

COLLEGE OF HEALTH SCIENCES

Indirect Costs Policy

CHS doc A1.3

Rationale: University of Wisconsin System (UWS) and University of Wisconsin-Milwaukee (UWM) policies require that indirect costs be captured using the federally negotiated or highest allowable rate whenever contract and grant work is proposed or performed. With limited exceptions, the College of Health Sciences complies with these UWS and UWM policies. Indirect costs also are referred to as “overhead” or facilities and administrative (F&A) costs. In general, most funding agencies anticipate that a grant proposal budget will include an item for indirect costs (F&A); however, some agencies offer funding for research projects for which there are no indirect costs, or the F&A costs are “capped” at a lower rate. When a funding agency permits the budgeting of indirect costs, the principal investigator (PI) should budget for the costs at the standard UWM rate. A schedule of the current standard indirect cost rates for various types of projects and sponsors is available from the UWM Graduate School website at: <http://graduateschool.uwm.edu/forms-and-downloads/researchers/rates-facilities-administrative.pdf>.

In situations in which the funding agency either does not allow for the budgeting of indirect costs at all or limits the budgeting for indirect costs to a lower rate, the PI should incorporate direct costs for expenses that are related to the research project. This policy is intended to: (1) support the research agenda of the PI, and (2) foster the growth of the capacity for research within the College of Health Sciences (CHS).

In general, it is recommended that at least 5% of the total direct cost of a grant, or the difference between the allowable indirect cost and the direct cost calculated using UWM’s standard indirect cost rate (whichever is smaller), be recovered through the direct cost portion of the grant budget when the full standard rate for indirect costs is not allowed. These funds are to be used by the PI to support costs associated with the grant project. The expenditures for this portion of the budget will be determined by the PI and should pertain to direct costs that support the research project.

There will always be the need to be flexible as exceptions do occur (e.g., projects moved from other organizations with different cost structures), but deviation from this policy requires written approval of the department chair and the Associate Dean for Research at the time that the grant proposal budget is developed.

Distribution of Funds for Indirect Costs:

For the case in which indirect costs have been budgeted for a funded grant, a portion of those funds (70%) are retained by UWM and the remaining portion (30%) is returned to the CHS for distribution among the CHS, the PI, and/or the PI’s department. Of the funds that are returned to the CHS for distribution, 13% will be returned to the PI via creation of a special account for the PI’s use to support his/her research, 5% will be allocated to the PI’s department for use to support its research agenda, and 12% will be retained by the CHS and used to build the capacity for research with the CHS through initiatives such as the Stimulus for Enhancing Extramural Development (SEED) Program, the Student Research Award Program, and the CHS Research Symposium.

In a case in which a faculty member in the CHS is included as a Co-PI on a grant proposal that is being submitted via a PI in a different school/college at UWM, a portion of the allowable budgeted funds for indirect costs should be returned to the CHS for distribution among the CHS, the PI, and/or the PI’s department. The proportion of funds for indirect costs that are to be returned to the CHS should be negotiated by the CHS faculty member or the Associate Dean for Research with the PI’s school/college prior to submission of the grant proposal. The proportion of the funds that are returned to the CHS should reflect the percent effort of the CHS faculty member to the proposed grant project and all other direct project costs that relate to CHS faculty, staff, graduate students, supplies and/or expenses. Of the funds that are returned to the CHS for distribution, 13% will be returned to the PI, 5% will be allocated to the PI’s department, and 12% will be retained by the CHS.

Revised 06/09

Approved 08/09