"Indirect costs" are perhaps an inappropriate name, as it implies to some people that these are not “real” costs. So-called “direct costs” pay for things like lab supplies and equipment, salaries and stipends for researchers and graduate students, and travel costs incurred conducting or sharing the research. Indirect costs cover facility and administrative costs which includes all the other costs of doing research. This includes services like utilities, internet, telecommunications, data storage and hazardous waste disposal. Indirects also pay for personnel outside the lab who provide necessary support to research projects, including security, financial, administrative, technical, maintenance and custodial services. They also help maintain and update lab facilities and equipment needed to conduct research. Finally, these costs cover expenses incurred in maintaining compliance with federal, state and local regulatory oversight. Things like institutional review boards for human subjects, campus animal care, and biological safety are all paid for through indirect cost recovery."

Excerpted from:
**The cost of keeping the research engine humming**
Posted on **June 13, 2017** by Chancellor Blank
[https://chancellor.wisc.edu/blog/the-cost-of-keeping-the-research-engine-humming/](https://chancellor.wisc.edu/blog/the-cost-of-keeping-the-research-engine-humming/)
Costs of Federally Sponsored Research

The total cost of federally sponsored research includes a combination of both direct and facilities and administrative (F&A) costs. Both types of expenditures are key to an institution’s ability to conduct cutting-edge research. F&A consists of the construction and maintenance costs of laboratories and high-tech facilities; energy and utility expenses; and safety, security, and other government-mandated expenses. These costs are real and research cannot be conducted without them.

- **Direct costs**: These expenses solely cover research and include lab supplies and equipment; salaries and stipends for researchers and graduate students; and travel costs for conducting and sharing research.

- **F&A costs**: Include personnel in support of research, such as security, financial, administrative, technical, maintenance, and janitorial staff; radiation and chemical safety, including safety training and hazardous waste disposal; utilities—ventilation, heat, air conditioning, water, and lighting; and costs of federal, state, and local regulatory compliance, including human and animal safety review boards.

- **No federal funds used**: This category covers upkeep of any building space not used directly for federally funded research, such as classrooms or libraries, which is not covered by F&A reimbursement.