

North Dakota State University

Policy Manual

SECTION 813 FACILITIES AND ADMINISTRATIVE COSTS

SOURCE: NDSU President

1. The University has established indirect cost rates with the cognizant federal audit agency. The rate charged to a sponsored agreement depends upon the function of the work performed. Before deciding which rate applies to each program, carefully review the definitions of research, instruction, and other sponsored activity as defined below.
 - 1.1 ORGANIZED RESEARCH. Organized Research means the critical and exhaustive investigation or experimentation having for its aim the discovery of new facts and their correct interpretation; the revision of accepted conclusions, theories, or laws, in light of newly discovered facts; or the practical applications of such new or revised conclusions. This category includes all activities specifically organized to produce research outcomes, whether commissioned by an external agency or separately budgeted by the institution. It also includes activities involving the training of individuals in research techniques. 1.2
 - 1.2 INSTRUCTION. Instruction means the teaching and training activities of an institution. Except for research training, this term includes all teaching and training activities, whether they are offered for credits toward a degree or certificate or on a non-credit basis, and whether they are offered through a regular academic session, summer school division, an extension division, or a continuing education division.
 - 1.3 OTHER SPONSORED ACTIVITY. Other sponsored activities mean programs and projects financed by federal and non-federal agencies and organizations which involve the performance of work other than instruction and organized research. Examples of such programs and projects are health service projects, and community service programs.
2. The current approved indirect cost rates are detailed in the Colleges and Universities Rate Agreement found at: https://www.ndsu.edu/research/about_rca/all_rca_forms/#c598674

Indirect cost is calculated as follows:

Indirect Cost = Modified Total Direct Cost x Rate from the Rate Agreement.

Modified Total Direct Cost consists of all salaries and wages, fringe benefits, materials, supplies, services, travel and subgrants and subcontracts up to the first \$25,000 of each subgrant or subcontract (regardless of the period covered by the subgrant or subcontract).

Modified Total Direct Costs shall exclude equipment, capital expenditures, charges for patient care, student tuition remission, rental costs of off-site facilities, scholarships, and fellowships as well as the portion of each subgrant and subcontract in excess of \$25,000.

3. In most cases the activities of the University will be considered to be on-campus activities. Off-campus rates for indirect cost will be used only if the project will be conducted in a remote location for an extended period of time. A project that would qualify for off-campus rates would be one that would not be using University facilities for any of the work performed.

4. If the indirect cost rate assigned to a particular project is scheduled to change during the life of the project, the indirect cost rate should remain at the rate of the initially funded budget period.
5. Unless specifically prohibited by the Sponsoring Agency, the inclusion of indirect costs is required in every grant and contract budget. If a proposal is submitted without the inclusion of indirect cost, the Office of Sponsored Programs Administration reserves the right to renegotiate the agreement for the inclusion of indirect cost, either by an increase in the award amount or by reallocating the award amount to cover both direct and indirect costs.
6. **INDIRECT COST ALLOCATIONS.** In order to provide an additional incentive for faculty and staff participation in sponsored activities at NDSU, it is the University's policy to directly support such activity with a portion of the indirect cost payments received by the University under all sponsored agreements.

Of the indirect costs drawn, 42.0% will be allocated back to the generating colleges or units; 16% will be allocated back to the Office of the President (for Research); and 42.0% to the Office of the President. Allocation exceptions must be approved by the President.

HISTORY:

New	July 1990
Amended	April 1992
Amended	December 1996
Amended	August 1997
Amended	January 2000
Amended	October 2004
Amended	August 2007
Amended	February 16, 2011
Housekeeping	July 12, 2013
Housekeeping	May 11, 2017
Housekeeping	February 19, 2020