

## Indirect Rate Policy

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### **POLICY BACKGROUND**

The Sponsored Programs Foundation can exist only if it can receive enough Indirect Cost revenue to support its operations and maintain a reserve balance to pay for research expenses in advance of funder reimbursement. Indirect costs are those costs that are incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project. The federal government uses “Facilities and Administration (F&A)”, while other funding entities use “overhead” or “administration” or “indirect cost rate” as a synonym for indirect cost.

Humboldt State University Sponsored Programs Foundation (HSUSPF) receives an approved indirect rate from the cognizant Federal Agency that is based on an audit of actual expenditures and is recognized by all federal agencies. The current approved rate is:

- 45% for all on campus programs
- 22.5% for all off campus programs

Different funding agencies may have indirect cost rates other than the federally negotiated rates. It is the policy of the HSUSPF that the maximum indirect rate (as defined in writing by the funding agency) should be used on all proposals submitted to the Sponsored Programs Foundation.

In some cases the funding agency has a published policy that limits the indirect cost to a percentage below the HSUSPF Federal maximum. If so, please indicate this published policy on the internal proposal routing form and provide written documentation (usually a copy of the funding source’s written policies), and use the maximum published rate allowed rate by this funder.

If the Principal Investigator is intending to use less than the funder published maximum allowed rate, then they must contact the HSUSPF office to explain why and get advance approval prior to developing the budget.

If the Principal Investigator is intending to use a published rate of less than 15%, then HSUSPF may require that a portion of the indirect be made up by the sponsoring HSU entity (i.e. such as the Department/Unit, College, Division, etc.). Any such agreement will be made between the Director of Sponsored Programs and the head of the sponsoring entity.

The HSUSPF office reserves the right to refuse to submit any proposal that falls below the approved indirect rates.