

Research Finance Beyond Post-Award: F&A proposal overview, Space Survey and Changes to Come

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Agenda

- F&A Rate Proposal Overview
- Space Survey Overview
- F&A Rate Proposal Timeline
- Changes affecting FY24's F&A Rate
- Q&A

F&A Rate Proposal Overview

- F&A Rate Proposal is prepared by an institution in accordance with the federal cost principles in Uniform Guidance, 2 CFR 200 to validate its claim for the **reimbursement** of F&A costs
- The federal government mandates that schools submit the F&A rate proposal to the school's cognizant agency about every 4 years
- The F&A rate proposal is reviewed by one of two cognizant agencies, Cost Allocation Services (CAS) – HHS or Office of Naval Research (ONR) – DOD; we are an HHS school
- The methodology requires that allocation statistics be developed for each F&A cost grouping
- A Space Survey is used to allocate many of the Facilities cost groupings, such as Depreciation and Operations & Maintenance
- Review and negotiation process can be extensive and proposed rate and negotiated rate can be quite different

F&A Calculation Overview



Modified Total Direct Cost Basis (MTDC)

- Direct costs basis are separated into Instruction, Organized Research, Other Sponsored Activities and Other Institutional Activities based on their cost types
- F&A Rate Proposal is particularly focus on the sponsored research project, and the direct cost basis for the proposal is Organized Research MTDC basis
- MTDC - Total expenditure **less** Equipment >\$5k, Capital Expenditures >\$5k, Subcontracts >\$25k, Participant Support, etc. (Determination based on Uniform Guidance)
- MTDC also includes cost sharing expenditures as well

FY19 F&A Proposal Modified Total Direct Cost Basis (MTDC)

MTDC Base Calculation Process	
FY19	
	Research Expenses*
Total Expenses	170,142,000
Total Expenses after Adjustment**	107,927,077
Exclusion:	
<i>Participant Support</i>	2,464,289
<i>Sponsored Paid Rent</i>	31,574
<i>Sub over 25K</i>	28,194,617
<i>Year End Adjustment</i>	700,917
Total Exclusion	31,391,397
Expenses after Exclusion (Final MTDC)	76,535,680

***Research Expenses –**
 This includes Sponsored research, University internal research, and other research related expenses based on Accounting practices

****Expenses after Adjustments –**
 Adjustments include NIH Salary Cap CS, Rebates, and other requirements from the government

Direct Cost Basis

Base Type	Definition
Organized (Sponsored) Research (OR)	<ul style="list-style-type: none">• Separately budgeted and accounted for• Usually awarded by sponsor based on a competitive proposal process• Typically funded by third parties, both Federal and non-Federal• Includes Federal clinical trials, research training awards, and cost sharing on sponsored awards
Instruction (INS)	<ul style="list-style-type: none">• Includes any teaching, training activities, and summer school• Any activity supported by scholarships, fellowships and instruction training grants (sponsored instruction)• Unpaid students or graduate students performing TA-related activities• Classrooms and class laboratories typically coded 100% Instruction

Direct Cost Basis

Base Type	Definition
Other Sponsored Activities (OSA)	<ul style="list-style-type: none">• Includes public service activity, fee-for-service activities, community outreach programs, health service programs, seminars, symposiums, and conferences, etc. funded by third parties.• Cost sharing associated with the sponsored project• Programs financed by federal and non-federal agencies and organizations involving work other than organized research and instruction.
Other Institutional Activities (OIA)	<ul style="list-style-type: none">• Auxiliary activities (e.g. housing, athletics, bookstore, alumni services, etc.)• This includes space used by outside parties or agencies, emeritus professors, visiting professors, and anyone who is not funded by Northeastern.

Facilities Cost Components

- **Building/Equipment Depreciation** – Annual depreciation expense of Buildings, Equipment, and Capital Improvement
- **Interest** – Interest expense on debt associated with Buildings and Capital Improvement
- **Operation and Maintenance** - Utilities, Security, Janitors, Property Insurance, Safety, Hazardous Waste, Maintenance of Facilities and Plant Administration
- **Library** – All the library related costs

Administrative Cost Components

- **General Administration** – Costs that related to general admins of University (ex: ITS, Business Services, HR, etc.)
- **Departmental Administration** – Costs that related to departmental academic support
- **Sponsored Project Administration** – Costs associated with administering sponsored projects at the University. (ex: Provost Research, Research Administration, and Research Finance)
- **Student Services Administration** – Costs that related to the administration of student affairs and for services to students.
- The Administrative Costs are capped at **26%**

Indirect Cost Allocation Method

Cost Type	Cost Category	Allocation Method		Cost Type	Cost Category	Allocation Method
Facilities Costs	Building Depreciation	Space	FTE	Administrative Costs	General Admin	MTDC
	Equipment Depreciation	Space	Salary and Wages		Department Admin	MTDC
	Interest	Space	FTE		Sponsored Proj. Admin	MTDC
	O&M	Space	Salary and Wages		Student Service Admin	All to Instruction
	Library	FTE				

- Allocation method is based on the type of the cost. Same cost category can have multiple allocation methodologies

Space Survey Overview

- Target the largest, Organized Research departments, as defined by expenditures
- Determine what sponsored projects supporting the work in that space
- Include all PI's that are responsible for the space during FY2024 and occupants that spend significant time working in the space
- Information for the space survey comes from those who are familiar with the functional use of the space and the financial operations of the department, including:
 - Business Officers, Department Chairs, Principal Investigators and lab managers
- Space survey only target research laboratories.
- All remaining space is allocated to functions based on how departmental salaries are classified

Space Survey Room Type

- Survey room type

Room Number	Room Type Name
250	Rsch/Nonclass Lab -Wet *
251	Rsch/NonclassLab -Dry
253	Rsch/Nonclass Lab -Computational
255	Rsch/Nonclass Lab SV -Wet *
256	Rsch/Nonclass Lab SV -Dry
258	Rsch/NonclassLab SV -Computational

- Non-surveyed spaces in the department will be functionalized using departmental salary and wage or “joint-use” statistics, including:
 - Office/Office Service (310/315)
 - Conference Rooms (350/355)
 - Open Laboratory (221/222)

Space Functionalization

- The space functions should match to the bases, which usually separated to Organized Research (OR), Instructions (INS), Other Sponsored Activities (OSA), Other Institutional Activities (OIA), and Vacant
- Speaking to the PI or a lab manager directly can help with understanding the space and what type of research projects are taking place
- Floor plans with occupant listing, departmental payroll data, effort certification reports, and PI web pages, can help understand the projects and occupants for the space
- Keep in mind that the space function should reflect the actual activities happen in the space

Challenges with the Space Survey

- **Vacant/Renovation Space** – Vacant space needs to be identified for space survey. And if the space is under renovation, we need to know the timeframe and treat the space as vacant space before it gets occupied
- **Moves** – When the PI/Department is moving, we need to identify the originally space and the new space. Find out the moving timeframe and see if the originally space will get occupied (ex: ISEC to EXP)
- **Shared Space** – If the space is shared by multiple departments, departments need to identify their portion and provide accurate % for the functions
- **Other Campuses** – Need help from departments to identifying research space

FY19 Space by Building Overview

- Top 10 OR heavy buildings

FY19 Organized Research Space by Building				
Building Code	Building Name	OR SQFT	OR% of Total SQFT	Total SQFT
ISEC	Interdisciplinary Science & Eng	64,015	53%	121,110
MU	Mugar Life Sciences Building	42,508	47%	89,497
EC	Egan Engineering/Science Research Center	38,244	61%	62,392
140	140 The Fenway	27,422	42%	65,672
KI	Kostas Research Institute	16,878	36%	47,429
HT	Hurtig Hall	16,791	35%	48,003
DA	Dana Research Center	16,435	36%	45,233
NI	Nightingale Hall	11,652	29%	40,603
SN	Snell Engineering Center	9,723	18%	53,499
WVH	West Village H	8,944	11%	79,883

- Total SQFT, includes other buildings, is around 4M SQFT
- Totally OR SQFT, includes other buildings, is 318,073 SQFT
- OR space only 7% of totally University space

Changes for the next F&A Proposal

New Space and Campuses



- **EXP**
 - New building for FY24
 - Departments and PIs moved from ISEC to EXP
 - How much space is occupied with research?
 - Apply costs into EXP space correctly
- **Growing Campus**
 - Mills College at NU in Oakland, CA
 - Marymount Manhattan College in NYC, NY
 - Northeastern University (NCH) – London, UK
 - ????



OSA Rate to be Developed

- Other Sponsored Activities- public service activity, community outreach programs, health service programs, seminars, symposiums, and conferences, travel grants, funded by third party; activities other than instruction and organized research
- A new section to the rate agreement:
 - Identify OSA and remove them from OR
 - Identify OSA space
 - The rate will need to be negotiated with CAS, not sure where we will end up in terms of rate
- Application of new rate

UG Impact to next F&A agreement

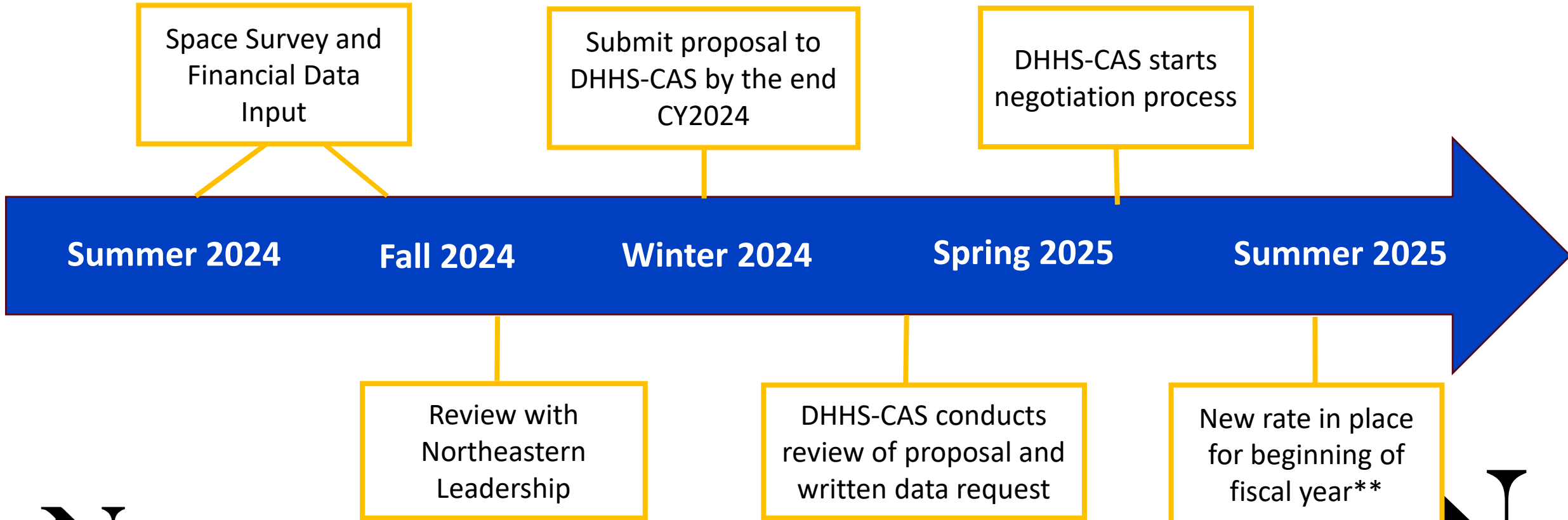
- Change for equipment threshold (\$5,000 -> \$10,000)
 - This will result in less items identified as equipment, however the University currently has the threshold set at \$5,000. University will have to decide if the threshold will also increase for non-federal purchases.
 - This will increase the research MTDC base
- Changes for subaward threshold (\$25,000 -> \$50,000) for each agreement
 - Increase to the research MTDC Base
- Impact analysis may be needed, the MTDC base will be larger, potentially resulting in a lower rate
- Remove DS-2 requirement, still needed for federal contract (FAR requirements), so no change for NU

*BASE

Modified total direct costs, consisting of all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel and up to the first \$25,000 of each subaward (regardless of the period of performance of the subawards under the award). Modified total direct costs shall exclude equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of \$25,000. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs.

F&A Proposal Submission Timeline

- **Space Survey -> Data Review -> Submit -> Negotiation**



Key Takeaway

- Department, PI, Business Unit participation is critical in capturing space accurately to maximize facilities pool
- Survey space is performed in research intense lab space only
- Important to attend the trainings and understand the space functionalization
- Changes to new rate agreement will hopefully include a new OSA rate and increased thresholds for subs and equipment due to UG makeover
- UG updates won't be fully implemented until we receive the new rate agreement (estimated FY27??)
- EXP expected to be a big driver for the rates



Questions?

