

**OGAM Action Transmittal**  
**U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**Office of Grants and Acquisition Management (OGAM)**  
**Office of the Assistant Secretary for Management and Budget**  
**Room 517D - Hubert H. Humphrey Building**  
**200 Independence Ave. S.W.**  
**Washington, D.C. 20201**

**ACTION TRANSMITTAL - EXTERNAL**

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**Transmittal No.:** OGAM AT 2000-1

**Date:** November 15, 1999

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**TO:** Federal Grantees and Awarding Agencies

**SUBJECT:** Changes in the Treatment of Research Costs Related to Animal Facilities

**REGULATION:** OMB Circulars A-21, A-122 and Appendix E, 45 CFR Part 74

**APPLICABILITY:** Federal Grantees and Awarding Agencies

**EFFECTIVE DATE:** Upon Issuance for All Newly Submitted Proposals for Facilities and Administrative Cost Rates

**PURPOSE AND BACKGROUND:** Office of Management and Budget Circulars and HHS regulations provide guidance on the treatment of specialized service facilities, including animal facilities, if material in amount. The animal care facilities of research institutions are required by OMB and Departmental regulations to be charged directly to Federal grants on a fee-for-service basis. This fee normally consists of both the direct costs and the allocable share of indirect costs (also known as Facilities and Administrative (F&A) costs) of the service. The purpose of this OGAM Action Transmittal is to clarify what facilities costs are to be considered part of the fee (and charged directly) and what portion should be treated and charged as an F&A cost. This clarification is required because, in recent years, the sophistication of animal research has caused more of this animal research to be conducted within the confines of these facilities. Since most non-animal research takes place in office or laboratory space (which is included as part of the F&A cost), an inequity exists.

**ACTION:** Based on the changing nature of research conducted in these facilities, we are changing our methodology to include a certain portion of animal facility costs in the institution's F&A rates. This includes procedure rooms, operating and recovery rooms, isolation rooms, and quarantine rooms directly related to research protocols, as well as rooms that house animals

involved in research that are not generally removed from the facility for conducting research. Notwithstanding this policy change, institutions must continue to document (through a space survey) the particular research projects conducted in research space included in an F&A pool.

In addition, to avoid potential over-allocations of F&A costs, on a case-by-case basis animal care charges may be treated like patient care costs and excluded from the allocation base used to charge F&A costs to awards.

To summarize, this Action Transmittal establishes a methodology for grantee organizations to account properly for costs of animal facilities.

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