

ORSP FAQ Sheet: Indirect Costs

What are Indirect Costs?

Indirect costs are those expenses associated with the management and running of the grant that are not directly chargeable to the budget as separate or individual line items. These are also known as overhead or Facility and Administrative Costs (these costs cover the literal expenses associated with the institutional facilities and administration of the grant).

Indirect costs are not self-determined or applied arbitrarily by an institution. These rates are determined based on the size of an institution's administrative footprint regarding research facilities and laboratory space and administrative capacity. An institution's rates are determined by federal agencies after review of the aforementioned factors. Stockton's rate is determined by the Department of Health and Human Services (DHHS). The rate that is granted by the DHHS determines how it can be applied and what line items are subject to indirect costs.

Our current rate is only applied to salary and personnel charges. No other items (unless stipulated in an RFP or RFA that other line items are subject to indirect cost charges) can have indirect costs leveled against it.

On Campus vs Off Campus

The DHHS issues each institution two indirect cost rates: one for on campus work and one for off campus work. Different rates can be applied to on campus vs off campus work with the understanding that the institutional resources vary depending whether the work occurs on a campus-affiliated site or if it occurs off campus at a non-institutional owned or affiliated venue.

When it comes to the application of the rates, an important principle is that the rate used is determined by the proportion of where the work occurs. If 50% or more of the work occurs at a Stockton Campus or a Stockton owned, operated, or affiliated site then application of the on-campus rate must occur. If 51% or greater occurs at non-Stockton owned, operated, or affiliated site, then application of the off-campus rate must occur.

It is important to note the distinction between on vs off-campus. On campus means that the work occurs or is hosted at either at one of Stockton's campuses or is at a site that Stockton owns, rents, or is affiliated with (affiliated can include sites that the university has their name on). If the work occurs there, then the application of the on-campus rate should occur. If the majority of the project (including data gathering, or other key elements of the project and its design) occurs at sites that are not owned, operated, or affiliated with Stockton then the off-campus rate can be used.

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Please note that off-campus rates cannot be used if the PI plans to do most of the work (including data analysis) for the project at their private residence. The project is still anchored at the University and the on-campus rate should be used in this instance.

Our current on-campus rate is 70% of salaries for on-campus work, and 35.3% for off-campus work. Different or lower rates can be applied in cases where the sponsor determines it is a requirement of the program. Likewise, if the sponsor determines that no indirect costs can be applied, the institution will abide by this determination.

If they are an allowable charge, then indirect costs should be included in the submission. The request to waive indirect costs must be approved by the provost's office. The exemption to charge indirect costs will be reviewed and must be issued prior to submission.