I. PURPOSE
To provide information and guidance regarding indirect costs associated with sponsored projects submitted by and awarded to Villanova University through the Office of Research Administration.

II. SCOPE
This policy applies to all proposals for external funding submitted through the Office of Research Administration and to all sponsored projects awarded to Villanova University through the Office of Research Administration, regardless of whether the sponsor is a federal, state, local, corporate, non-profit, or foreign entity, and regardless of the primary purpose of the sponsored project.

III. DEFINITIONS
Indirect costs, also called Facilities and Administrative (F&A) costs, are “those costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved” (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; 2 CFR §200). In other words, indirect costs are real costs, incurred for common or joint purposes, benefiting the entire organization, and cannot be specifically identified to single sponsored project.

Indirect costs must be classified within two broad categories: facilities and administration (2 CFR §200.414).

“Facilities” is defined as depreciation on buildings, equipment and capital improvement, interest on debt associated with certain buildings, equipment and capital improvements, and operations and maintenance expenses.

“Administration” is defined as general administration and general expenses such as the director’s office, accounting, personnel and all other types of expenditures not listed specifically under one of the subcategories of “Facilities”

For institutions of higher education, library expenses are included in the “Facilities” category.
IV. **POLICY STATEMENT**

Villanova shall fully recover sponsor-allowable indirect costs to ensure the provision of services essential to the research mission of the institution.

For sponsored projects, Villanova University’s indirect cost rates are to be applied as follows:

<table>
<thead>
<tr>
<th>Agency Type</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal and other Government</td>
<td>Federal Negotiated Rate*</td>
</tr>
<tr>
<td>Industry</td>
<td></td>
</tr>
<tr>
<td>Total Direct Costs &lt;=$10,000</td>
<td>Waived</td>
</tr>
<tr>
<td>Total Direct Costs &gt;$10,000</td>
<td>30% of Total Direct Costs**</td>
</tr>
<tr>
<td>Private</td>
<td>20% of Total Direct Costs**</td>
</tr>
</tbody>
</table>

*Rate is posted on the Villanova University Research Fact Sheet

**Total Direct Costs: all items for which sponsor funds are requested to directly support the project (salaries, fringe benefits, major and minor equipment, software, travel, supplies, publication costs, etc.).

**Sponsor-dictated Exceptions** – If a sponsor’s written policy requires the use of an indirect cost rate other than Villanova’s established rates above, the sponsor’s written policy takes precedent. A lesser indirect cost rate in this situation does not require cost sharing approval.

**Pass-through Funds** – The above indirect cost rates will be applied to the Villanova University budget component of all sponsored projects in which the University is the recipient of pass-through funds (as a subawardee or subcontractor). Indirect cost rates of the prime awardee shall not apply to the Villanova University budget component.

**Cost Sharing** – Cost sharing of indirect costs by Departments of Colleges is not permitted. If a project cost will exceed the amount of sponsored funding, and one or more Colleges makes the determination to make an investment in the project through cost-sharing, only direct costs may be shared. Cost-sharing commitments must be identified, with a valid index, on the signed Internal Proposal Form; sign-off by the Department and College will constitute a funding commitment to share the direct costs.

V. **PROCEDURE**

During the preparation of proposals to sponsors, the Office of Research Administration can provide assistance in budget preparation, including the appropriate calculation of indirect costs. Proposal budgets, including the calculation of allowable indirect costs, must be accurate and complete for the Office of Research Administration to submit proposals.

VI. **RELATED INFORMATION/FORMS**

In simplest terms, Villanova’s federal indirect cost rate is calculated using expenses in a prior fiscal year, as follows:

\[
\text{Facilities Costs + Administrative Costs} \\
\text{Salaries Charged to Federal Grants}
\]
The resulting rate is negotiated with the federal cognizant agency; for Villanova University, this is the U.S. Department of Health and Human Services. The final determined rate is then applied prospectively to all salaries charged to federal grants. Villanova University’s current Indirect/F&A Rate Agreement is posted online.

VII. HISTORY

VIII. RESPONSIBLE UNIVERSITY DIVISION/DEPARTMENT
Office of the Provost

IX. RESPONSIBLE ADMINISTRATIVE OVERSIGHT
Administrative Oversight Office:
   Office of Research Administration
   Middleton Hall Rm 1st
   800 Lancaster Avenue
   Villanova, PA 19085

   General Telephone Number: 610-519-4220