

Kinesiology Indirect Costs Policy

The School of Kinesiology follows the UM cost recovery policies (see below). Note all proposals to non-federal agencies must include a **minimum of 20% indirect cost recovery**. The ADR will not sign off on budgets that do not account for the 20% indirect costs. If indirect costs are not allowed by the sponsor, faculty members must include items on their budget equivalent to 20% to offset School costs (e.g., staff support, supplies, postage, toner cartridges - see Research-Related Costs Policy) or if it is not possible to include such items as direct costs or a faculty member prefers not to do so, faculty members should plan to support the School costs of the project via their Research Incentive funds.

It is expected that post-tenure faculty will infrequently approach funding sources that do not allow indirect costs, or use these as supplemental to federal grants. Pre-tenure faculty are encouraged to approach these funding sources in order to secure initial funds help establish their funded research lines.

Only with sufficient time for discussion will exceptions to these guidelines be considered. These guidelines do not apply to graduate student or post doctoral proposals.

University of Michigan Cost Recovery Policies: The goal of the University of Michigan is to recover the full costs of each individual sponsored project where permitted by the policies of the funding agency. The indirect cost rate applicable to all research proposals submitted to federal agencies that anticipate funding in FY 2009, 2010 and 2011 is **54.5%** (July 1, 2008 - June 30, 2011). If you have any questions about any rates shown below, contact the Division of Research Development and Administration at 764-5500.

Indirect Cost Rates

- Federal
- Non-federal
- Applying rates
- Specialized service facilities
- See also: Using the New Indirect Cost Rates
- Text of the Rate Agreement: [Rate Agreement beginning July 2008](#) (Fiscal Year 2009)

The full recovery of indirect costs is expected on all grants or contracts. The indirect cost rate applicable to all research proposals submitted to federal agencies that anticipate funding in FY 2009, 2010 & 2011 is **54.5%** (July 1, 2008 - June 30, 2011). If you have any questions about any rates shown below, contact the Division of Research Development and Administration at 764-5500 or the appropriate Project Representative.

**Federal
Research**

on campus: **54.5%**

off campus: **26.0%**

Instruction

on campus: **54.0%**

off campus: **26.0%**

Other Sponsored Activity

on campus: **30.0%**

off campus: **26.0%**

The above rates are provisional after June 30, 2011 until new a new rate is negotiated

Non Federal Sponsors

Foundations & Public Charities:

All years, all activities: **20% or sponsor's published rate**

State of Michigan:

Varies widely, depending on the specifics of individual projects. Contact the DRDA project representative for assistance with State of Michigan projects.

Clinical Trials:

All years: **25%**

Industrial Sponsors

Research

on campus: **54.5%**

off campus: **26.0%**

Instruction

on campus: **54.0%**

off campus: **26.0%**

9/14/2009

Other Sponsored Activity

on campus: **30.0%**

off campus: **26.0%**

[See also: More information on non-federal indirect cost rates]

Applying Indirect Cost Rates

The indirect cost rates for federal projects and projects sponsored by industry are applied to a **modified total direct cost** (MTDC) base. The rates are applicable to all direct costs with the exception of the following:

1. Permanent equipment items with a unit value of \$5000 or more and a life expectancy of two years. Nonexpendable items valued at less than \$5000 or with less than a two-year life expectancy should be budgeted as materials and supplies.
 2. Indirect cost rate is applied to only the first \$25,000 of each subcontract or subgrant.
 3. No indirect cost recovery is allowed on costs for alteration or renovations of facilities included in a proposed budget.
 4. Tuition charges are excluded from the base on which indirect costs are calculated. Budget proposals should use a modified total direct cost (MTDC) base that excludes tuition charges.
 5. Patient care costs.
 6. The direct and indirect costs associated with Specialized Service Facilities must be **included** in a composite charge which reflect the surcharges shown below. These composite service charges, in turn, are **excluded** from the modified total direct cost (MTDC) base. The negotiated indirect cost rates are not applicable to these charges.
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Is it an Off Campus Project?

To determine whether a project qualifies for the off-campus rate, read the off campus definition.

Research Vessels

The indirect cost rate for research vessels is 25.0%.

Specialized Service Facilities

In determining the appropriate costs to budget for Specialized Service Facilities, the following surcharges should be applied to the direct costs:

Unit for Laboratory Animal Medicine (ULAM) 39.5% effective 7/01/02

ULAM Quality Assurance Fee (non-federal projects using Medical School space):45.0%

The Unit for Laboratory Animal Medicine rate applies only to the animal care provided by ULAM and includes the daily per diem rate, animal treatment costs, and specialized services such as veterinary care, medical and surgical supplies, technical tests, and technical assistance. Animal care not provided by ULAM is treated as a routine direct expense and is subject to the prevailing indirect cost rate for the project.

The ULAM animal care rate also is applicable to nonfederal projects conducted outside the Medical School.

Animal purchases should be treated as normal operating expenses and should be included in the MTDC base on which indirect costs are assessed.

The 45% Quality Assurance Fee should be applied to **both** animal care and animal purchases for non-federal projects in the Medical School (or such projects that use Medical School space).

Cost-Sharing

If the University offers to cost share a portion of the direct costs of a project, the indirect costs associated with those direct costs may also be used for cost sharing. If the sponsor limits indirect costs, the difference between the full recovery of indirect cost and what is allowed by the sponsor may be shown as a University cost-sharing contribution.

See also: [More information on non-federal indirect cost rates](#)

Text of the Rate Agreement: [Rate Agreement beginning July 2008 \(FY09, 10, 11\)](#)

Text of the Old Rate Agreement: [Rate Agreement beginning July 2006](#)