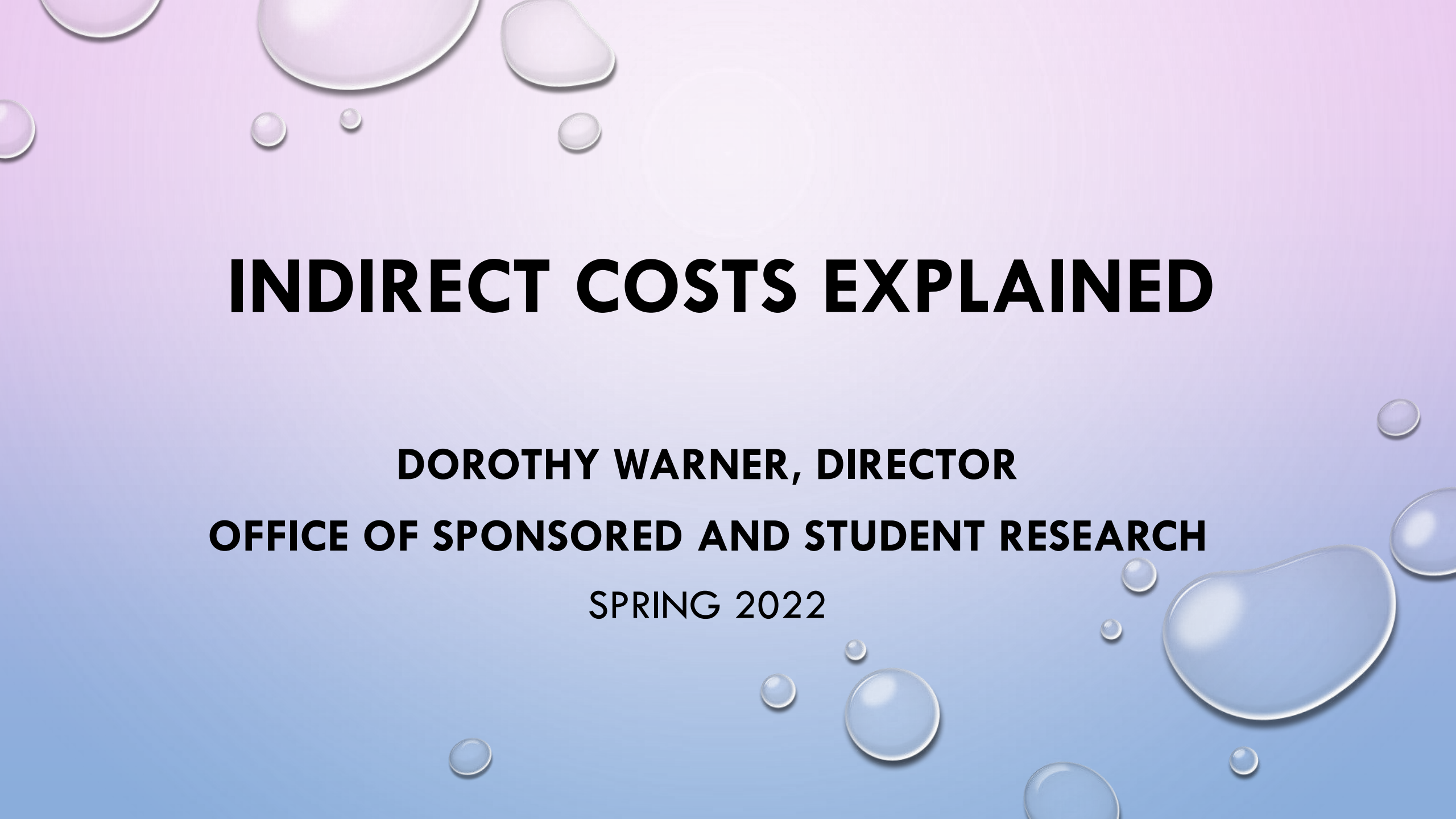


The background of the slide features a light blue-to-purple gradient. It is decorated with numerous water droplets and bubbles of various sizes, some with highlights and shadows, giving them a 3D appearance. These elements are scattered across the top and bottom of the slide.

INDIRECT COSTS EXPLAINED

DOROTHY WARNER, DIRECTOR
OFFICE OF SPONSORED AND STUDENT RESEARCH
SPRING 2022

WHAT ARE INDIRECT COSTS?

- SEVERAL NAMES, ONE MEANING:
 - INDIRECT COSTS (IDC)
 - FACILITIES & ADMINISTRATION (F&A)
 - OVERHEAD
- COSTS THAT CANNOT BE CHARGED DIRECTLY TO YOUR SPECIFIC, PROPOSED PROGRAM.
EXAMPLES: BUILDING MAINTENANCE, UTILITIES, EQUIPMENT, PERSONNEL (HR, PAYROLL, FINANCE)
- THEY ARE ADDED TO THE PROGRAM BUDGET BY CALCULATING A PERCENTAGE
- INCLUDED IN THE TOTAL AMOUNT REQUESTED IN YOUR GRANT APPLICATION
- PROVIDE FLEXIBILITY AND ADDITIONAL SUPPORT FOR COSTS NOT OTHERWISE COVERED

WHAT'S THE PERCENTAGE USED IN THE CALCULATIONS?

- IT DEPENDS
 - VALPO HAS A FEDERALLY-NEGOTIATED IDC RATE THAT SOME FEDERAL GOVERNMENT GRANTS USE:
52.2% OF SALARIES AND WAGES
 - SOME FUNDERS USE A PERCENTAGE OF TOTAL PROGRAM COSTS
 - SOME FUNDERS USE A PERCENTAGE OF MODIFIED TOTAL PROGRAM COSTS
 - SOME FUNDERS DON'T ALLOW IDC AT ALL
- READ THE INSTRUCTIONS!

EXAMPLE GRANT BUDGET

EXPENSE ITEM	COST
Faculty and student worker summer wages	\$25,000
Fringe benefits (8.54% of wages)	2,135
Supplies	5,865
Student scholarships	50,000
Conference travel	7,000
TOTAL Direct Program Costs	\$90,000

EXAMPLES OF DIFFERENT IDC RATES

IDC RATE	COSTS INCLUDED IN CALCULATIONS	AMOUNT TO ADD TO PROGRAM BUDGET AND INCLUDE IN TOTAL AMOUNT REQUESTED
Federally-negotiated rate – 52.2% of salaries and wages	\$25,000 faculty and student summer wages, excluding fringe benefits	\$13,050
% of Total Program Costs (10%)	\$90,000	\$9,000
% of Modified Total Program Costs (8%) – Student scholarships removed from calculations	$\$90,000 - \$50,000 = \$40,000$	\$3,200
IDC not allowed	\$0	\$0

HOW DO WE USE INDIRECT COST FUNDS?

- ONCE RECEIVED, IDC FUNDS ARE DIVIDED TWO WAYS:
 - 60% SUPPORTS GENERAL OPERATIONS AND 40% GOES TO THE DEAN/VP
- TYPICAL DISTRIBUTION OF THE 40%:
 - 20% GOES TO THE PRINCIPLE INVESTIGATOR/PROGRAM DIRECTOR
 - 10% GOES TO THE DEPARTMENT CHAIR (OR EQUIVALENT POSITION)
 - 10% GOES TO THE DEAN/VP
- FUNDS MAY BE USED FOR COSTS RELATED TO THE PROJECT/RELATED RESEARCH OR PROGRAMMING AND PROFESSIONAL DEVELOPMENT
- MUST BE SPENT WITHIN TWO YEARS OF THE END OF THE GRANT PERIOD

RESOURCES

- OSSR IS ALWAYS HERE TO HELP!

DOROTHY.WARNER1@VALPO.EDU OR EXT 5798 OR ASB 208A

- CHECK OUT RESOURCES AT:

[HTTPS://WWW.VALPO.EDU/SPONSORED-AND-STUDENT-RESEARCH/](https://www.valpo.edu/sponsored-and-student-research/)