



DEPARTMENT OF THE NAVY

OFFICE OF THE PROVOST
UNITED STATES NAVAL ACADEMY
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PROVOSTINST 3914.1B
DRI
23 Mar 2026

PROVOST INSTRUCTION 3914.B

From: Provost, U.S. Naval Academy

Subj: RECOVERY OF INDIRECT COSTS ASSOCIATED WITH REIMBURSABLE FUNDED ACTIVITIES

Ref: (a) USNA CFO memo of 2 Mar 26 The Naval Academy's process for recovering the General and Administrative costs resulting from the administration of reimbursable funded activities and research conducted by the Naval Academy

1. Purpose. To issue Provost cost-center responsibilities governing recovery of Indirect Costs (IDC), as applied to reimbursable-funded activities in compliance with reference (a).
2. Cancellation. ACDEANINST 3914.1A.
3. Scope and Applicability. The guidance described here applies to all grant proposals submitted after the issue date of this instruction.
4. Background

a. The U.S. Naval Academy (USNA) Provost encourages faculty and midshipmen to pursue state-of-the-art projects and activities in all disciplines. Reimbursable funds obtained from external sources (government, commercial, non-profit and university sponsors) play a necessary and substantial role in this effort.

b. The expenses incurred to support any reimbursable-funded effort can be classified into one of two categories: direct costs and indirect costs.

(1) Direct Costs. Those costs that can be attributed, with a high degree of accuracy, to a specific project or activity. Examples include the investigator's labor (both salary and fringe benefits), travel, supplies or any equipment purchased or services required to carry out the project, and publication costs for any reports or articles associated with the funded activity.

(2) Indirect Costs (IDC). Sometimes called general and accounting or facility and administrative costs, are those expenses incurred for a common institutional purpose, thus benefitting more than a single project or activity, and are required to provide facility and administrative support for projects. These costs are not readily assignable to a specific activity, but nevertheless these costs are necessary for the general operation of the organization.

Examples of IDC include but are not limited to: accounting and administrative expenses to process grants, awards and funding documents through USNA's Research Office and the Comptroller, expenses incurred during pre-award legal reviews and the processing of agreements and contracts, and expenses required to provide general Information Technology and infrastructure support related to reimbursable activities.

c. Per reference (a) USNA recovers IDC on all reimbursable funds obtained at USNA from external sources. Reference (a) sets the rates at which IDC will be recovered starting in FY26. These rates are based on the level of effort each funding document generates in its various stages.

5. Responsibilities

a. The overall responsibility for the administration of the recovered IDC on reimbursable-funded activities conducted within the Provost Cost Center is assigned to the Dean of Research and Innovation (DRI). The DRI will interact with the Provost, the Deputy for Finance and Chief Financial Officer (CFO), the USNA Comptroller, the staff of the Comptroller Department, the staff of the Research Office, and the USNA faculty to execute this IDC recovery rate collection policy, and to manage the distribution and use of the funds collected.

b. Questions as to the applicability and amount of a USNA IDC recovery rate to a research proposal should be addressed to the DRI. Exceptions to the policy described in this instruction would be exceedingly rare, only granted in extraordinary circumstances, and agreed upon well in advance of the arrival of the funding.

6. Records Management

a. Records created as a result of this notice, regardless of format or media, must be maintained and dispositioned per the records disposition schedules located on the DON Assistant for Administration, Directives and Records Management Division portal page at <https://www.secnav.navy.mil/doni/Records%20Management%20Schedules/Forms/AllItems.aspx>.

b. For questions concerning the management of records related to this notice or the records disposition schedules, please contact your local records custodian or the USNA Records Manager.

7. Review and Effective Date. Per OPNAVINST 5215.17A, the DRI will review this will review this instruction annually around the anniversary of its issuance date to ensure applicability, currency, and consistency with Federal, Department of Defense, Secretary of the Navy, and Navy policy and statutory authority using OPNAV 5215/40 Review of Instruction. This instruction will be in effect for 10 years, unless revised or canceled in the interim, and will be reissued by the 10-year anniversary date if it is still required, unless it meets one of the

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exceptions in OPNAVINST 5215.17A, paragraph 9. Otherwise, if the instruction is no longer required, it will be processed for cancellation as soon as the need for cancellation is known for the following guidance in OPNAV Manual 5215.1, of May 2016.

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Releasability and distribution:

This instruction is cleared for public release and is available electronically via the Provost Instructions internet website: <https://www.usna.edu/Academics/Provost/Rules-Regulations/Instructions.php>