

# Indirect Costs Explained: How These Funds Support U.S. Competitiveness Through University Research



Indirect costs are crucial investments that help drive U.S. leadership in science and technology.

Indirect costs, also known as facilities and administrative (F&A) costs, are not “extra expenses” or bureaucratic add-ons; rather, **they cover the essential infrastructure, security, and support systems that make research possible.**



## How Indirect Costs Keep the U.S. Ahead

- U.S. scientific breakthroughs drive **economic growth, national security, and global influence.**
- Both our international allies and competitors are aggressively funding research infrastructure, aiming to surpass the U.S. in science and technology.
- Weakening indirect cost support would cause the U.S. to **fall behind in key areas such as AI, biotechnology, and quantum computing.**

## HOW GEORGIA TECH ALLOCATES SPONSORED FUNDING



Direct Costs	+	Indirect Costs
Research Salaries and Employee Benefits ..... \$0.36		Operation and Maintenance. \$0.07
Materials, Services, and Travel..... \$0.08		Equipment (Depreciation).... \$0.01
Equipment (Direct Charged) ..... \$0.03		Utilities..... \$0.02
Grad Student Tuition ..... \$0.07		Building (Depreciation)..... \$0.02
All Subcontracts and Other Direct Charges ..... \$0.23		Libraries..... \$0.01
<b>Total ..... \$0.77</b>		Department Admin ..... \$0.06
		Central Admin ..... \$0.02
		Central Sponsored Admin ... \$0.02
		<b>Total ..... \$0.23</b>

**Total Direct and Indirect Costs (Sponsored Funding) ..... \$1.00**

**Note: For every sponsored \$1.00, Georgia Tech contributes \$0.04 toward the Institute’s true administrative costs.**

## How Indirect Costs Support Research

### Securing Sensitive Research

Universities conducting federally funded research must **meet strict security requirements** to ensure cybersecurity and protect sensitive and proprietary technologies.

**Example:** AI-driven national security systems and advanced materials for military applications require robust cybersecurity measures, which are funded by indirect costs.

### Maintaining Research Infrastructure

Research requires cutting-edge laboratories, high-performance computing, and safety compliance, which are all covered by indirect costs.

**Example:** Semiconductor research and advanced cancer therapies rely on sterile cleanrooms and specialized laboratory equipment, plus staff for 24/7 facility operations.



### Powering Advanced Technology and High-Performance Computing

Supercomputers process massive datasets crucial to modern research, from medical diagnostics to weather-pattern analysis.

**Example:** AI-driven sepsis detection to protect hospital patients relies on indirect cost support for cybersecurity, cloud storage, and data center infrastructure.

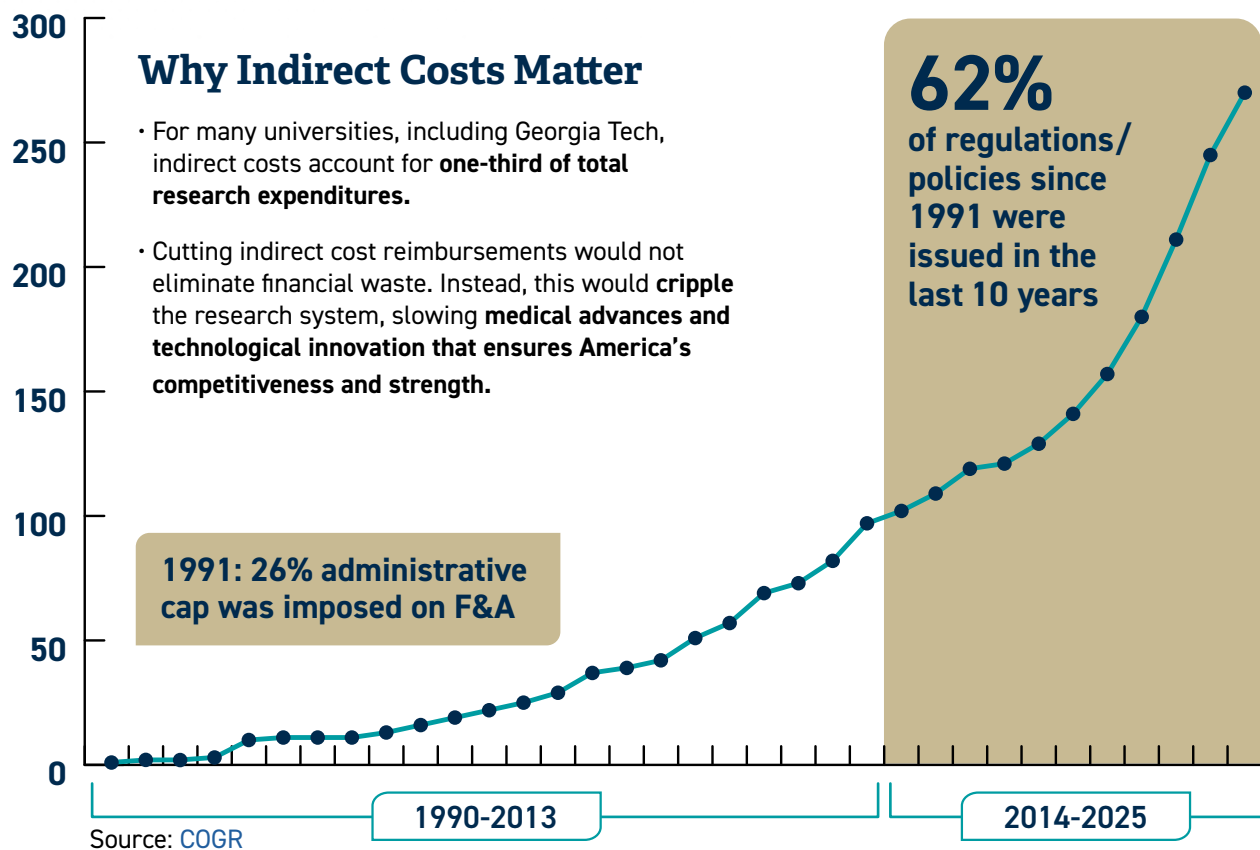


### Ensuring Safety & Compliance

Research often involves hazardous materials, genetic engineering, or chemical synthesis, requiring stringent safety protocols.

**Example:** Conducting safe and secure infectious-disease research requires high-level biocontainment systems and emergency response protocols, all funded through indirect costs.

## UNIVERSITY RESEARCH AND THE MOUNTING COSTS OF FEDERAL COMPLIANCE



### BOTTOM LINE: Indirect Costs Are An Investment In National Security

- ✓ They sustain research infrastructure, security, and compliance.
- ✓ They enable scientific breakthroughs in medicine, defense, and technology.
- ✓ They ensure American competitiveness and innovation.

For the U.S. to remain a world leader in science and technology, we must continue funding indirect costs, which help fuel scientific and technological innovations.