Transported Asset Protection Association

Transported Asset Protection Association, Inc. (The Americas)

Policy on Facilities & Administrative (F&A) / Indirect Costs for Sponsored Research

Effective Date: October 1, 2025
Approved By: TAPA Board of Directors
Applies To: All external research grants, cooperative agreements, and research contracts ("Awards") funded by TAPA using non-federal TAPA resources
Responsible Office: TAPA Grants Program

1. Purpose

TAPA is a 501(c)(6) nonprofit member association that funds applied research to advance transported-asset protection. This policy establishes a clear, universally applied limit on Facilities & Administrative (F&A)—also called indirect or overhead—costs to ensure fiscal stewardship, comparability across awards, and maximum allocation of resources to direct research activities.

2. Policy Statement (Universal Cap)

For all Awards funded by TAPA with non-federal dollars, F&A is capped at 20% of Modified Total Direct Costs (MTDC). This cap is universal and non-negotiable across all recipients and projects and is not subject to institution-specific or project-specific exceptions.

Formula:
F&A Amount = 20% × MTDC
Total Award = (Allowable Direct Costs on the MTDC base) + F&A + (Any Direct Costs excluded from the MTDC base)

3. Definitions

A. **Facilities & Administrative (F&A) / Indirect Costs / Overhead:** Costs incurred for common or joint objectives that cannot be readily and specifically identified with a particular project (e.g., building operations, central administration).
B. **Modified Total Direct Costs (MTDC):** The subset of direct costs to which the F&A rate is applied. Unless otherwise stated, MTDC equals total direct costs minus the following exclusions:
    1. Capital equipment (unit cost ≥ $5,000 and useful life ≥ 1 year) and equipment-fabrication costs

2. Capital expenditures for buildings or land
3. Rental/lease of off-site facilities (when charged as a direct cost)
4. Tuition remission, scholarships, and fellowships
5. Participant support costs (e.g., participant stipends, participant subsistence, and participant travel for human subjects or trainees)
   Note: Salaries/wages, fringe benefits, materials/supplies, ordinary project travel, publication costs, project-specific software/data, and consultant services are included in MTDC unless they fall within an exclusion above.

C. Direct Costs: Costs that can be specifically and uniquely identified with the project's objectives and provide a demonstrable benefit to the project.

4. Scope and Applicability

A. This policy applies to all Awards funded by TAPA using TAPA's own, non-federal funds (including dues, sponsorships, member contributions, non-federal donations, and program revenues).
B. If TAPA administers funds with mandatory terms that require a different F&A rate (e.g., U.S. federal funds or federal flow-through with statutory/agency requirements), those mandatory terms will govern for that award and will be expressly identified in the solicitation and award document.
C. Apart from the above situation, no deviations from the 20% MTDC cap are permitted.

5. Budgeting Rules and Allowability

5.1 Rate Application. The 20% rate must be applied to the MTDC base as defined in §3. Budgets and budget justifications must clearly show the MTDC calculation, the excluded categories (if any), and the F&A computation at 20% MTDC.

5.2 Administrative/"Indirect-Type" Items as Directs. TAPA recognizes that some projects require discrete, project-integral administrative or operational tasks (e.g., survey panel fees, project-specific transcription, specialized communications for data collection, data-use licenses, narrowly defined project coordination). Such items may be budgeted as direct costs when they are:

A. essential to achieving the specific aims,
B. allocable solely to the project,
C. reasonable in cost and scope, and
D. described with sufficient detail in the budget justification.

General-purpose administrative expenses (e.g., department administration, routine office supplies, ordinary postage, standard phone service) are not allowable as direct costs under any circumstances.

5.3 Unallowable Direct Costs. Alcohol, entertainment, lobbying, and other items commonly deemed unallowable by generally accepted principles of research funding are not allowable direct charges to TAPA-funded projects.

5.4 Rebudgeting. Recipients may re-budget among direct cost categories consistent with award terms but may not re-budget to circumvent this F&A cap (e.g., by shifting normally indirect, non-integral costs to direct lines without the project-integral justification required by §5.2).

6. Documentation Requirements

Each application must include: (i) a detailed budget; and (ii) a budget justification that explains the MTDC calculation, identifies MTDC exclusions, and shows the F&A computation at 20% MTDC. TAPA may request clarifications or supporting detail to ensure correct MTDC treatment and consistent application of exclusions.

7. Consistency and Non-Negotiability

This cap is organization-wide and applies uniformly to all institutions and investigators. TAPA will not negotiate higher rates or institution-specific alternatives. Proposals or agreements submitted to TAPA that include F&A above 20% of MTDC will be revised to conform to this policy as a condition of award.

8. Roles and Responsibilities

A. Applicants/Recipients are responsible for preparing budgets that conform to this policy and for maintaining adequate records to support all direct charges.
B. TAPA Grants Program Office reviews budgets for compliance and may request clarifications to ensure correct MTDC calculations and consistent application of exclusions.
C. TAPA Finance confirms F&A amounts at award and during invoicing.

9. Invoicing and Financial Reporting

Invoices must separately state: (a) total direct costs; (b) MTDC base amount; (c) F&A at 20% of MTDC; and (d) any direct-cost categories excluded from MTDC (listed in §3). TAPA may request supporting documentation for sampled transactions.

10. Violations and Remedies

Non-conforming budgets or invoices may be returned for correction. Persistent non-compliance may result in payment delays, disallowances, or other remedies under the award terms.

11. Review Cycle and Amendments

This policy will be reviewed at least every other year by the TAPA Grants Program Office and Finance. Any amendment must be approved by the TAPA Board of Directors and will apply prospectively to opportunities and awards announced after the amendment's effective date. No project-specific waivers will be issued.

12. Publication

TAPA will publish this policy on its public website and include a reference/link in funding announcements and award documents.

Exhibit A — MTDC Quick Reference

Included in MTDC (examples):

- Salaries and wages; fringe benefits
- Materials and supplies (including project-specific software or datasets)
- Ordinary domestic and international project travel
- Publication/page charges and project-specific open-access fees
- Consultant services

Excluded from MTDC (examples):

- Capital equipment ≥ $5,000; equipment fabrication; capital expenditures for buildings/land
- Rental/lease of off-site facilities (when directly charged)
- Tuition remission; scholarships; fellowships
- Participant support costs (participant stipends, participant travel, participant subsistence)

Web Posting (Policy Summary for Public Page on TAPA Website

TAPA Indirect Cost Policy. For all research awards funded with TAPA's non-federal resources, indirect (F&A) costs are capped at 20% of Modified Total Direct Costs (MTDC), applied to total direct costs excluding capital equipment, certain capital/outside-facility costs, tuition/ fellowships, and participant support costs. This cap is universal and non-negotiable across all institutions and projects. Full policy: [link to PDF/HTML].