

INDIRECT COST POLICY

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Background

Indirect costs (IDC) reimburse the university for expenses incurred in supporting projects funded by grants or contracts from outside agencies. Sponsoring agencies recognize that recipient institutions incur indirect costs for common or joint objectives and that they cannot be readily identified with a particular grant or contract. IDC is classified into two broad categories: Facilities and Administration. IDC reimburses the costs of facilities (including depreciation, equipment and capital improvements, operations, and maintenance services) and administrative services such as financial accounting and research compliance.

This Indirect Cost policy addresses the IDC rates and allocation of indirect costs recovered (ICR).

SPONSORED PROJECTS INDIRECT COST POLICY

All proposals for sponsored projects shall adhere to [the policy of the California State University Chancellor's Office](#), which states "Campus procedures shall facilitate full cost recovery of direct and indirect costs associated with externally funded projects." and "Each campus shall ensure that direct and indirect costs are treated consistently in sponsored project budgets and in compliance with 2 CFR 200 for federally funded projects." ***In conformity with this order, indirect costs should be budgeted at the maximum rate allowable by the funding agency.***

The federal- and state-approved indirect cost rates normally applicable to specific categories of funded projects are listed below as of the date of the last policy revision. Refer to the campus [federally-approved indirect cost rate \(IDC\) agreement](#) for current rates.

Full IDC must be collected unless disallowed in writing within a funding agency's program guidelines. All deviations to the reported IDC rate will need written documentation from the sponsor to ensure compliance. Restated, it is Cal State East

Bay's policy not to waive or reduce indirect costs to charge a rate lower than the federally negotiated facilities and administration (F&A) (IDC) rate except when a rate established by the sponsor is required and supported in writing by sponsor documented policy or procedure.

Note: A request to make an exception to this policy would need to provide written documentation of extraordinary circumstances well in advance of the proposal due date and be routed through AdobeSign to the AVP ORSP for review. If the AVP ORSP were to determine that the documented circumstances were extraordinary, they would route the request through AdobeSign to the Cal State East Bay Provost, the Chief Financial Officer (CFO), and to the Chair, Secretary, and Treasurer of the CSU East Bay Foundation.

The Following Table is Subject to Revision based on Federal and State Rate Changes.

Sponsor	IDC Rate
Federal on-campus rate	[46.5% on proposals through March 2023] 47.5% modified total direct costs (MTDC) for campus projects unless a different rate is explicitly stated in program guidelines. See also the Federally Negotiated Indirect Cost Rate Agreement* .
Federal off-campus rate	25% modified total direct costs (MTDC) unless a different rate is explicitly stated in program guidelines. This applies to an off-campus sponsored project where the rent or lease for the space must be included as a direct cost in the grant budget (no charge to the university). Actual costs will be apportioned between on-campus and off-campus components. Each portion will bear the appropriate rate. See also the Federally Negotiated Indirect Cost Rate Agreement* .
State of California	25% MTDC on-campus rate, through June 30, 2019 30% MTDC on-campus rate, through June 30, 2023 35% MTDC on-campus rate, through June 20, 2024 40% MTDC on-campus rate, July 1, 2024 and beyond 25% MTDC off-campus rate. For projects performed off-campus, only the 25% administrative component will be applied. The off-campus rate will not escalate as the administrative component is capped at 25% MTDC See also the CSU California Model Rate Agreement
Other government agencies (out of state, non-federal or non-state)	On Campus Rate: [46.5 on proposals through March 2023] 47.5% modified total direct costs (MTDC) for campus projects unless a different rate is explicitly stated in program guidelines. Off Campus Rate. 25% modified total direct costs (MTDC) unless a different rate is explicitly stated in program guidelines.

Private	<p>When the private sponsor does not have a published rate policy the federally negotiated on campus and off campus rates should be applied.</p> <p>If the private sponsor limits the amount of indirect costs, the maximum amount allowed by the sponsor will apply: If the private sponsor's rates are published the sponsor's published rate is applied as published.</p> <p>If the private sponsor does not have a published rate, but by their internally documented and provided policy will not accept the applicable federal rate, then the highest rate the private sponsor will accept will apply, but the rate must not be less than 15%.</p>
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***IDC Rates are subject to change per rate agreements**

Fixed Price Residual Funds. For a grant or contract where full payment from the sponsor has been received under a Fixed Price agreement, and the required deliverables have been completed and all costs in fulfilling the requirements of the award have been charged to the account, Indirect Costs at the rate in the approved budget will be applied to and collected from the residual funds. The remaining residual funds may then be transferred to the designated account to be used by the college for other expenses related to RSCA.