



2026 ANNUAL CONFERENCE OAKLAND, JANUARY 11 - 13

AUXILIARY ORGANIZATIONS ASSOCIATION

THE NEXT ERA OF AUXILIARIES
SHAPING TOMORROW

Navigating Changes in Indirect & Direct Costing



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AGENDA

Background

- Threats to IDC (Agency Policy/Regulation Change)
- Advocacy Efforts (JAG FAIR: OMB/Legislation)
- Current IDC Process in place

Defining Direct Charging

Opportunities for Direct Charging

Questions and Answers

BACKGROUND



BACKGROUND

THREATS TO IDC (15% Cap):

- National Institutes of Health
- Department of Energy
- National Science Foundation
- Department of Defense

These policy changes to cap IHE's IDC have not been successful (to date) due to court order or policy retraction.

ADVOCACY EFFORTS:

Joint Associations Group (JAG)

- FAIR Model (proposed)
 - Simplified Method
 - Expanded Method

Legislative Advocacy

- JAG Advocacy Efforts with OMB and Legislators

BACKGROUND

JAG FAIR MODELS (proposed)

Simplified Model

- 15% General Research Operations (GRO)
- 10% Research Information & Data Services (RIDS) & Essential Research Performance Facilities (ERPF)
- Direct Charge (potential)
 - Regulatory Compliance (RC)
 - Award Monitoring Oversight and Reporting (AMOR)

Detailed Model:

- 15% General Research Operations (GRO)
- Direct Charge
 - Regulatory Compliance (RC)
 - Award Monitoring Oversight and Reporting (AMOR)
 - Research Information & Data Services (RIDS)
 - Essential Research Performance Facilities (ERPF)

BACKGROUND

Current Indirect Process:

- IDC submission and review process is still in place
- Universities are submitting their FY25 and working on FY26 proposals
- Cost Allocation Services reduced down from 4 to 2 offices
- ICAS portal is now in place – clunky, time consuming (2 – 3 hours)
- More streamlined negotiations process – Good!

DEFINING DIRECT CHARGING





WHAT IS DIRECT CHARGING?

The practice of assigning a cost specifically when the relative benefit received can be clearly and easily determined.

These costs can be assigned to:

- A Sponsored Project
- An Activity
- A Fund
- A Cost Center



GUIDELINES FOR DIRECT CHARGING

When Direct Charging, ensure costs are:

- Allowable
- Appropriately Allocated
- Consistent across all funding sources
- Not double charged
- Documented
- Rational
- Well Justified
- Budgeted for

OPPORTUNITIES FOR DIRECT CHARGING





HOW IS DIRECT CHARGING ACCOMPLISHED?

There are multiple ways to direct charge:

- Payroll Action to charge the objective
- Apply the Charge during Procurement
- Allocate to the Objective via Rates (e.g. administrative charge, not included in IDC rate)
- Include in the Fringe Benefit Rate
- Charge Fees via a Recharge or Service Center

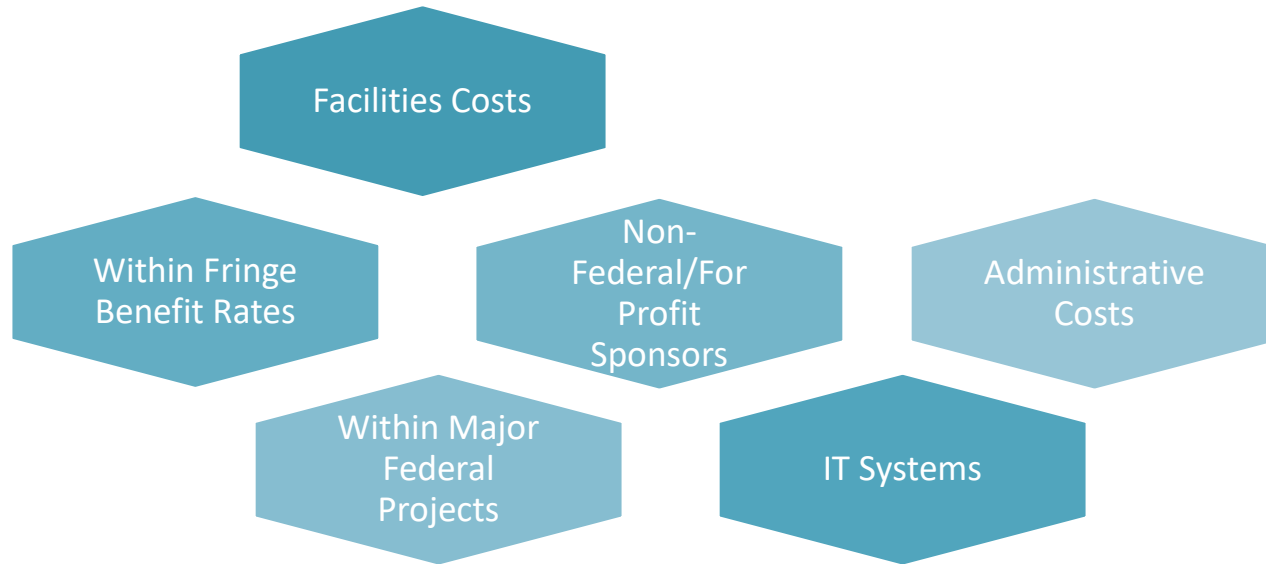


CONSIDERATIONS - *What you can do now!*

Some opportunities to increase direct charging:

- Increase PI and Faculty direct charging effort to grants
- Increase Graduate Researcher and student direct charging to grants
- Purchase equipment on grants and contracts
- Eliminate/reduce subsidies from all recharge/service centers
- Eliminate/Reduce voluntary cost sharing
- Stop waiving F&A unnecessarily

DIRECT CHARGING EXPENSES



Expenses

Within Fringe Benefit Rates

Terminal/Sabbatical Leave

Wellness

- EAP
- Fitness Center
- Nutrition Programs

Medical Insurance Coverage Waivers

Commuting Costs

Child Care

Tuition Remission



Expenses

Within
Major
Federal
Projects

Administrative Salaries
and Wages

O&M/Custodial/Facilities
Management



Expenses

Non-
Federal/For
Profit
Sponsors

Uncapped Calculated Rates

Federally Unallowable Costs

Subawards Over the Threshold

Over the Cap Salaries

Administrative Fees or Percentages

O&M/Custodial/Facilities Management



Expenses

IT Systems

High Performance Computing

Research Administrative Software

Storage Space on Server

Network Charges

Expenses

Administrative Costs

**Must provide basis
for allocation*

Institutional Review Board (IRB)/Compliance

Animal Care (IACUC)

Export Controls

Pre-Award

Post Award

Project Management

Expenses

Facilities Costs

Capital Equipment Depreciation

- New equipment (not in F&A rate),
- Or to non-federal users/agreements

PIs Rent on Certain Facilities

- Specialized Service Facility
- Or, if FAIR type model implemented

CSU INITIATIVES



INITIATIVES & OPPORTUNITIES

Recent Collaborations and Communications

- CSU Steering Committee formed
 - Two Workgroups
 - FAIR Model Assessment Tool (with 2 information sessions offered)
 - Impact to CSU Research Whitepaper (shared at CCRO and RAC)
- CSU Campus Chief Research Officers Hosted a meeting with JAG (August 2025)

Ongoing Opportunities:

- Offer public comments to any OMB regulatory changes
- Work with consultants to offer guidance on Service Centers
- Maximize cost recovery under existing and new models
- Education, and training related to systems changes to business processes

QUESTIONS & ANSWERS



Contact Information



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THANK YOU!

