



THE UNIVERSITY OF
ALABAMA IN HUNTSVILLE

Indirect Cost

- The indirect cost of doing “research” is in part covered by recovered Facilities and Administration costs charged to the project sponsor
- Recovered F&A does not cover all indirect costs
- The University subsidizes F&A costs
- There is no profit in doing research
- There is no “free” money within recovered F&A to be distributed to those who conduct the research
- Recovered F&A is a revenue stream that is part of an overall financial system with multiple revenue streams

Indirect Cost

- If the revenue streams are identified when they are distributed, a change in one revenue stream distribution will invariably lead to changes in one or more other revenue stream distributions
- The F&A we are allowed to charge is negotiated with the Federal Government, for us HHS, in various categories of cost
- Once negotiated we are not required to distribute recovered F&A in the same cost categories that we told them we needed it

Table 1

F&A Category		Calculated	Group Totals	Proposed with 26% Admin Cap
Facilities				
Building Depreciation		3.38%		3.38%
Equipment Depreciation		3.63%		3.63%
Interest		0.23%		0.23%
Operation and Maintenance		14.67%		14.67%
Library		2.54%		2.54%
Administration			24.45%	
General Administration		12.73%		9.86%
Department Administration		9.42%		7.30%
Sponsored Project Administration		11.42%		8.84%
Student Services Administration		0.00%	33.57%	0.00%
Total		58.02%		50.45%

Table 2

F&A Category		Proposed Normalized	Proposed Normalized F&A Group Distribution				
			GF	VPR	VPAA	Unit	PI
Facilities							
Building Depreciation		6.70%	6.70 %				
Equipment Depreciation		7.20%		3.60%	3.60%		
Interest		0.46%	0.46 %				
Operation and Maintenance		29.08%	29.08 %				
Library		5.03%			5.03%		
Administration							
General Administration		19.54%	19.54 %				
Department Administration		14.46%				14.46%	
Sponsored Project Administration		17.53%		17.53%			
Student Services Administration		0.00%					
		100.00%	55.78 %	21.13%	8.63%	14.46%	0.00%

Table 3

Unit	Original Gross Distribution	2.5% to the GF for F&A	2.5% F&A Distribution Adjustment	Final F&A Distribution	Proposed F&A Distribution
GF	47.00%	2.50%	-1.22%	48.28%	55.78%
VPR	23.20%		-0.60%	22.60%	21.13%
VPAA	10.60%		-0.28%	10.32%	8.63%
Performing Units	15.20%		-0.40%	14.80%	14.46%
PI	4.00%		0.00%	4.00%	0.00%
	100.00%	2.50%	-2.50%	100.00%	100.00%

Performing Unit(s) Distribution (UPDATED)

Distributed to the unit recognized as the “home labor” unit of the employee(s) expending effort on the contract/grant.

If employees expending effort are from multiple units, the distribution is determined by first determining the percentage of salary/stipend funds each employee receives divided by the total salary/stipend expended to determine the percentage of salary/stipend expended for each employee.

The percentage of salary/stipend expended for each employee is multiplied by the Department Administration portion of the F&A recovered, and the resulting amount for each employee is distributed to their home labor department.



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