



Mississippi State University standardizes indirect cost rate calculation process

DISCIPLINED APPROACH HELPS IMPROVE COST RECOVERY

Challenge: Ensuring consistency

Like most higher education institutions in receipt of federally sponsored research funds, Mississippi State University (MSU) must calculate its indirect cost rates on a cyclic basis with their cognizant agency. The rates value overhead costs for operating and maintaining facilities, utilities, security, buildings and equipment, and expenses for administrative tasks.

Because these costs are included as reimbursable expenses in proposals for federal research dollars, they must be accurate and comply with Uniform Guidance, a governmentwide framework for grants management. They are also subject to negotiation with the Department of Health and Human Services, Cost Allocation Services (DHHS-CAS).

The quadrennial exercise of calculating indirect cost rates is designed to help research organizations receive fair compensation as marketplace costs rise and to provide research sponsors and the public with fiscal transparency for the use of government funds.

Recognizing the need to standardize its indirect cost rate calculation process and improve cost recovery, MSU collaborated with Huron to develop an indirect cost rate task force to streamline the campus

IN BRIEF

- The Mississippi State University research enterprise sought to standardize its indirect cost rate calculation process and maximize cost recovery.
- To develop a disciplined approach and understand the complexity of sponsored research activity across the university, MSU conducted a thorough review and analysis of previous rate calculation methodologies.
- After a successful rate calculation cycle, MSU is continuing to refine its processes and created an indirect cost task force for future rate calculations.

communication and data collection and implement a disciplined indirect cost proposal approach. In addition, MSU invested in training staff on the compliance and significance of the indirect cost rate calculation and negotiation process to ensure indirect cost proposal compliance and maximized cost recovery.

Approach: Reviewing the research enterprise

A tier-one research (R1) university and the largest public land grant university in the state, MSU is ranked among the National Science Foundation's top 100 research institutions.

“As an institution deeply invested in research, tapping external expertise to assist with our indirect cost rate calculation has been vitally important. It has helped us navigate the complexities of indirect cost rate negotiations more effectively and enhanced our financial resources for the benefit of the entire MSU research community.”

— Kevin Edelblute, associate vice president for finance at MSU

To understand the complexity of research activity across the university, the team conducted four distinct phases of work:

Diagnostic review: Analyzed previous methodologies, identified potential enhancements, and prepared a detailed work plan.

Space survey: Partnered with MSU staff to conduct a space survey for sponsored research-intensive departments utilizing the [efacs™](#) space module, Huron's web-based space survey tool. This survey produced a statistic representative of the space usage and was utilized to allocate the facility costs within the indirect cost rate proposal.

Indirect cost rate calculation: Gathered required data and updated the methodology for rate calculation, created indirect cost pools and allocation methods, and programmed all data into the [efacs™](#) costing module, Huron's web-based proprietary tool that assists organizations with creating and presenting a defensible research proposal.

Negotiation support: Complied with documentation requests and negotiated rates with the Department of Health and Human Services, Cost Allocation Services Mid-Atlantic office.

Results: Recovering more costs

After successfully calculating and negotiating an indirect cost rate, MSU is continuing to partner with Huron to prepare for future rate calculations. The task force continues to refine its processes and educate the university community on the importance of the indirect cost rate calculation.

These efforts have helped the university increase cost recovery and boost research revenue. With the implemented disciplined indirect cost rate approach MSU will benefit from greater efficiencies in future rate calculations and negotiations. Increased cost recovery empowers faculty, staff, students, and researchers to focus more on what matters most: innovation and discovery.



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