

Direct and Indirect Cost Policy

When a budget is developed for a grant proposal, it must conform to agency/funder regulations and all of Stetson University's grant-related policies and procedures. A budget helps to tell the story of the project, including how the work will be carried out and by whom.

Direct costs are those that can be specifically and easily identified with a particular project or activity and are allowable expenses that can be charged directly to a grant under the guidelines. Examples of direct costs include salaries, fringe benefits, supplies, travel, equipment, and supplies that are directly related to the grant-supported project or activity. Additional examples include:

- Alterations, repairs, and maintenance costs of equipment used exclusively for the activity or program
- Computer costs and services directly identifiable with the activity or program
- Consultants whose costs and services are directly identifiable with the activity or program
- Direct materials and supplies (e.g., lab supplies, chemicals, biological supplies, electronics)
- Equipment used exclusively for the activity or program
- Salaries/wages & related benefits of faculty and staff who are an integral part of the activity or project
- Subcontracts
- Trainee/participant costs, such as stipends, tuition & fees, travel
- Travel costs (e.g., airfare, meals, lodging, conference fees)

Indirect costs (IDC), which are also known as **Facilities and Administrative (F&A) costs**, reflect Stetson's true costs in providing facilities, equipment, utilities, maintenance, administrative time, and other resources necessary for effective research and training. These are costs that cannot be directly associated with a specific project's scope of work (e.g., costs for general operations such as utilities, building operations, library services, purchasing, administrative offices, etc.) but are associated with the cost of doing research and/or training. Additional examples include:

- Salaries/wages and related benefits of support personnel, clerical staff and administrators
- General office supplies: pencils, pens, paper clips, etc.
- Photocopying for general departmental files
- Network charges for e-mail and other general purpose software
- Repairs and maintenance of general purpose equipment

Stetson's official IDC rate is used to develop the budgets for all grant proposals. The proposal budget must include the applicable indirect costs at Stetson's federally-approved indirect cost rate unless the sponsor or solicitation otherwise limits them. Exceptions to this policy must be approved in advance. Approval of the First Alert by the Provost will serve as advance approval of an exception to the IDC policy.

For proposals submitted to federal agencies (e.g., NSF, NIH, NEH), Stetson has negotiated an indirect cost rate for all salaries and wages, including fringe benefits, materials and supplies, services, travel, and subawards up to the first \$25,000 for each subaward. Stetson's IDC rate was determined by the U.S. Department of Health and Human Services. There are two applicable rates: one rate applies to projects conducted on-campus and another rate applies if a project is conducted off-campus, at facilities not

owned by Stetson University. The appropriate rate should be used in developing budgets for grant proposals.

- For more information on these rates, and to get the most recent rate data, please visit the **Grants Data Sheet, Financial Information** on the Stetson Grants Office website.
<https://www.stetson.edu/administration/grants/data.php>

Non-federal Indirect Cost Rates – To request a waiver of IDC for a not-for-profit grant sponsor, faculty and staff members should provide the Grants Office with the published policy of the sponsor showing their allowable IDC. This information will be included in the First Alert for the grant application. Approval of the First Alert will serve as advance approval of an exception to the IDC policy. In the absence of a published indirect cost policy or other notification from the sponsor, the Stetson's federally approved IDC will be used.

Federal and State Agencies with Reduced Indirect Cost Rates – Some federal and state agencies have an exemption from the negotiated IDC rate. These agencies specify the rate that they allow. The IDC policy for these agencies should be provided to the Grants Office to request a waiver of IDC rate as described in the paragraph above.

Reviewed and affirmed by Provost Noel Painter, July 2020.