Recovery of indirect costs remains a key focus for our organization. In support of our goal of maximizing indirect cost recoveries, the following reminder is offered regarding the minimum indirect cost recovery rates for nonfederal grants and contracts:

- The indirect cost recovery rate for clinical trials of drugs, vaccines and devices sponsored by industry and carried out in nonacademic space (Hospital, Clinical Research Center, Clinic or off-campus sites) is 29% of total direct costs (TDC).

- The indirect cost recovery rate on other industry-sponsored research projects that are carried out in academic space is 60%.

- The indirect cost recovery rate on service grants or contracts, including projects funded by the State of Tennessee, is 29%.

- The minimum indirect cost recovery rate on all gifts is 12% of total direct costs. Contributions made for endowments, student fellowships/loans/grants and facilities remain exempt from indirect costs. This rate represents a partial component of actual expenses. In the event that the donor limits the indirect cost recovery to an amount less than this minimum, the department must identify an alternate source of funding to cover these costs.

- The indirect cost recovery on research funded by foundations and nonprofit associations will be the maximum rate allowed by the published policies of the sponsor, with the concurrence of the institution. The normal rate should not be less than the minimum gift rate of 12%.

- In situations where restricted centers do not generate indirect cost recoveries, departments will be asked to reimburse the Dean’s Office for the amount of IDS taxes created by the charges made to such centers from discretionary funding sources. Such reimbursements will be requested by the Department of Finance on a quarterly basis.

If you have any questions on the above rates, please feel free to contact Craig Carmichel, Steve Todd or Melissa Smith.