LOYOLA UNIVERSITY
BUDGETING OF INDIRECT COSTS FOR SPONSORED PROJECTS POLICY

Approved by the President December 17, 2013

I. Policy

A. Statement
The University has negotiated an indirect cost rate with the federal government. This rate will be used to budget indirect costs for each sponsored project, except in the following sets of circumstances:

- The sponsor’s written budgetary guidelines specify a different overhead rate, which may be zero. In these cases, the sponsor’s rate will be applied.

- The sponsor is from the private sector, the sponsor’s written budgetary guidelines do not specify an overhead rate, and no salaries or wages are included in the budget. If all three conditions are met, the University’s default rate will be applied to the total direct costs.

Use of any other rate requires a written waiver approved by the Office of Finance and Administration and the Provost. For applications managed by the Office of Institutional Advancement, an alternative rate may be applied if specifically approved by the President.

This policy is designed to ensure the uniform application of indirect costs across sponsored projects and to provide those preparing applications with the information they require to develop proper budgets.

B. Scope
This policy applies to all sponsored projects and applications for sponsored projects, whether the sponsor is from the public or private sector.

II. Definitions

“Indirect costs,” or “Facilities and Administrative (F&A) costs,” means costs that 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. These costs are synonymous with “overhead.”

“Sponsored project” means an organized activity that is supported by external funding from a grant, contract, or cooperative agreement and for which there is a level of accountability to the sponsor that is characterized by three things: 1) a pre-defined work plan or scope of work, 2) a budget, and 3) reporting requirements.
III. Additional Information

A. References
The University’s federally negotiated indirect cost rate agreement can be found on the Grants and Sponsored Programs Institutional Information webpage.

B. Document History
This policy is an extension and clarification of policy statements provided in the procedures manual on *Grants and Agency Funding at Loyola University*, published by Financial Affairs in 2008. The current policy was developed by the Office Academic Affairs in cooperation with the offices of Institutional Advancement and Finance and Administration.

C. Contacts
For additional information, contact the Director of Grants and Sponsored Programs or the Assistant Controller, Financial Affairs.