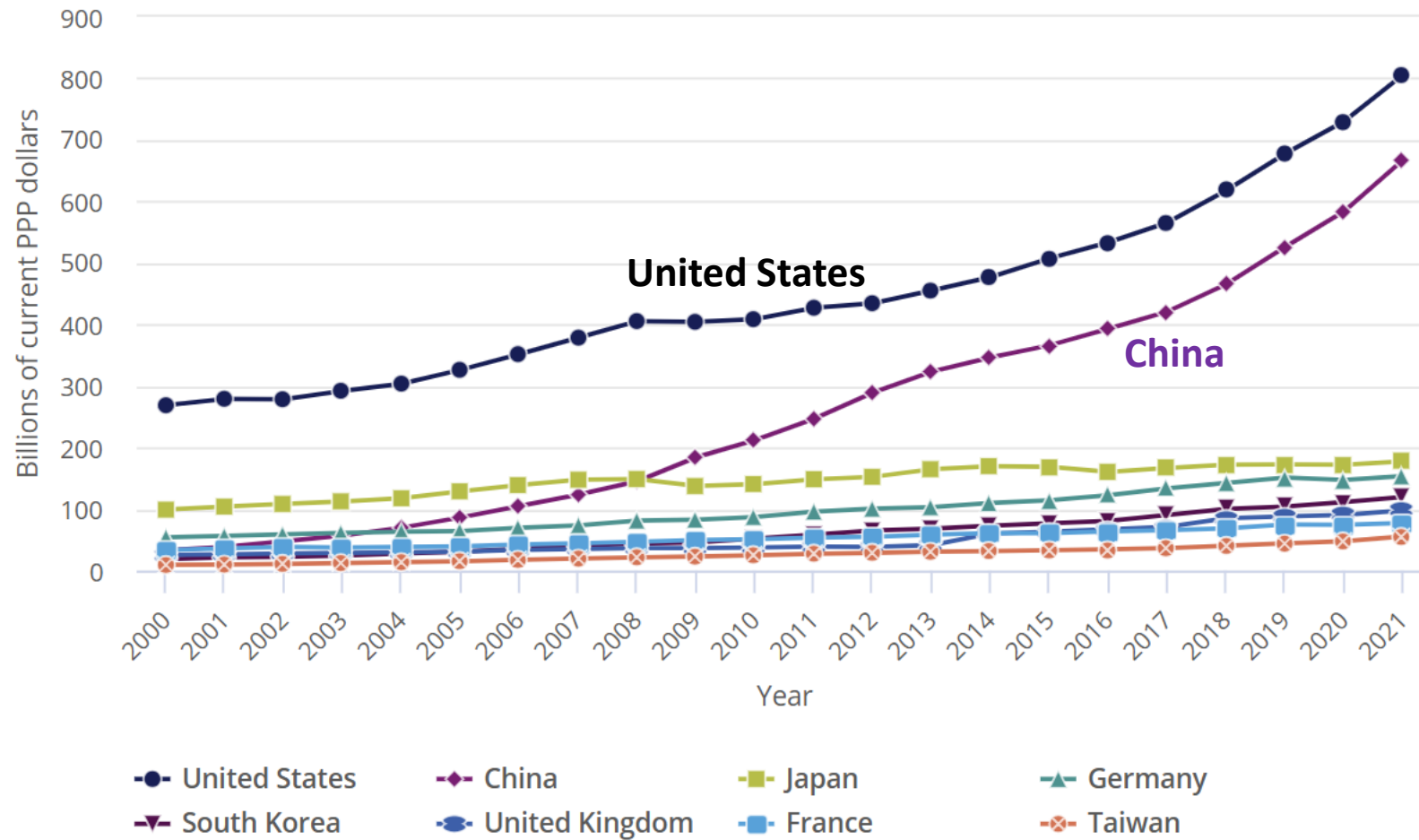
# What is Motivating This Action?

- **Insufficient transparency** in the F&A model and the presumption that taxpayer dollars for F&A are **not spent on research**
  - This is **somewhat understandable** because faculty, for example, never “see” the F&A in the same manner they see **direct funding** in their research budgets. Rather, F&A supports **existing university resources** already available to researchers (e.g., library, electricity, HR, payroll, compliance) and that is utilized on their Federal research grants at **incremental cost**
- **Comparisons** of F&A between universities and private foundations
- Perceived availability of **endowments** to offset cuts to the F&A rate

# Clarifying Misimpressions

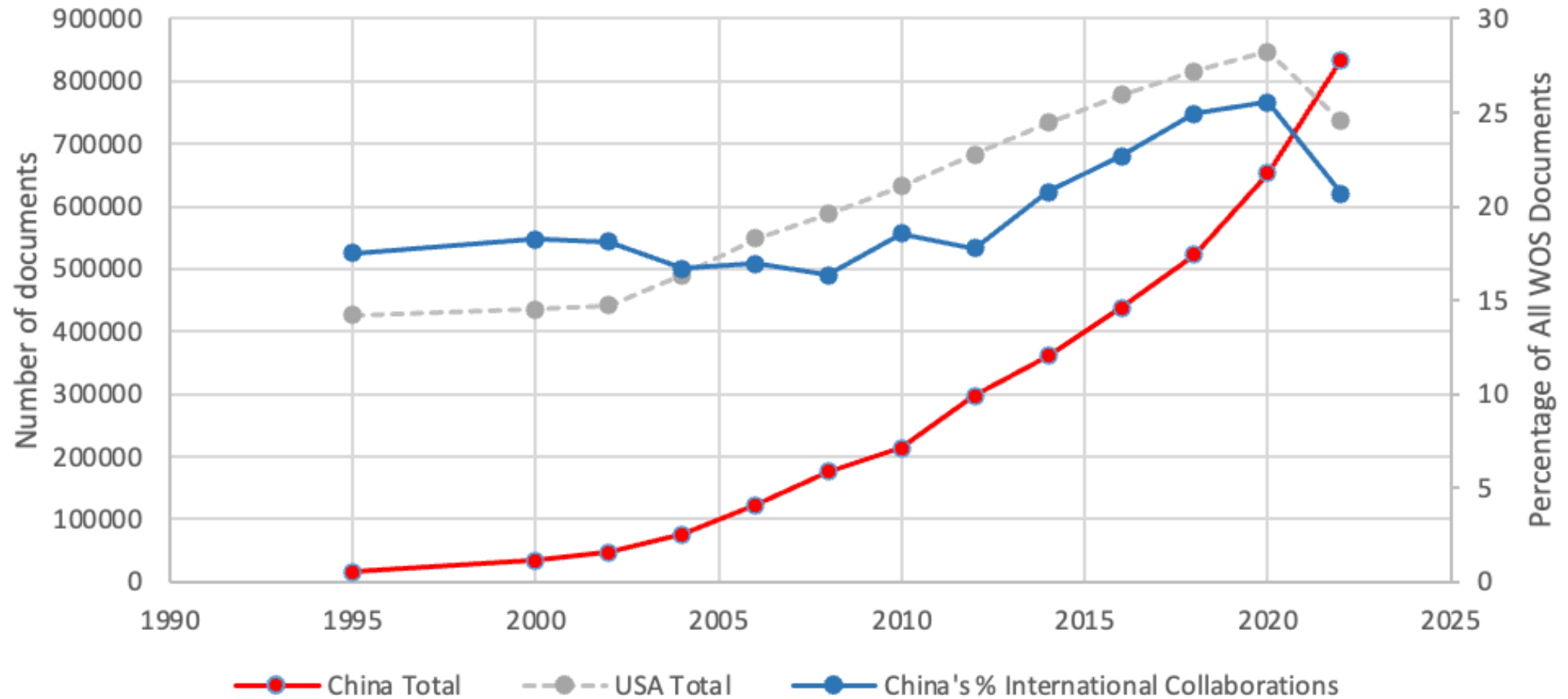
- F&A charged to the Federal government by universities represents the **incremental cost associated with using existing university resources** (e.g., HR, electricity, buildings, computers) – **huge leveraging!!**
- Indirect cost rates are **lower at private foundations** because they allow **direct charging** of many items included in F&A. Universities often accept these grants because they are a **small percentage** of overall university R&D funding but lead to **lower realized F&A**
- Endowment funds are **highly restricted to specified donor intent** (e.g., tuition reduction, professorships, scholarships, some research projects) but **no donor** wishes to fund administrative overhead and compliance costs that **rightfully belong to the government**
- If F&A is lowered **without changes** to what can be included in **direct costs**, university research will be **dramatically impacted**, especially for **specialized work** (e.g., medical) and at **smaller institutions**, and US global competitiveness **severely reduced**

## Gross domestic expenditures on R&D, by selected country or economy: 2000–21



Source: National Science Foundation

## Comparing China, USA Scholarship in Web of Science and China's International Collaborations, 1995-2022



Graphic: Dr. Caroline S. Wagner, The Ohio State University



# How the Impacts Ultimately Manifest



- Some **benefits** of a robust US research and education enterprise
  - Economic and national **security**
  - **Products and services** to improve quality of life
  - High-paying **jobs** in all sectors
  - Increased **tax base**, providing a strong return on government investment
  - **Leadership** in setting international standards (e.g., ethical use of AI)

$$\text{U.S. Global Competitiveness} \propto \frac{\text{Capabilities and Investments}}{\text{Threats/Interference Challenges}}$$

- Post WWII, the numerator was big and the denominator small → America led the world
- Today, the numerator is smaller to flat and the denominator is MUCH larger → America is losing the race to China

# The Path Forward

- Research community **leaders** are beginning to understand that simply **explaining F&A**, as in the past, is **no longer a viable option**
- They also are deeply concerned about **research agency budget and staff reductions**
  - They will **drastically decrease the numerator** of the competitiveness equation
  - Greatly harm our ability to **innovate and create companies** like those shown previously.
  - We simply can't hand **China** the keys to the future
- The **community** (industry, academia, non-profits) also recognizes that **real issues exist** with the current F&A system and stands **ready, as a TEAM, to work** with the Government on a productive path forward and be **part of the solution**

# What the Community Needs

- A clear set of **shared goals** for F&A reform, such as
  - Ensuring America is the **world leader** in S&T research and education via **robust funding**
  - Much greater **transparency and accountability** in the use of taxpayer funds
  - A system that is **fair** for all types and sizes of institutions
  - A strong **higher education** research enterprise, which has been foundational to America's success (Why Vannevar Bush created indirect costs in the late 1940s)
  - Significant reduction in **administrative burden** for USG Funding agencies, universities, and individual researchers
  - Full engagement of **industry, academia, government, and private foundations**
- **Good will** on all sides to work productively together
- A **pause** on any action related to F&A so we can develop a plan

# Alternative Approaches (COGR, 2019)

- Fully-Authenticated Direct Charging
- Set F&A Rate by Type of Research
- Use Default Rates or Alternative Rate Bases
- Remove Cap on Compliance Costs
- Fixed-Price Model
- Separate Billing/Drawdown for Direct and F&A Costs



# Moving from Reports to Simple One-Pagers

- Reports, data tables, and detailed analyses are exceptionally **valuable** and must be **continued**
- However, given the array of audience characteristics, a **one-size-fits-all approach** will not work
- **A New Approach**: Develop a series of **one-pagers**, with a single, simple **graphic** and two or three **key bullet points**, to explain **key topics**
- Select from this “**buffet**” of topics to create the **meal!**

# A Topic for Each One-Pager

- How **research** has made **America** what it is today
- How we **got here** – a **context** starting with WWII
- **Sources** of research funding(USG, academia, industry, non-profits, state and local governments)
- **Types** of research and **performers** of research
- The concept of **shared value** in research assistance awards (cost sharing) between the **USG and universities**
- Differences between **grants & contracts**

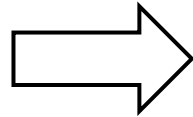
# A Topic for Each One-Pager

- How **the F&A model** came about and its two components
- Concept of the **F&A rate**
- The **rate-setting** process
- How F&A is **funded up front** as research takes place
- The concept **of F&A reimbursement** and how it can be used
- The difference between **F&A rate and % of F&A** in a grant
- **Capping** of the A part of the rate since 1991 + **compliance mandates**
- **Impacts of reducing F&A** (\$ and impacts to our lives)

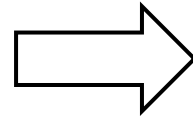
# Example: Concept of F&A Reimbursement



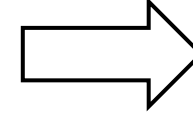
Homeowner's Roof is Destroyed by a Hailstorm. Insurance Adjuster Assesses \$40,000 Covered Replacement Cost



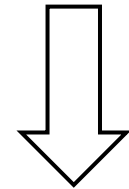
Homeowner Withdraws \$40,000 From Savings Account to Have Roof Replaced Immediately



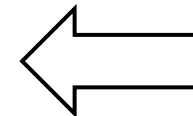
Homeowner Hires Roofing Company to Replace Roof and Pays with \$40,000 from Savings



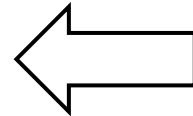
Insurance Company Reimburses Homeowner \$40,000 After the New Roof is Installed



Homeowner Deposits the \$40,000 Reimbursement from the Insurance Company Back Into Savings Account



Homeowner Re-Invests the Reimbursed \$40,000 From the Insurance Company to remodel the house and improve its value.



Has the Homeowner Done Anything Wrong? Have they Defrauded the Insurance Company, or Were They Free to Re-Invest the Reimbursement as They Saw Fit?

## Key Points

1. F&A costs are **funded up front, by institutional resources**, to support government-funded projects.
2. The government **reimburses** institutions for F&A funds because they are real funding associated with research.
3. The **reimbursed funds may be re-invested** by the institution in any legal manner deemed useful.

# Making a Meal

- You are meeting with a Member of Congress who **somewhat understands** F&A but is **dubious** about its structure and value
- You might draw from the following one-pagers
  - The concept of **shared value** in research assistance awards (cost sharing) between the **USG and universities**
  - How **the F&A model** came about and its two components
  - Concept of the **F&A rate**
  - How F&A is **funded up front** as research takes place
  - The concept **of F&A reimbursement** and how it can be used



# Assessing the Impact

Jeremy Forsberg, Associate Vice President for Research at the  
University of Texas at Arlington

# Funding Uncertainty



- Changes or removal of Funding Opportunities
- Changes or termination of Awards
- Delay in Funding Issued
- Unrecovered F&A
- Institutional Subsidy to Federal Research

# Funding Opportunity Changes / Deletions

- Programs and Funding Opportunities removed or changed.
  - Between 2/21/25 and 2/24/25 NIH closed 30 RFA/PAS/PAR.
  - NSF Removes and NIH Archives opportunities in grants.gov – difficult to track
  - Some are resurrected with changes
  - Lack of Agency Change Announcements
- NIJ removed all funding opportunities
- DOE [PIER Plans halted \(1/27/25\)](#)
- NIH MIRA Removed Plan for Enhancing Diverse Perspectives
- Proposal Sections Removed (DEIA)
- Significant reduction in federal employees – impact to proposal review and issuance.

# Changes or Termination of Awards

- 200.340 Termination (a)(4): Federal award may be terminated in part or its entirety by the federal agency “if an award no longer effectuates the program goals or agency priorities.”
- [NIH Supplemental Guidance Memo](#) to Review of Agency Priorities (2/13/25):
  - If “sole purpose” of award or supplement supports DEI activities, then award must be fully restricted.
  - Expecting new DEI language – possibly modify existing awards.
  - CFR process and preventing NIH review panels
  - NIH NOGA Special T&C: “Funds included in this award must be used in accordance with all applicable laws, regulations, policies, and executive orders”
- Senate Committee - Commerce, Science, & Transportation [Report on D.E.I.](#) flagged nearly [3,500 NSF research grants totaling over \\$2 billion](#) for promoting DEI and other “far-left ideologies.” - 10% of NSF funding from 2021 to 2024. **Dealing with False positives**
- Terminations to DOS, USAID and Dept. of Ed awards.

# Delay in Funding Issued - NSF

NSF Awards 1/1 - 2/25 (2025 vs 2024)			
<b>Total #</b>	<b>2025</b>	<b>2024</b>	<b>% Change</b>
	<b>621</b>	<b>1200</b>	<b>-48.25</b>
<b>By Directorate</b>			
BIO	103	114	-9.65
CSE	109	154	-29.22
EDU	35	78	-55.13
ENG	63	192	-67.19
GEO	81	161	-49.69
MPS	120	230	-47.83
O/D	8	14	-42.86
SBE	65	85	-23.53
TIP	37	172	-78.49
<b>Award Type</b>	<b>2025</b>	<b>2024</b>	<b>% Change</b>
Standard	424	715	-40.7
Standard Amount	\$142.7M	\$226M	-36.83
Continuing	185	460	-59.78
Cooperative Agreement	11	25	-56

Source: NSF Research.gov



# NIH Funding Impact (current Delay)

DHHS Awards 1/1 - 2/25 (2025 vs 2024)			
Dates	2025	2024	% Change
<b>1/1-2/25</b>	<b>978</b>	<b>500</b>	96%
1/1-1/8	130	19	584%
1/9-1/16	228	31	635%
1/17-1/24	339	39	769%
1/25-2/1	226	77	194%
<b>2/2-2/9</b>	<b>13</b>	<b>77</b>	<b>-83%</b>
<b>2/10-2/17</b>	<b>20</b>	<b>113</b>	<b>-82%</b>
<b>2/18-2/25</b>	<b>22</b>	<b>144</b>	<b>-85%</b>
NIH Only	949	474	100%
Award Type	2025	2024	% Change
New (Type 1)	653	332	97%
New Amount	\$302.7M	\$101.5M	198%
Renewal (Type 2)	125	56	123%
Competing Revision (Type 3)	155	99	57%
Extension (Type 4)	45	13	246%

# Under Recovery of F&A Costs

- [NIH NOTICE](#) Supplemental Guidance : Indirect Cost Rates (15% Cap)
- Reference to Estimated 27-28% average IDC rate [\(Overview Supplementary Tables at 87\)](#)

				IDC as % of Total	F&A	
	Direct	Indirect	Total	Award	Unrecovered	% F&A Lost
NIH 2019 Final	\$ 20,544,931	\$ <b>7,953,747</b>	\$ 28,498,678	27.9%		
If 15% of Total Award	\$ 20,544,931	\$ <b>4,274,802</b>	\$ 24,819,733	15%	\$ <b>3,678,945</b>	46%
If 15% of TDC	\$ 20,544,931	\$ <b>3,081,740</b>	\$ 23,626,671	13%	\$ <b>4,872,007</b>	61%

[Forbes article](#), Education Reform Now estimated based on 2024 NIH funding, Texas could lose \$310M in F&A reimbursement with a 15% flat IDC rate. There are approximately 704k Full Time Students in Texas in 2023 ([THECB Databridge](#)) at Universities and Health-Related Institutions. **This amounts to roughly \$440 per student.**

- Estimate if applied to all funding?
- COGR FY 23 F&A Capstone:
  - Avg. Effective Federal Research Reimbursement Rate (44.3% MTDC).
  - Average calculated admin rate is 9% above the 26% cap.

# Institutional Subsidy

- Between 2010 and 2023 (significant number of unfunded mandates) the federal government proportion of Total R&D expenditures dropped 6.4% (~\$7 Billion) while Institutional expenditures increased by 6% (~\$6.5 billion)
- Mandatory Cost Sharing

NSF FY 23 Higher Ed. Research Expenditure by Type of Cost (in millions) - All Fund Sources			% of TDC	% of Total
Salary and Fringe	\$	47,089,000	56%	46%
Other Direct	\$	24,122,000	29%	24%
Capital Purchases	\$	3,482,000	4%	3%
Pass Thru	\$	9,515,000	11%	9%
<b>Total Direct Costs</b>	<b>\$</b>	<b>84,208,000</b>	<b>100%</b>	83%
IDC Recovered	\$	17,702,000	21%	17%
<b>Total Research Costs</b>	<b>\$</b>	<b>101,910,000</b>		<b>100%</b>
<b>IDC Unrecovered Costs</b>	<b>\$</b>	<b>6,771,000</b>	<b>8%</b>	<b>6.6%</b>
<b>% Total IDC Unrecovered</b>		<b>28%</b>		
IDC Unrecovered Due to Existing Admin Cap?				
<i>Institutional Expenditures are ~24.5% of Total</i>				

# What Will COGR Do?

- F&A Cost Reimbursement Principles Document
- More One-Pagers
  - Update the Dollar
  - Graphic representation of the F&A cost rate calculation
  - And more! Many inspirations can be found in existing materials.

In fact, the Federal Dollar shown below is typical of a research-intensive university and shows that for every \$1 of federal research support, 73 cents support direct costs and only 27 cents support F&A costs.



## Calculating the Organized Research Cost Rate

$$\text{F\&A COST RATE} = \frac{\text{F\&A Allocable to On-Campus Research}}{\text{Modified Total Direct Costs (MTDC) for On-Campus Research}}$$

$$54\% = \frac{\$21.6 \text{ Million Allocable to On-Campus Research}}{\$40.0 \text{ Million MTDC for On-Campus Research}}$$

The 54% rate represents an “average” rate to be applied to all On-campus research projects, which simplifies the entire F&A process. This technical concept is addressed in Appendix 1 of the paper.