

INDIRECT COST POLICY AND GUIDANCE

May 2022

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). The distribution of ICR to academic units is intended to 1) enhance institutional support for research and scholarship; 2) increase faculty competitiveness in state and national grant competitions; 3) provide direct incentive for academic units to support in faculty research and scholarship; and 4) enhance the national profile of California State University, East Bay.

SPONSORED PROJECTS INDIRECT COST POLICY

All proposals for sponsored projects shall adhere to Executive Order No. 168 of the California State University Chancellor's Office, which states "emphasis shall be given to recover all costs, both direct and indirect, for each project." In conformity with this order, indirect costs should be budgeted at the maximum rate allowable by the funding agency.

The indirect cost rates normally applicable to specific categories of funded projects are listed below. Deviations from these rates that are specified by the funding agency must be fully documented. Any other exceptions must be approved, in advance, by the Provost and Vice President, Academic Affairs.

Sponsor	IDC Rate
Federal on-campus rate	46.5% modified total direct costs (MTDC) for campus projects unless a different rate is explicitly stated in program guidelines.
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.
State of California*	25% MTDC on-campus rate, January 1, 2016 through June 30, 2019 30% MTDC on-campus, July 1, 2019 through June 30, 2023 35% MTDC on-campus rate, July 1, 2023 through June 30, 2024** 40% MTDC on-campus rate, July 1, 2024** and beyond

** tentative

	25% MTDC off-campus rate. This rate 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.
Other government agencies (out of state, non-federal)	15% TDC minimum. May vary according to sponsor's policy.
Private	15% TDC minimum. May vary according to the sponsor's policy; for sponsors that do not allow IDC, charge a minimum of 15% in direct costs to support associated grant administration, if allowed.

* <https://www.calstate.edu/csu-system/administration/business-finance/financial-services/Pages/california-model-agreement-resources.aspx>

Fixed Price Residual Funds. For a grant or contract where full payment from the sponsor has been received (fixed price) and the required deliverables have been completed and all costs in fulfilling the requirements of the award have been charged to the account, residual funds will revert to the Office of Research and Sponsored Programs for discretionary re-investment in the research enterprise.