
INDIRECT COST RATE POLICY

Category: Research

Responsible Office: Office of Research and Sponsored Programs (ORSP)

Responsible Administrator: Associate Provost for Research Development and Administration

Date Established: 3/14/19

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Summary

Indirect costs (also known as 'overhead' or Facilities and Administrative (F&A) rate) are the costs incurred by institutions as a result of grants/sponsored programs for expenses such as utilities, buildings, facility and instrumentation operation/maintenance, university services telephone and computer infrastructure, grant administration, etc. Since expenses are incurred through the performance of a sponsored project, a percentage is charged back to the agency or organization funding the sponsored project.

Indirect costs are calculated on a percentage basis against the amount of direct costs using the appropriate rate and cost base.

Policy

POLICY STATEMENT

Indirect costs must be budgeted for all proposals. Current rates are published on the [SUNY Oswego Office of Research and Sponsored Programs \(ORSP\) website](#).

The federally negotiated indirect cost rate must be charged and budgeted for all federal awards, federal flow-through or pass-through awards, and non-federal awards. SUNY Oswego's federal indirect cost rate is based on Modified Total Direct Costs (MTDC). MTDC includes all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each subaward (regardless of the period of performance of the subawards under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of \$25,000.

- Should the federally negotiated rate be updated between the time of grant submission to the time of award, an analysis should be performed to ensure that the initial rates applied do not exceed the updated rates in effect at the time of award, thereby avoiding overcharges of indirect costs to federal awards. Submitted/awarded budgets should be updated to the new rate only if an overcharging of indirect costs would otherwise result.

When to use an On-Campus vs. Off-Campus F&A Rate:

The on-campus indirect cost rate will be used for sponsored programs activities that are performed in and utilize facilities/resources owned or leased by the institution.

The off-campus indirect cost rate will be used for sponsored program activities that are not performed in facilities owned or leased by the institution, and which do not use campus resources (e.g., equipment, space/lab usage, supplies).

Prior approval is required to use an off-campus rate.

Activities performed by external entities such as consultants, vendors or subawards, etc. should not be included when determining if the project is considered on-campus or off-campus.

Examples of activities where the off-campus rate should not be used.

- Conference Travel
- Community outreach projects that use local community buildings, or other areas and the planning and administration of the project occurs on-campus.
- Short term field work, such as a 2-week travel to a research site.
- Off-site activities that utilize campus resources such as instruments or cameras.

Examples of activities where it is appropriate to use the off-campus rate.

- Extended fieldwork locations, without use of campus resources during that time, i.e. a full summer in the field.
- Projects off-campus that use external services such as mail, telephone, and other support services.
- The project budget includes direct costs for leasing or renting of an off-site facility for the entire project.

Rate apportionment:

For those projects where all activities are performed in facilities not owned or leased by the institution or to which rent is directly allocated to the project, the off-campus rate will apply. Actual costs will be distributed between on-campus and off-campus components. Each portion will bear the appropriate rate.

When there is an apportionment of both on-campus and off-campus rates for a project budget, separate tasks will be created when the award is established. Costs will need to be changed to the appropriate tasks based on the proposed and awarded budget, to ensure the proper F&A rate is utilized.

Exceptions:

- The Federal administrative/off-campus rate may be applied on **non-federal** awards when budgets less than \$25,000 and if not specified by Sponsor.
- When the Sponsor has a published allowable limited indirect cost rate, that rate must be used.

Subawards to other SUNY Institutions:

Indirect cost rate will be charged on subawards to other SUNY Schools as applicable by the appropriate type of indirect cost rate.

APPLICABILITY

This clarifying policy applies to all proposals and awards made to SUNY Oswego and its affiliates.

RESPONSIBILITY**Who should know this policy**

- President
- Provost
- Vice Presidents and Assistant/Associate Provosts
- Deans and Associate Deans
- Department Chairs
- Faculty
- Office of Research and Sponsored Programs staff

Office of Research and Sponsored Programs (ORSP)

- Review sponsor guidelines to determine appropriate indirect cost rate to apply
- Review all proposal budgets to ensure correct indirect cost rate is applied

Principal Investigator

- Coordinate with ORSP prior to having budget discussions with and/or submission of budget to sponsor
- Compliance with this and all other applicable SUNY Oswego policies

Contact Information

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