

Policy on Determination of On and Off Campus Indirect Cost Rates on Grants and Contracts

I. Background

Annually, the University negotiates indirect cost rates with the Department of Health and Human Services. These rates are applied to a modified total direct cost base and permit the campus to recover overhead costs associated with research projects.

Indirect costs recovered through this procedure are:

- Building Use Charges (depreciation)
- Equipment Use Charges (depreciation)
- Operations & Maintenance
- General Administration and General Expenses
- Library
- Departmental Administration
- Student Administration and Services
- Sponsored Projects Administration

In recognition that not all of these costs are associated with projects which are conducted at off-campus locations, two indirect cost rates are allowed, one which is applied to projects conducted on-campus and one for projects conducted at off-campus locations.

The off-campus indirect cost rate recovers only the following indirect costs:

- General Administration and General Expenses
- Departmental Administration
- Sponsored Projects Administration

II. Determination of Appropriate Use

For purposes of determining the appropriate indirect cost rate the following guidelines shall apply:

A. Off-Campus Rate: The off-campus rate will apply for all activities

- (a) performed in facilities not owned by UMass Amherst and to which rent is directly allocated to the project(s), or
- (b) for activities performed in facilities provided at no cost by another organization for longer than one semester or three summer months, provided that the off-campus facility is used in place of UMass Amherst facilities. The actual costs will be apportioned between on-campus and off-campus component. Each portion will bear the appropriate rate.

B. On-Campus Rate

For all other conditions which do not meet the requirements of A above, the on-campus indirect cost rate shall be applied to the modified total direct costs of the project.

III. Processing Procedures

An explanation of the indirect cost rate(s) applied in the project budget should be included in an accompanying memorandum from the Principal Investigator to the Director of OGCA.