

Facilities and Administration (F&A) cost is another term used for indirect cost. F&A/Indirect cost are calculated based on the direct expenditures of sponsored projects. F&A/Indirect cost **can not** be readily attributed to one particular project, instructional activity, or any other institutional activity. These costs are “real” though they can not be associated with a specific project. Examples of F&A/Indirect Cost are building space, heating, lighting, library expenses, accounting, payroll, central and departmental administration. Penn will apply the appropriate F&A rate to the direct cost of the project based on the type of and location of the work/project being performed.

Sponsored Projects are categorized into three main activities: Research, Instruction and Other Sponsored Programs. The categories and rates are listed below.

### **Research**

Sponsored research is separately budgeted and accounted for within the University’s accounting system. Sponsored Research means all research and developmental activities that are sponsored by the Federal and non- Federal agencies and organizations. This term includes activities involving the training of individuals in research techniques (commonly called research training) where such activities utilize the same facilities as other research and development activities and where such activities are not included in the instruction function. There are two F&A rates for the type of activity described above.

**Research On-Campus:** On-campus rates are used for proposals where all work is done using University facilities or facilities rented by the University where rent is not charged to a sponsored project.

**Research Off-campus:** For all activities performed in facilities not owned by the institution and to which rent is directly allocated to the project(s), the off-campus rate will apply. Actual costs will be apportioned between on-campus and off-campus components. Each portion will bear the appropriate rate.

**Instruction** Includes all teaching, course and curriculum development, and academic advising and development.

### **Other Sponsored Programs**

The “Other Sponsored Programs” rate is used when the project does not meet the criteria for research or training. Typical programs are health service projects, community service programs, seminars, conferences, public exhibition, and lecture series programs.