

TOTAL CASH COMMITMENT

Estimating the Industry Sponsor Contribution Breakdown (Fall 08)

This method is used if an industry sponsor offers a **total cash commitment (TCC)** to support a research project. The distribution of the TCC between direct and indirect costs is determined by the primary proposal budget. The primary proposal budget is based on the industry total cash commitment and the IUCRP primary award. An in-kind incentive award, if approved, would provide additional direct cost funding for the project.

The primary direct costs = IUCRP Primary Award (0.7 * TCC) + Industry Direct Costs (see below)

To estimate the Industry Direct and Indirect Costs, gather the following information:

1. The indirect cost rate (IDCR)
2. The industry total cash commitment (TCC)
3. An estimate of the primary direct costs **exempt** from indirect cost recovery (EXM)

- Industry Direct Cost = $(0.5 * EXM) + [(TCC - 0.5 * EXM)/(1 + IDCR)]$
- Industry Indirect Cost = TCC – Industry Direct Cost

Example #1 – All primary direct costs subject to indirect cost recovery:

- The indirect cost rate (IDCR) = 0.48 [i.e. 48%]
- The industry total cash commitment (TCC) = \$100,000
- The IUCRP Primary Award = \$70,000
- All primary direct costs (IUCRP and Industry) subject to indirect cost recovery, so EXM = \$0
 - Industry Direct Cost = $\$100,000/1.48 = \$67,568$
 - Industry Indirect Cost = $\$100,000 - \$67,568 = \$32,432$

Example #2 – Some primary direct costs NOT subject to indirect cost recovery:

- The indirect cost rate (IDCR) = 0.48 [i.e. 48%]
- The industry total cash commitment (TCC) = \$100,000
- The IUCRP Primary Award = \$70,000
- Primary direct costs (IUCRP and Industry) **exempt** from indirect cost recovery (EXM) = \$30,000
 - Industry Direct Cost = $\$15,000 + (\$100,000 - \$15,000)/(1.48) = \$15,000 + \$57,432 = \$72,432$
 - Industry Indirect Cost = $\$100,000 - \$72,432 = \$27,568$

In-kind Contributions:

The primary proposal budget can be expanded with an in-kind incentive award if the industry sponsor contributes an eligible in-kind contribution. The in-kind incentive award is subject to maximum limits, based on the TCC, as defined in the Request for Proposals and the Application Instructions, and will not affect the distribution of the industry funds between direct and indirect costs.



MARKET ORDER BOARDS OR DIRECT CASH COMMITMENT

This method is used for Market Order Boards that are exempt from paying indirect costs OR when an industry sponsor needs to know the primary direct cost (PDC) of the project before making a commitment. Usually, in these cases, the campus and the industry sponsor agree on the primary direct cost budget and then the industry sponsor is informed of the associated indirect cost. An in-kind incentive award, if approved, would provide additional direct cost funding for the project.

To use this method, the IUCRP and the industry sponsor will share all primary direct costs equally, and the industry sponsor will pay one half of the indirect costs associated with each item in the budget.

The primary direct cost (PDC) = IUCRP Primary Award (50% of PDC)
+ Industry Direct Cash (50% of PDC)

To calculate the industry indirect cash:

1. Calculate the total indirect cost (TIDC) on the portion of the PDC that is subject to indirect cost recovery (includes waived indirect cost on IUCRP funds).
2. Divide TIDC by 2 for the industry indirect cash.

The industry total cash commitment (TCC) = Industry Direct Cash + Industry Indirect Cash

Example #1: All primary direct costs subject to indirect cost recovery:

- The indirect cost rate = 0.48 [i.e. 48%] = 0.00 or 0% (for Market Order Boards)
- The primary direct costs (PDC) = \$200,000 = \$200,000
 - The industry share of the direct cost = \$100,000 = \$100,000
- Total indirect cost (TIDC) = 0.48 * \$200,000 = \$96,000 = 0.00 * \$200,000 = \$0
 - The industry indirect cash = \$96,000/2 = \$48,000 = \$0
 - The industry total cash commitment (TCC) = \$100,000 + \$48,000 = \$148,000 = \$100,000

Example #2: Some primary direct costs NOT subject to indirect cost recovery:

- The indirect cost rate = 0.48 [i.e. 48%]
- The primary direct costs (PDC) = \$200,000
- The primary direct costs (IUCRP and Industry) **exempt** from indirect cost recovery = \$50,000
 - The industry share of the direct cost = \$100,000
- Total indirect cost (TIDC) = 0.48 * \$150,000 = \$72,000
 - The industry indirect cash = \$72,000/2 = \$36,000
 - The industry total cash commitment (TCC) = \$100,000 + \$36,000 = \$136,000

In-kind Contributions:

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