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Indirect Costs: A Whole New Rate for WV State!

The federal government and some other funders recognize that when giving WVSU a grant to do something, it is impossible to separate all of the costs into neat grant-funded and non-grant-funded piles.

The reason is simple: it would be silly (not to mention an accounting nightmare) to try and tease out of each month's campus electric bill, for example, exactly how much it cost to keep the lights on in a lab devoted specifically to, for example, "Federal Project X."

Same goes for the water bill, the dedicated staff that keep the grass mowed in the summer and the sidewalks clear of snow in the winter, the administrative assistants that work in the department whose researchers are working on Federal Project X, and the undergraduate students from different academic departments that are participating in the research.

All of those activities indirectly support the success of Federal Project X , hence the term "indirect costs," or "facility and administrative costs."

The government recognizes that, and allows WVSU to add a certain percentage to all federal grants to recover (get paid back for) the dozens of indirect costs that go to support federal projects.

Indirect cost rates are set after a calculation is made of all the various "cost centers" in the university: physical plant, depreciation on buildings, general operating costs, etc., and negotiations between the government and the university.

WVSU's former indirect cost rate was 52 percent of all salaries, wages and fringe benefits for on-campus grant activities.

The new indirect cost rate, which went into effect on Dec. 12, 2012, is known as a Modified Total Direct Cost rate. This new rate is 54 percent of all costs, except for:

- Equipment (generally, any one item that costs more than $5,000 and has a useful life of more than one year. *Computers aren't equipment unless the word Cray is on the outside*);
- Capital expenditures (building projects involving bricks, mortar and similar things);
- Charges for patient care (not likely here);
- Tuition remission (direct-cost expenses for tuition and fees, including graduate student health insurance, for University students);
- Rental costs of off-site facilities;
- Scholarships and fellowships (financial aid paid directly to University students, including scholarships, fellowships, stipends and dependency allowances. This does not include "conference-type" participant support costs or any disbursement of salaries and wages);
- The portion of each subaward over $25,000 (WVSU charges its 54 percent indirect rate on the first $25,000 of each subaward in every grant).

To make your head swim a little more, here's a sample budget example for a small federal grant:

Personnel Salaries	$ 57,290
Fringe Benefits (38%)	$ 21,770
Equipment	$ 21,373
Supplies	$ 6,500
Travel	$ 11,356
Contractual	$ 4,500
Publications	$ 950
Total Direct Costs	$ 123,739
Indirect Costs (54%)	$ 55,278
GRANT TOTAL	**$ 179,017**

The Total Direct Cost is simply the sum of all of the cost categories.

To get the Indirect Cost, you subtract, in this case, the Equipment line of $21,373 to get $102,366. This is the amount we are allowed to charge the indirect rate on. Multiply that by .54 (54%) and you get $55,278 for Indirect Costs (rounded up, of course!)

That $55,278 is money that WVSU gets that it otherwise would not have received.

We don't always get the full 54 percent. Some federal agencies set a lower indirect cost rate, or specify a different way to figure it. Many private funders prohibit the recovery of indirect costs.

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So, where does that "extra" money go? Indirect costs are divided according to the WVSU Indirect Costs Distribution Policy: 30 percent goes to university operations and maintenance; 40 percent to fiscal, administrative and sponsored programs management; and 30 percent to the Faculty Research and Support Fund.

University policy is that the full 54 percent indirect cost rate is applied to all grant applications, unless the funder specifies otherwise.

Indirect costs are only waived in rare circumstances and require the approval of the department head, college dean, executive director of the WVSU Research and Development Corp. or vice president for Business and Finance, and vice president of the affected program area in consultation with the vice president of Academic Affairs.

Please contact Grants and Contracts for the required form and procedure to follow to pursue an indirect cost waiver request.

Recent grant succe$$e$ for July-December 2012

Congratulations to these grant writers, who received award letters in the second half of 2012:

- **Dr. Emily Waugh**, Education, $91,300, WV Dept. of Education and Arts, teacher professional development.
- **Bill Woodrum**, Extension, $12,500, US Dept. of Agriculture, for Renewable Resources Extension Act activities.
- **Melissa Stewart**, Extension, $128,000, U.S. Dept. of Agriculture, Children, Youth and Families At Risk - Year 2.
- **Paul Henderson**, Extension, $1,500, WV Dept. of Highways, National Summer Transportation Institute - supplemental.
- **Dr. Robert Barney**, Douglass Institute, $62,241, US Dept. of Agriculture, McIntire-Stennis Cooperative Forestry Research Program.
- **Dr. Ulises Toledo**, Douglass Institute, $41,350, WV Higher Education Policy Commission, EPSCoR Supplemental Funding.
- **Jenny Fertig**, Extension, $30,000, WV Dept. of Education, Wyoming County extension agent support.
- **Dr. Robert Harris**, Biology, $149,583, US Dept. of Agriculture, Capacity Building Grant for biotechnology teaching efforts.
- **Dr. Brenda Wilson**, Education, $144,714, Marshall University, National Science Foundation subaward for SCI-TALKS after school program - Year 2.
- **Kellie Toledo**, Student Support Services, $4,000, WV Higher Education Policy Commission, for social justice education programs on campus.
- **Dr. Barbara Liedl**, Douglass Institute, $299,734, US Dept. of Agriculture, Capacity Building Grant for tomato research.
- **Dr. Umesh Reddy**, Biology/Douglass Institute, $299,811, US Dept. of Agriculture, Capacity Building Grant for Consultative Group on International Agricultural Research (CGIAR) teaching efforts.
- **Krystal Tolliver**, TRIO programs, $250,000, US Dept. of Education, Upward Bound Math and Science.
- **Dr. Padma Nimmakayala**, Douglass Institute, $299,832, US Dept. of Agriculture, Capacity Building Grant for pumpkin research.
- **Rita Brown**, Education, $215,072, US Dept. of Health and Human Services, Title IV-E Adoption Assistance and Foster Care Education Programs.
- **Dr. Ulises Toledo**, Douglass Institute, $867,923, US Dept. of Agriculture, Section 1447 1890 Land-Grant Institution Facilities Funds.
- **Dr. Ulises Toledo**, Douglass Institute, $485,000, National Science Foundation/WV Higher Education Policy Commission, EPSCoR Bionanotechnology - Year 3.
- **Dr. R. Charles Byers**, Academic Affairs, $499,248, National Science Foundation, STEP to Success, Science, Technology, Engineering and Math Talent Expansion Program (STEP).
- **Dr. David Huber**, Biology/Douglass Institute, $242,954, US Dept. of Agriculture, Capacity Building Grant for mine site reclamation.
- **Kelli Batch**, Extension, $41,000, National 4-H Council, 4-H STATE youth mentoring - Year 3.
- **Dr. Micheal Fultz**, Chemistry, $24,526, WV-INBRE, for natural products research.

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WEST VIRGINIA STATE UNIVERSITY

Gary Adams x4281
Interim Director of Sponsored Programs
sponsored-programs@wvstateu.edu

Monty Fowler x4313
Director of Grants and Contracts
grants@wvstateu.edu

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