

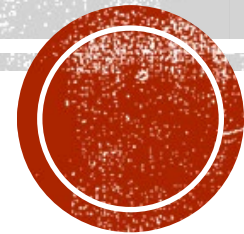
# DIRECT VS INDIRECT COSTS

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# WHAT IS A DIRECT OR INDIRECT COST?

- **Direct Cost** - costs that can be identified specifically with a particular sponsored project, an instructional activity, or any other institutional activity; or can be directly assigned to such activities relatively easily with a high degree of accuracy. These costs must be reasonable, allocable and allowable.
- **Indirect Cost** - also known as facilities and administrative (F&A) costs, are incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity.



# EXAMPLES OF DIRECT AND INDIRECT COSTS

## Direct Costs

- Budgeted Salaries/Benefits (Faculty, Technicians, Research Associates)
- Supplies (Chemicals, glassware, field supplies, animals, reagents, etc.)
- Services (Consultant Fees, BRC, CUHA, AHDC)
- Conference/Scientific Travel
- Budgeted equipment
- Publications
- Sub-Contracts

## Indirect Award Costs

- Salaries of Administrative and Clerical positions (Contract and grant administration, accounting, administrative assistants)
- “General” Office Supplies (Pens, pencils, printer ink/paper)
  - Computers (unless specifically budgeted within the award)
- Meals for collaboration meetings
- Facility Charges (Repair services)
- Insurance on Equipment
- Society Membership registration costs



# BUSINESS PURPOSES

Reagents – BP General lab supplies

- Even if allowed this would now be flagged as indirect

Pencils- pencils for writing

- This does not link the expense to a project and would be flagged as indirect

Reagents – Reagents for eliminating DNA contamination in qPCR analysis of IVF and cryogenic experiments

- This BP links the reagents to a project and is a direct expense

Pencils – For testing of lead contamination from \$2 pencil production

- This BP links the pencils to a project and is a direct expense



# WILL EVERY ACCOUNT/TRANSACTION HAVE IDC BILLED?

- Discretionary accounts do not traditionally have IDC
- Gift accounts traditionally have IDC
- External Grants traditionally have IDC
  - Total Direct cost – every transaction will be billed IDC
  - Modified Total Direct Cost – certain items will not be billed IDC
    - Tuition
    - Capital Equipment
    - Some subcontract payments
- Internal Vet Grants do not traditionally have IDC



# IDC IN THE PROPOSAL

- **Federal Rate**
  - Current rate is 57%
  - Negotiated every 4 years
- **Clinical Trials Rate**
  - The indirect cost rate depends of the agreement in place for the clinical trial
  - Rate must be approved by Associate Dean for Research and Graduate Education
- **De Minimus Rate**
  - Current rate is 8%
  - This rate is used when the sponsor does not have a negotiated rate



# RECOVERY BREAKDOWN FOR FULL FEDERAL RATES; WHERE DO THE INDIRECT DOLLARS GO?

- 2% to Faculty
  - 2% of the IDC collected by transaction is sent back to the Faculty's discretionary account
- 98 % to Department, College and University
  - Administrative salaries
  - Utility bills
  - Custodial services
  - Other charges not directly charged to awards



# HOW TO FIGURE OUT SPENDABLE DOLLARS

- Tell us how you want to see your spendable dollars in your account updates

Title	Account	Term Date	Current Balance	Forecasted Balance
Faculty Acitivity Account	4803111	N/A	\$9,000.00	\$9,000.00
Startup Support	4803112	N/A	\$200,000.00	\$200,000.00
AKC (Canine Dog Sitting) Award	4808100	12/31/2024	\$10,000.00	\$6,369.43
*Unrestricted accounts typically do not have IDC				





# QUESTIONS?

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