Facilities (F) & Administrative (A) Costs Rate

BOR Budget & Finance Committee
January 8, 2015
Office of Research Services
Reimburse University for facilities and administrative costs (Indirect Costs) incurred to support grants and contracts.

Based on incurred expenditures during the “base year”.

Negotiated every four (4) years with the Department of Health and Human Services (DHHS) Division of Cost Allocation – Cognizant Agency.

FY 2016 (July 1, 2015 – June 30, 2016) – Next Base Year
F & A Research Rate Formula

On Campus Research Base (MTDC) + Cost Sharing

Facilities Costs

On & Off Campus Research Base (MTDC) + Cost Sharing

Administrative Costs

= Research F & A Rate
Last 5 Negotiated F & A Rates
Mānoa Research On Campus

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Facilities</td>
<td>14.6</td>
<td>15.1</td>
<td>17.2</td>
<td>15.5</td>
<td>17.5</td>
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<tr>
<td>Administrative</td>
<td>20.3</td>
<td>21.2</td>
<td>21.2</td>
<td>21.2</td>
<td>24.0</td>
</tr>
<tr>
<td>Approved Rate</td>
<td>34.9</td>
<td>36.3</td>
<td>38.4</td>
<td>36.7</td>
<td>41.5</td>
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Last 3 Negotiated F & A Rates for Kaka’ako Research On Campus

<table>
<thead>
<tr>
<th></th>
<th>FY 2003</th>
<th>FY 2007</th>
<th>FY 2011</th>
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</thead>
<tbody>
<tr>
<td>Facilities</td>
<td>32.3</td>
<td>29.8</td>
<td>28.0</td>
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<tr>
<td>Administrative</td>
<td>21.2</td>
<td>20.2</td>
<td>26.0</td>
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<tr>
<td>Approved Rate</td>
<td>53.5</td>
<td>50.0</td>
<td>54.0</td>
</tr>
</tbody>
</table>
### Research Base = System wide (Excluding Kaka‘ako)
### MTDC Research Expenditures + Cost Sharing

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Facilities pool</td>
<td>N/A</td>
<td>10,536,013</td>
<td>11,446,027</td>
<td>12,991,454</td>
<td>18,013,972</td>
</tr>
<tr>
<td>Administrative pool</td>
<td>N/A</td>
<td>17,518,193</td>
<td>21,237,619</td>
<td>26,779,076</td>
<td>35,264,642</td>
</tr>
<tr>
<td>On campus</td>
<td>N/A</td>
<td>69,455,504</td>
<td>66,546,670</td>
<td>83,815,831</td>
<td>102,936,981</td>
</tr>
<tr>
<td>Off campus</td>
<td>N/A</td>
<td>13,468,402</td>
<td>33,630,780</td>
<td>42,610,394</td>
<td>43,999,029</td>
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<tr>
<td><strong>Research base</strong></td>
<td>N/A</td>
<td>82,923,906</td>
<td>100,177,450</td>
<td>126,426,225</td>
<td>146,936,010</td>
</tr>
</tbody>
</table>

Last 4 Base Years
F & A and Base Costs
For On Campus Research Rate
Last 3 Base Years  
F & A and Base Costs  
Costs for Kaka‘ako  
Research  
On Campus

### Facilities pool

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>N/A</td>
<td>3,541,813</td>
<td>2,845,349</td>
<td>7,670,850</td>
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### Administrative pool

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<tr>
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</thead>
<tbody>
<tr>
<td>N/A</td>
<td>2,324,657</td>
<td>1,928,727</td>
<td>6,785,113</td>
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</table>

* DCA adjustments of forecasted data.

### On campus

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>N/A</td>
<td>10,965,365</td>
<td>9,548,151</td>
<td>19,064,799</td>
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</tr>
</tbody>
</table>

### Off campus

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<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

### Kaka‘ako base

<table>
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<td>N/A</td>
<td>10,965,365</td>
<td>9,548,151</td>
<td>19,064,799</td>
<td></td>
</tr>
</tbody>
</table>

**Kaka‘ako Base = Kaka‘ako MTDC Research Expenditures + Cost Sharing**
MTDC Calculation

Salaries
Fringe benefits
Materials & supplies
Services
Travel
First $25,000 of each Sub-award

Equipment
Capital expenditures
Patient care
Tuition remission
Rental costs (non-UH space)
Scholarships & fellowships (Stipends)
Portion over first $25,000 of each sub-award
Specialized service facility charges

Not MTDC
Facilities Costs Allocation Bases

Functional Space Survey
- Depreciation
- Offices, labs, meeting rooms
- Equipment
- Interest Expense
- O & M
- Utilities, Custodial Services, Repairs

FTE Count and FTE by Functional Salaries & Wages
- Library Books, Periodicals, & Services
Administrative Costs Allocation Bases

- **Functional MTDC Ratio**
  - **General Admin** - Chancellor’s Office, OHR, Disbursing, Payroll, ITS
  - **Dept. Admin** – Dean or Director’s Offices, FAs
  - **Sponsored Projects Admin** – ORS, OVPRI, VCRs

- **Statewide Cost Allocations**
- **RCUH administrative expenses**

- **FTE Count or FTE by Functional Salaries & Wages**
  - Admissions, Financial Aids,
  - Student Health Services,
  - Graduate Division
Additional Costs that Increase the Research Base

- Cost Sharing
- Researcher effort – Key personnel, PIs, not paid from grants
- Amounts in excess of NIH salary cap
- Intramural, competitive awards
Primary Reasons for Rate Increases FY 2011

- Maximus CRIS F&A software increase admin (20.6% → 24.0%)
- Updated F&A Space Survey for UH Mānoa Campus
- Claim selected O&M costs by building
- New C-MORE Hale – Research intensive building
Not permitted or “corrections” made by our HHS Region Negotiators

Accelerated depreciation for building components – Useful life not supported by actual experience

Equipment depreciation by room for moveable equipment – often not found in room per inventory

Vacant lab space had no concrete plans for extramural research

Space survey adjustment for student use of space
Units/Labs Selected By DHHS Space Site Audit

**FY 2003**
- HIGP - HIG Building
- Institute for Astronomy - IFA Woodlawn
- Physics & Astronomy - Watanabe
- Mechanical Engineering - Holmes
- CTAHR - Agricultural Engineering
- CTAHR - Gilmore Hall CTAHR - St. John
- CTAHR - Agricultural Science Facility
- Most labs - POST

**FY 2011**
- HIGP - HIG Building
- Institute for Astronomy - IFA Woodlawn
- Physics & Astronomy - Watanabe
- Mechanical Engineering - POST
- Oceanography - Marine Sciences Building
- ALL Labs C-MORE
- Cell & Molecular Biology - Biomedical Sciences Building Kaka’ako
- All Labs - Biomedical Sciences Building Kaka’ako
- ALL labs Cancer Center building at Kaka’ako
Next rate proposal is due December 31, 2016

Any major non-capital renovations must be expended during July 1, 2015 – June 30, 2016.

Space survey must be completed by 9/30/16

Physical inventory of the research equipment must be completed by 6/30/16

New building should be occupied within next rate agreement period (July 1, 2017 to June 30, 2021)
Key Factors At UH Base

Federal sequestration and sunset of ARRA may lower the FY 2016 research expenditures base

General funds or RTRF research expenditures are included in the base; avoid putting non-extramural funds in base

Most UH faculty that conduct research are not paid from grants. Thus, lower S & W to allocate or justify research use of space.

In addition, we get penalized by having to input a minimum effort for research faculty in the base
Short Term Strategy

Facilities component
- Update and maintain UH Mānoa space survey & expand to other campuses
- Prioritize major, non-capitalized repairs for research intensive buildings in FY 2016
- Identifying major fixed equipment by room in research intensive buildings
- Update and maintain electrical meters by building in time

Admin component
- Look at possibilities to get over the 26.0% admin cap
  - For example: Increase research admin support in the field
New research building investment and/or reconfiguration plans (e.g., concentrate extramurally funded research in high cost buildings)

Follow renewal and replacement plan for existing facilities, which would support accelerated depreciation

Maintain and update space usage plan and space survey as usage changes

Invest in research admin support staff in the field
# Peer Rate Comparison

<table>
<thead>
<tr>
<th>Institution</th>
<th>Public or Private</th>
<th>Cognizance</th>
<th>FY 2015 Research Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Hawai‘i, All Except Kaka‘ako</td>
<td>Public</td>
<td>HHS-SF</td>
<td>41.00%</td>
</tr>
<tr>
<td>University of Hawai‘i, Kaka‘ako</td>
<td>Public</td>
<td>HHS-SF</td>
<td>52.00%</td>
</tr>
<tr>
<td>University of South Florida, all campuses</td>
<td>Public</td>
<td>HHS-WA</td>
<td>49.50%</td>
</tr>
<tr>
<td>Arizona State University</td>
<td>Public</td>
<td>HHS-SF</td>
<td>54.00%</td>
</tr>
<tr>
<td>Washington State University</td>
<td>Public</td>
<td>HHS-SF</td>
<td>51.00%</td>
</tr>
<tr>
<td>SUNY Albany</td>
<td>Public</td>
<td>HHS-NY</td>
<td>53.00%</td>
</tr>
<tr>
<td>California Institute of Technology</td>
<td>Private</td>
<td>ONR</td>
<td>66.75%</td>
</tr>
<tr>
<td>University of Virginia, all campuses</td>
<td>Public</td>
<td>HHS-WA</td>
<td>54.00%</td>
</tr>
<tr>
<td>University of California, Los Angeles</td>
<td>Public</td>
<td>HHS-SF</td>
<td>54.00%</td>
</tr>
<tr>
<td>University of California Berkeley</td>
<td>Public</td>
<td>HHS-SF</td>
<td>56.50%</td>
</tr>
<tr>
<td>University of California San Diego</td>
<td>Public</td>
<td>HHS-SF</td>
<td>55.00%</td>
</tr>
</tbody>
</table>
## Examples of Cost Impact (Buildings or Major Renovations)

<table>
<thead>
<tr>
<th>Description</th>
<th>Where it goes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative buildings</td>
<td>Recoverable, if used mostly for sponsored projects administration</td>
</tr>
<tr>
<td>Athletic facilities</td>
<td>NOT RECOVERABLE</td>
</tr>
<tr>
<td>Classrooms, including class labs</td>
<td>Mostly UNRECOVERABLE</td>
</tr>
<tr>
<td>Dormitories</td>
<td>NOT RECOVERABLE</td>
</tr>
<tr>
<td>Libraries</td>
<td>Mostly UNRECOVERABLE</td>
</tr>
<tr>
<td>Parking structures</td>
<td>Mostly UNRECOVERABLE</td>
</tr>
<tr>
<td>Research buildings</td>
<td>Recoverable, if used mostly for extramural research</td>
</tr>
</tbody>
</table>