Indirect Costs

Also referred to as facilities and administration costs (F&A), indirect costs are related to institutional infrastructure, both physical and administrative (space, equipment, utilities, administrative support, custodial services, security, library services, information systems, shared research facilities, postage and printing, communications systems, etc.).

When developing a grant budget for a sponsored project proposal, indirect costs are generally not itemized, and are instead calculated as a pre-negotiated institutionally based percentage of all or part of the direct project costs. Infrastructure costs are handled differently. There is no comprehensive percentage rate to cover them—they are itemized as allowed and appropriate in each request.

Budget items that typically cannot be requested from government granting agencies, and other similar entities, may be justifiable and allowable direct project costs with charitable granting foundations (e.g., mailing costs, administrative staff salaries, etc.). Many of these are considered part of the indirect cost rate in sponsored proposals, yet are common and generally well-received charitable grant budgeting line items. However, their use always depends on the specific corporate or foundation grant guidelines. Though not always the case, including these line items is a viable option for recovering UA indirect costs, or conversely another way of demonstrating UA support of a program.

Though most private grant proposals may not be subjected to UA’s indirect costs rates, there is a 6% University Development Fund fee imposed on charitable grants greater than $5,000 given to the UA or UA Foundation. Learn more about the University Development Fund in the UA gift policy, item 8.33. Our office will work with you in determining the appropriate strategy for incorporating the gift fee into your budget planning.