

**FAQ for BYU Sponsored Projects Indirect Cost Rate Change from 50% to 51.5%
effective January 1, 2022**

This change goes into effect on January 1, 2022 in the following ways:

- 1.) Currently awarded projects will remain at the original awarded indirect rate for all project periods originally proposed and awarded.
- 2.) Proposals approved (via Kual Research) and submitted to the sponsor prior to January 1, 2022 will use 50% in all years initially proposed.
- 3.) New awards received will be administered at the rate used in the approved proposal that was submitted.
- 4.) Proposals submitted on or after January 1, 2022 will use the new 51.5% in all years proposed.

And, as is currently the case, BYU Associate Academic VP approval is required where governmental or foundations have a written policy requiring the use of a lower indirect rate.

- 1.) Q - What are Facilities and Administration (F&A) or Indirect Costs?

A - Indirect costs are resources spent in support of more than one activity or program where this support cannot be tracked directly to any of the individual activities of the organization. Utility costs, general administrative expenses, depreciation of equipment and facilities are common categories of indirect costs.

- 2.) Q – Why is the Indirect Cost Rate changing?

A – BYU's previous Indirect Cost rate of 50% had been in place for many years. (since 2003). Every four years, BYU is required to submit justification for its Indirect Cost Rate to the federal Department of Health & Human Services (DHHS). Most recently the data justified a rate of 58%. DHHS responded with an approved rate of 51.5%

- 3.) Q – Won't this increase to 51.5% leave less budget available for costs directly needed by my project?

A – Generally, governmental agencies recognize the approved indirect costs of an institution and add this indirect cost amount to the direct costs proposed in awarding a total cost budget.