



PROCEDURAL STATEMENT

Procedural Statement Title: Application of Indirect Costs (F&A) on Sponsored Projects

Functional Area: Research Administration

Related Policy:	CRS 24-113-104; University of Colorado Boulder Indirect Cost Rate Agreement; Indirect Cost Recovery Policy Statement
Effective Date:	August 15, 2018
Approved by:	Massimo Ruzzene, Senior Vice Chancellor for Research & Innovation and Dean of the Institutes
Responsible Offices:	Research and Innovation Office, Office of Contracts and Grants (OCG), Campus Controller's Office
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I. BACKGROUND

University of Colorado Boulder (CU Boulder or University) policy requires the campus to seek full recovery of direct and indirect costs (facilities and administrative costs, "F&A") except in rare situations. Federal and state law and regulations require that the University's approved indirect cost (F&A) rate be applied consistently to all sponsored projects, and CU Boulder is scrutinized for compliance. In addition, state law and University policy require CU Boulder Principal Investigators (PIs) to perform sponsored projects on a full-cost basis unless such recovery is restricted by law or public policy, or unless a determination has been made that accepting less than full-cost recovery is in the best interests of the University. CU Boulder expects that indirect (F&A) costs will be recovered to the maximum extent possible.

This Procedural Statement outlines procedures for the correct application of CU Boulder's [Indirect Cost \(F&A\) Recovery Policy](#).

II. DEFINITIONS

- A. **Indirect Cost Activity Types:** Indirect cost rates are established in [CU Boulder's federally Negotiated Indirect Cost Rate Agreement](#) (NICRA) and apply to the following activities: instruction, intergovernmental personnel act agreements, organized research, and other sponsored activities. According to [2 CFR 200 Appendix III](#), these activities are defined as:
 - i. *Instruction:* This activity type means the teaching and training activities of an institution. Except for research training as provided in subsection b, this term includes all teaching and training activities, whether they are offered for credits toward a degree or certificate or on a non-credit basis, and whether they are offered through regular academic departments or separate divisions, such as a summer school division or an extension division. Also considered part of this major function are departmental research, and, where agreed to, university research.
 - ii. *Intergovernmental Personnel Act Agreements (IPAs):* (Defined outside of Uniform Guidance) IPAs allow for the temporary assignment of personnel between the Federal Government and CU Boulder to facilitate cooperation between both parties.
 - iii. *Organized Research:* This activity type means all research and development activities of an institution that are separately budgeted and accounted for. It includes:
 - (1) **Sponsored research** means all research and development activities that are sponsored by Federal and non-Federal agencies and organizations. This term includes 1)

activities involving the training of individuals in research techniques (commonly called research training) where such activities utilize the same facilities as other research and development activities and where such activities are not included in the instruction function and 2) sponsored service activities.

(2) **University research** means all research and development activities that are separately budgeted and accounted for by the institution under an internal application of institutional funds. University research, for purposes of this document, must be combined with sponsored research under the function of organized research.

- iv. **Other Sponsored Activities:** Other sponsored activities means programs and projects financed by Federal and non-Federal agencies and organizations which involve the performance of work other than instruction and organized research. Examples of such programs and projects are health service projects and community service programs. However, when any of these activities are undertaken by the institution without outside support, they may be classified as other institutional activities.

In addition to these activities, CU Boulder's NICRA includes a rate specific to and applied only to the Laboratory for Atmospheric Space Physics (LASP) and Department of Defense (DOD) sponsored project costs.

- B. **Capital Equipment** is a tangible item that is durable, non-expendable, meets CU Boulder's Capitalization Rules, and is by itself functionally complete for its intended purpose. Capital Equipment includes both Standalone Capital Equipment and Fabricated Equipment.
- C. **Capitalization Rules** are thresholds by which property is determined to be Capital Equipment and exempt from indirect cost. These thresholds are:
 - i. Once in service, the equipment must have a useful life of at least one year, unless the sponsor regulates otherwise; and
 - ii. One of the following:
 - a. For all awards, including federal contracts, beginning 6/30/2025 and earlier, \$5,000
 - b. For all awards except federal contracts beginning 7/1/2025 and later, \$10,000
 - c. For all federal contract awards after 7/1/2025, \$5,000.
- D. **Competing Continuation** is funding applied for in response to a sponsor's competitive funding opportunity. If awarded, the sponsor usually issues a separate award number from the award the continuation is intended to extend.
- E. **Deliverable Property** is identified in the scope of work of the sponsored project agreement and is constructed for delivery to the sponsor or sponsor-directed third parties at the end of the project. Title to Deliverable Property vests with the sponsor or sponsor-directed third parties. Deliverable Property is not Capital Equipment.
- F. **Department of Defense (DoD) Contracts** are agreements issued by DoD for the purpose of procuring services or goods under the Federal Acquisition Regulations (FAR) and Defense Federal Acquisition Regulation Supplement (DFARS).
- G. **Direct Costs:** Direct costs are costs that can be readily or easily assigned to a funded project. These costs include, among others, materials and supplies needed to carry out the project; salaries and fringe benefits for faculty, graduate students, postdocs, research assistants, etc.; project travel; and others.

- H. **Expendable property** is that which is consumed, loses its identity, or becomes an integral part of other property when put to use or has an expected service life of less than 1 year.¹ Expendable property may be purposefully destroyed when put into use.
- I. **Fabrication** is a piece of equipment that is designed and built or assembled by university personnel from individual parts or components that may be produced by internal staff or provided by external entities or vendors. Depending on a number of factors, the Fabrication may be considered Capital Equipment, Non-capital Equipment, or Deliverable Property.
- J. **Fabricated Equipment** is a type of Capital Equipment that is designed and built or assembled by university personnel from individual parts or components that may be produced by internal staff or provided by external entities or vendors. Fabricated Equipment meets CU's Capitalization Rules and the following criteria:
 - i. Every component must be necessary and essential for the function of the entire fabrication to the extent that the removal of one component would diminish the operation of the entire fabrication;
 - ii. Will be put into service for a University project on or off campus; and
 - iii. Is or is expected to be titled to the University.
- K. **Incremental funding** is partial funding received, often in the case of a non-competing continuation, where the funds were contemplated in the original proposal and accepted in the original award, but not paid at the time of initial award.
- L. **Indirect Costs:** Indirect costs, also known as IDC, overhead, facilities and administrative costs, or F&A, are real costs to CU Boulder that are not readily or easily assignable to a specific funded project. Indirect costs help promote organized research at CU Boulder by providing funds for research-related expenses such as heat, light, water, electricity and custodial services in offices and laboratory spaces; occupational safety and hazardous waste removal; telecommunications; computers and internet access; and many other support services.
- M. **Indirect Cost Rate Agreement:** Indirect costs are negotiated with the federal government regularly, in accordance with guidelines set forth in Appendix III to 2 CFR 200. CU Boulder recovers Indirect Costs as a percentage of some or all of the direct cost expenses of funded projects.
- N. **Location of Work:** CU Boulder's federally negotiated rates vary based on project location: on-campus and off-campus:
 - i. *On-campus locations:* On-campus locations include space in buildings owned by CU Boulder and may include buildings or spaces rented or leased by CU Boulder itself or some CU Boulder entity, as long as the rental or lease costs are not charged directly to the project. The indirect cost rate for on-campus locations includes both the Facilities and the Administrative components of the rate.
 - ii. *Off-campus locations:* Off-campus locations include space not owned by CU Boulder, and buildings or spaces not rented or leased by CU Boulder itself or some CU Boulder entity, where those rental or lease costs are charged directly to the project and do not form a portion of CU Boulder's indirect cost pool. Off-campus locations also include field work locations without any associated rental or lease costs. A home or other off-campus office does not necessarily constitute an off-campus work location for the purposes of determining if the off-campus rate can be used. Each situation where a home office is used

¹ Based on Department of Energy definition, <https://www.energy.gov/management/definitions>

as a permanent work location for project personnel must be approved on a case-by-case basis. The indirect cost rate for off-campus locations is lower than the on-campus rate, because it only includes the Administrative component and not the Facilities component. In cases where university capital equipment is used off-site, the on-campus rate will be applied. Standard conference travel is not considered an off-campus cost because the purpose of a standard conference is to gather information, network with other professionals, and disseminate results rather than to conduct any of the scope of work for the project.

- iii. *Projects performed in both on-and off-campus locations:* In accordance with the terms of CU Boulder's federally negotiated indirect cost rate agreement, projects that are partially located off-campus may not charge both the on-campus and the off-campus rate to the respective components. Only one indirect cost rate may be used for the whole project.
- O. **Non-competing Continuation** is a continuation of award funding that is offered by the sponsor without the need to compete with other entities in order to receive it. A non-competing continuation may or may not have been originally contemplated in the proposal for the original award it is intended to extend. Incremental funding is the result in cases where the continuation funds were contemplated in the original proposal and accepted in the original award.
- P. **Nonexpendable property** has a continuing use, is not consumed in use, is of a durable nature with an expected service life of a minimum of one year and does not become a fixture or lose its identity as a component of other equipment or plant.²
- Q. **Sponsored Service Activities:** Sponsored service activities are activities performed by university personnel using university facilities and/or equipment that have excess capacity to perform work for external entities similar to tasks done on sponsored research projects but without the scientific investigation and conclusions.
- R. **Standalone Capital Equipment** is a tangible item that is commercially available, durable, non-expendable, and meets CU Boulder's Capitalization Rules. It is itself functionally complete for its intended purpose.
- S. **Supplement** is an addition of funding from the sponsor to an existing award that may or may not also add scope to the project and may or may not extend the end date of the existing project.

III. PROCEDURES

This section identifies how CU Boulder addresses the application of F&A rates in different circumstances.

A. General Procedures

As a general rule, CU Boulder will apply its full indirect cost rate according to CU Boulder's federally negotiated rate agreement to all externally funded projects, whether it is the primary applicant/recipient or a subrecipient whereby funds are coming to CU Boulder from another entity or institution. PIs and their project teams are not authorized to negotiate indirect cost rates with sponsors. Any such negotiations, discussions, or prior understandings between an investigator and a sponsor shall not be binding on CU Boulder. CU Boulder is under no obligation to reduce its indirect costs as a subrecipient because a direct sponsor has chosen to do so when the prime sponsor allows full indirect costs.

² Based on Department of Energy definition, <https://www.energy.gov/management/definitions>

B. Activity Rate: Determining Project Rate

Indirect cost rates are established in [CU Boulder's NICRA](#) and apply to the following activities: instruction, intergovernmental personnel act agreements (IPA), organized research, and other sponsored activities. [CFR 200 Appendix III](#) provides definitions for each of these activities (see also Section II. Definitions above).

In addition to activity rates, beginning with the December 2025 NICRA, CU Boulder has an “uncapped” on- and off-campus indirect (F&A) rate for DoD contracts. The rate is “uncapped” in accordance with DFARS 2231.303, which allows institutions of higher education to be reimbursed for full allowable costs, overriding the limit of 26% for the administrative portion of Facilities and Administrative (F&A) costs imposed by 2 CFR 200 Uniform Guidance (Appendix III. C.8.a.)

Indirect cost rate determinations for sponsored projects are made at the proposal stage with final determination by the Office of Contracts and Grants (OCG), according to the project's type of activity (instruction, IPA, organized research, or other sponsored activity) and determination of whether a project is considered on- or off-campus.

For the purposes of IDC rate determination:

C. Sponsored service activities are considered organized research activities.

- The other sponsored activities rate may be used when a sponsor allows a negotiated rate but disallows use of the organized research rate.

D. Fixed Rates for the Life of the Sponsored Award

The terms of Section C.7.a. of Appendix III to Part 200 [of 2 CFR 200](#) require that CU Boulder must use the same negotiated rate according to the rate agreement in effect at the time of the initial award throughout the life of the award for all federal awards. CU Boulder does not update indirect cost rates or capital equipment or subaward thresholds if and when a new negotiated rate agreement with changes in indirect cost rates or thresholds is received during the life of an award. To maintain consistency, CU Boulder applies this to all awards, including non-federal awards. See Section E: Change in Location of Work During the Life of an Award for rate considerations related to PIs changing the campus unit in which they are rostered.

E. Location of Work: Determining Whether to Apply the Off-Campus Rate

The on-campus indirect cost rate will be applied to sponsored projects unless it can be established that a majority of the project's research or creative work (50% or more) will be conducted in an off-campus location. Proper determination of the campus location of a sponsored project is required to ensure that CU Boulder is neither over- nor under-charging a sponsor for project costs. It is the responsibility of the cognizant OCG Proposal Analyst, working together with the PI and the project team, to determine which rate is most appropriate for a given project.

An off-campus activity is defined in the CU Boulder NICRA with the Department of Health and Human Services as an activity which, because of the location where the work is performed, does not incur physical plant operations and maintenance costs. This means that the research or other funded activity must take place, either completely or substantially, in the field or in facilities that are not owned by CU Boulder and, if rented or leased by CU Boulder or one of its entities, those rental or lease costs are charged directly to the project and do not form a part of CU Boulder's indirect cost pool.

For a determination that field work or other funded activity is taking place substantially in a location that does not incur physical plant operations and maintenance costs, one of the following criteria must be met:

- The field work or other funded activity is taking place in an off-campus location (as defined above) for an aggregate period of at least 30 calendar days per year (or for the entire period of performance, if the award is for a period of less than 30 days); or
- Less than 50% of the costs subject to Indirect Costs, as determined in the proposal guidelines or the award terms and conditions, are incurred on campus.

E. Change in Location of Work During the Life of an Award

Per Section III.C. of this procedural statement, sponsored projects have a fixed indirect cost rate for the life of an award. Though exceptionally rare, changes may occur during the life of an award that affect a project's location of work (on or off-campus) and, therefore, may affect the indirect cost rate. A change in project location may be due to an investigator transferring to another department at CU Boulder.

Since CU Boulder may only charge one of our approved indirect cost rates on an entire project, OCG makes the determination of location of work (on or off-campus) based on where the majority of the work is taking place (>50% of project costs, excluding some direct costs, not including IDC). See Section III.D. for additional details on location of work.

If an investigator's project changes location, investigators or units may request a review of a project's indirect cost rate. OCG will first review the amount of project costs remaining for the project.

- If a project change occurs when most (>50% project costs spent) of the project has been completed, the rate will not be changed because indirect cost rate determination for on or off-campus is based on the location determination for the entire project.
- If more than 50% of the project costs remain unspent:
 - A change of location may be indicative of a change in scope of the project. Investigators or units, along with the investigator, must determine any impact on the change in scope. If there is a change in scope, the request to the sponsor for a change must go through OCG.
 - OCG Officers will review the budget with the PI and/or department and determine if there has been a change in location of work that affects the indirect cost rate.
 - If the applied indirect rate decreases (i.e. on-campus to off-campus), then the PI should amend the statement of work, including the additional work to be completed, provide justification for the change that includes a case for the funds remaining at CU Boulder, and provide a revised budget and budget justification. OCG will submit the request to the sponsor.

Note: The sponsor may review the request and determine that the indirect cost difference should be deobligated and returned to the sponsor, thereby decreasing the award amount.

- If the applied indirect rate increases (i.e. off-campus to on-campus), the difference must come from the awarded amount. This may require a change in scope unless the sponsor approves a supplement. The PI should amend the statement of work, if applicable, provide justification for the change, and provide a revised budget and budget justification. OCG will submit the request to the sponsor.

F. Equipment: Determining Whether to Apply Indirect Costs

Indirect Costs are charged on equipment/property depending on the equipment/property type. For this reason, the type of equipment to be funded in a proposal budget must be carefully considered according to the definitions of Capital Equipment and Deliverable Property. Proposal Analysts will work with PIs, in consultation with OCG's Compliance Officer as needed, to categorize equipment at the proposal stage. Indirect costs are charged on equipment as follows:

Capital Equipment, which includes Standalone Capital Equipment and Fabricated Equipment (see Definitions above), is excluded from Indirect Costs.

Capital Equipment meets CU Boulder's capitalization rules. Capital Equipment is not subject to the application of Indirect Costs because it is capitalized as university-titled equipment and depreciation costs are built into CU Boulder's Indirect Cost Recovery rate. Standalone Capital Equipment and Fabricated Equipment are budgeted as Capital Equipment.

Fabricated Equipment is excluded from Indirect Costs only if it meets these three requirements: total cost meets CU Boulder's capitalization rules; item is nonexpendable and has a useful life of at least one year; and title is retained by the University.

Deliverable Property and Non-Capital Fabrications are subject to the application of Indirect Costs.

Deliverable Property is not capitalized as CU Boulder titled Capital Equipment because the sponsor or a sponsor-directed third party receives custody of and title to the equipment. As noted in the Definitions section, Deliverable Property is titled to the sponsor and is not considered Capital Equipment. Deliverable Property expenses are budgeted as Materials and Supplies.

In cases where Deliverable Property did not include Indirect Costs at the proposal stage, CU Boulder may require rebudgeting to include Indirect Costs applied to the cost of the Deliverable Property.

Fabrications that do not meet CU Boulder's Capitalization Rules or the definition of Fabricated Equipment are considered non-capital equipment. Non-capital Fabrications are subject to the application of Indirect Costs and budgeted as materials and supplies.

Commencement of a piece of equipment's useful life must also be carefully considered. For capital and fabricated equipment, this is when the equipment first becomes operational and capable of doing the work for which it is designed.

CU Boulder's Capitalization thresholds are as follows:

- For all awards, including federal contracts, beginning 6/30/2025 and earlier, \$5,000
- For all awards except federal contracts beginning 7/1/2025 and later, \$10,000
- For all federal contract awards after 7/1/2025, \$5,000

Federal contract capitalization follows FAR Clause [52.245-1 Government Property: Alternate II](#). Capitalization for other funding agreements follows 2 CFR 200 and CU Boulder's NICRA.

G. Supplements and Continuation Proposals and Awards: Determining Indirect Cost Rate

Per the Uniform Guidance, Part 200.414, Appendix III c.7, the Indirect Cost Rate that was proposed and accepted in the original award is the rate that must be used throughout the life of the project.

Supplements: Sponsors may issue a supplement to modify the original award by a) adding additional funding to cover additional work or by b) adding additional funding only without any additions to the originally proposed scope of work. Differences in sponsor treatment of the term "supplement" may also result in differences in the impact to the end date of the project. For determining the Indirect Cost rate:

- If the supplement action adds funding, and also extends the end date of the project, the proposal budget for the supplement should include the most current indirect cost rate. If the Indirect Cost rate has changed since the original award, the supplement indirect cost rate will be different than the indirect cost rate of the original project.
- If the supplement adds funding but the originally awarded period of performance remains the same, the Indirect Cost rate applied at the time of award must also remain the same.

Competing and Non-competing Continuations: For determining the Indirect Cost rate for continuations:

- If a competing continuation results in an award number that is different than the original award number and the funding is not considered to be incremental funding of the amount originally contemplated and awarded, the most current Indirect Cost rate should be proposed in the competing application.
- If the continuation is a non-competing continuation, however, the awarding of which amounts to the addition of incremental funding that was originally contemplated and awarded, the originally proposed and accepted Indirect Cost rate must be applied.

H. Less Than Full Recovery of Indirect Costs

CU Boulder, with concurrence of the department, unit, college, school, institute or center, may consider accepting an indirect cost rate less than CU Boulder's current IDC rate according to the Indirect Costs (F&A) Waiver and Reductions Procedural Statement.

OCG's Indirect Cost (F&A) Waiver and Reductions Procedural Statement outlines circumstances and procedures for F&A waivers and reductions, both mandatory and voluntary. Only the Vice Chancellor for Research (or his/her designee) is authorized to reduce or waive recovery of indirect costs on projects when a sponsor allows and does not limit full indirect costs.

I. Procedure for Awards Received Without a Corresponding Proposal and with Less than Full Recovery of Indirect Costs

If an investigator submits a proposal directly to a sponsor without involving or notifying OCG, and OCG subsequently receives an award for that proposal that includes an amount for F&A that is less than the full amount that would apply under CU Boulder's federally negotiated indirect cost rate agreement, CU Boulder reserves the right either to decline the award, or to attempt to negotiate an award agreement with the sponsor that includes full recovery of F&A, even if this means that the amount of funding available for direct costs on the project is less than the amount originally proposed. If an incorrect IDC rate is assigned at proposal and needs to be updated at award, resulting in the use of a higher rate, depending on the circumstances, OCG may approach the sponsor for additional funding, though increased funding for indirect cost rate errors is rare. The sponsor may need to provide approval for the change, depending on the terms and conditions of the award. If the sponsor will not provide additional funding:

- Campus units (department, institute) will be responsible for covering the difference due to department errors and/or incomplete or incorrect information being provided at the proposal stage; or
- OCG will be responsible for covering the difference due to any OCG errors.

IV. RESOURCES

[OCG Indirect Costs: Facilities and Administrative \(F&A\) Costs – General Information Webpage with Rate Decision Guide and Information on Addendums, Waivers, and ICR Splits](#)

[Indirect Cost \(F&A\) Recovery Policy Statement](#)

[Indirect Costs \(F&A\) Waiver & Reduction Procedural Statement](#)

[IDC on the Transfer of Existing Subawards](#)

[Indirect Cost Addendum](#)

[Indirect Cost Reduction or Waiver Request Form](#)

[Guidelines for DA-ICR Distribution](#)

[Current F&A rates](#)

[Understanding Facilities and Administrative \(F&A\) Costs Handout](#)

Remote Employment on Sponsored Projects Approval Form (request from OCG Proposal Analyst)

[Campus Controllers Office Purchase, Use and Disposition of Sponsored Project Equipment Procedural Statement](#)

[CCO and Research & Innovation Office Property Central](#)

[OCG Sponsored Projects Property Manual](#)

[CRS 24-113-104: Competition with private enterprise by institutions of higher education - rules](#)

V. FREQUENTLY ASKED QUESTIONS

1. Question: If a sponsor does not allow recovery of indirect cost, do I still have to submit the proposal through OCG?

Answer: Yes. Whether or not a sponsor funds indirect costs is not relevant. OCG is the authorizing official entity, delegated by the Regents, to submit all proposals for external funding for sponsored projects on behalf of CU Boulder, regardless of whether or not the sponsor allows recovery of indirect cost.

2. Question: If a sponsor has a policy that limits the amount of indirect costs that can be charged to the project (or does not allow indirect costs at all), do I still have to complete a waiver request?

Answer: If the sponsor's policy is both stated in writing and consistently applied to all similar projects, and the sponsor is not a for-profit or foreign governmental entity, you do not have to complete a waiver request. Your department chair or unit director will need to complete an *Indirect Cost Addendum*, agreeing to accept the reduced amount of Indirect Costs (your OCG Proposal Analyst can help with the form). The PI must provide to the Proposal Analyst a copy of either the proposal guidelines, the call for proposals, the sponsor's general grant terms and conditions, or language from its public website demonstrating that the sponsor either limits the amount of Indirect Costs or does not allow them at all. Verbal communications or emails from non-executive program staff do not constitute sufficient evidence of sponsor policy.

3. Question: My project does not clearly align with the definitions of organized research, instruction or other sponsored activity. What rate should I budget for my project proposal?

Answer: Contact your OCG Proposal Analyst for further guidance. OCG provides an Indirect Cost (F&A) Rate Determination Guide online with additional information, however, OCG will make a final determination based on project activity and location.

Question: A PI fabricated a piece of equipment that costs \$10,500, has a useful life of 5 years, and CU Boulder retains title. Is IDC charged on this equipment?

Answer: This Fabrication meets the definition of Fabricated Equipment and is not subject to the application of Indirect Costs.

4. Question: A department fabricates a CubeSat that costs \$45,000. The CubeSat will be launched into space at the end of the project and cannot be recovered. Is IDC charged on this CubeSat?

Answer: Recoverability of an item is not the determining factor for the application of IDC. IDC is applied to the total acquisition cost (\$45,000 in the example of the CubeSat):

- if the equipment/property is a deliverable; or
- if the equipment/property is not a deliverable but is expected to have a useful life of less than one year. It is not uncommon that, in the example of the CubeSat, the CubeSat would have an expected life of less than one year.

If the equipment/property is not a deliverable and is Capital Equipment, then IDC is not applied as the equipment/property's expected useful life is one year or more. A careful evaluation of the expected useful life of the equipment/property, provided it is not a deliverable, will be dispositive of application of IDC.

A piece of equipment is put into service, starts its useful life, when it becomes operational. In the case of CubeSats launched into space, this is after launch and when the CubeSat first streams data.

5. Question: What is included in true acquisition costs? Are shipping and design fees part of the true acquisition cost?

Answer: True acquisition costs include the cost to acquire a tangible capital or non-capital asset including the purchase price of the asset and costs necessary to prepare the asset for use. Costs

necessary to prepare the asset for use include the cost of placing the asset in location and bringing the asset to a condition necessary for normal or expected use.

Shipping costs are included in the acquisition costs of equipment. Design fees are included in the acquisition cost if a third party is building a custom piece of equipment that will be fully functioning once it arrives at CU. However, design fees for custom “software” are not included. For software, Property Accounting Office (PAO) will need to be notified and will work with the department on how to handle this situation.

6. Question: What types of rental costs are excluded from the MTDC base?

Answer: CU Boulder's Indirect Cost Rate Agreement allows for rental cost of off-site facilities to be excluded from modified total direct costs and, therefore, exempt from F&A costs. To be exempt from F&A, the rental costs must be off-site facilities, not owned or leased by CU Boulder, and for an extended period of time (typically at least 30 days). Rental of property owned by an individual or entities affiliated with CU Boulder for use of home office workspace is unallowable ([2 CFR §200.465](#)). *Examples of rental costs subject to F&A:* Conference space rental, short-term rental of clean room facilities, office or lab space on the CU Boulder campus, home offices for remote work.

7. Question: What constitutes participant support costs, which are excluded in the MTDC base?

Answer: Participant Support Costs is a very specific term and includes only those costs associated with the training of individuals external to CU Boulder. They are not costs associated with Human Subjects nor are they incentives or payments for any other type of project participant. (See also [2 CFR §200.1](#) Definitions: Participant support costs.)

VI. HISTORY

Adopted	August 15, 2018
Revised with definitions for equipment, removal from section II. C. Location of work the qualification for remote work of an aggregate period of at least 30 calendar days per year of activity taking place off-campus, added section II. E. Equipment, added Q&A 3-5, additional resources added.	May 5, 2021
Revised to reflect new rate agreement and new rate types of IPA and OSA. Added additional information to Section II.H., Section II.E. on internal transfers of awards and consideration of change in F&A rate, Section II.G on supplements and continuations, definitions of rate types and sponsored service activities, FAQ #3 and #7, and link to Indirect Cost (F&A) Rate Determination Guide.	January 27, 2022
Section III.F. Deliverables, added “or a sponsor-designated third party,” updates to URLs; addition of OCG Indirect Costs central webpage in Section IX. Resources; moved definitions to Section II; minor editing	April 30, 2023
Updated to reflect changes to Uniform Guidance	April, 2025
Updated to reflect UG changes implemented following CU Boulder's DHHS negotiated rate agreement approval	February 6, 2026