

Elements of a Sponsored Projects Application

BUDGET REQUIREMENTS

FACILITIES & ADMINISTRATION COST RATE

The total cost of a sponsored project includes direct costs and facilities and administration (F&A) costs, or indirect costs. The direct costs are those that can be specifically and easily identified with a particular project or activity and are allowable under the sponsoring organizations guidelines. Indirect costs, are defined in CFR 2 Part §200.420 as costs that are "incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity."

Indirect costs include operating and maintenance costs (e.g., utility costs, security costs, custodial costs, etc.), and common administrative functions (e.g., student administration and services expenses, library expenses, payroll, purchasing, etc.). Most federal agencies and other sponsoring organizations pay the College for indirect costs in addition to the direct costs of a grant or contract award.

Indirect costs are not profit; instead they are the real costs of using the College's facilities and administrative support to conduct and manage externally funded projects. By collecting indirect costs from the sponsor/donor, the College is recovering those expenses. The federal government has established what costs may be charged as direct costs and what costs are considered included in indirect costs. The following rates can be applied to a proposal:

Negotiated Rate – The LCSC Budget Office negotiates the Colleges indirect cost rate with the Department of Health and Human Services (DHHS) every five (5) years. The current LCSC Indirect cost rate is 36% of direct costs, excluding:

- Capital outlay/equipment (over \$5K)
- Tuition
- Stipends
- Scholarships
- Rental cost of off-site facilities
- Any amount over \$25,000 on subcontracts
- Federal training grants (e.g. TRIO programs) can only recover indirect at a rate of 8%

Waived – This is when the President (or their appropriate designee), on behalf of the College, chooses to voluntarily waive the collection of indirect costs, or when the sponsor has a published policy disallowing the collection of indirect costs.

Reduced – When the sponsor has a published policy allowing for the collection of indirect costs at a rate different from that of the LCSC negotiated rate, or when the President (or their appropriate designee), on behalf of the College, chooses to voluntarily reduce the collection of indirect costs.

Limited to a Percentage of Total Direct Costs – When a sponsor requires that the indirect costs be limited to a percentage of the total direct costs of an award and the amount of the award is not limited. For example: If 10% is the allowed percentage of the of indirect costs to be collected on a \$100 award, then the allowable direct costs would be \$90.91 and the allowable indirect costs would be \$9.09.

- Formula Breakdown

1. $\$90.91 \text{ (Direct Costs)} = \$100 \text{ (Total Costs)} / 1.10 \text{ (1 + Indirect Rate)}$
2. $\$9.09 \text{ (Indirect Costs)} = \$90.91 \text{ (Direct Costs)} * .10 \text{ (Indirect Rate)}$
3. $\$100 \text{ (Total Costs)} = \$90.91 \text{ (Direct Costs)} + \$9.09 \text{ (Indirect Costs)}$

Limited to a Percentage of Total Award Costs – When a sponsor requires that the indirect costs be limited to a specific percentage of the total cost of the award and the sponsor limits the amount of the total award to a specific dollar value. For example: If 10% is the allowed percentage of the indirect costs to be collected, and the maximum amount of you are allowed to request is \$200 in total costs, then the allowable direct costs would by \$180 and the allowable indirect costs would be \$20.

- Formula Breakdown

1. $\$180.00 \text{ (Direct Costs)} = \$200 \text{ (Total Costs)} * 0.90 \text{ (1 - Indirect Rate)}$
2. $\$20.00 \text{ (Indirect Costs)} = \$200 \text{ (Total Costs)} * .10 \text{ (Indirect Rate)}$
3. $\$200 \text{ (Total Costs)} = \$180.00 \text{ (Direct Costs)} + \$20.00 \text{ (Indirect Costs)}$

ESCALATION RATE

A fixed rate to account for inflation. The fixed rate of 3% is in alignment with other State of Idaho four (4) year institutions.

HEALTH INSURANCE COSTS

This is an option that allows the PI/PD to include (or exclude) health insurance costs in personnel salaries.