



Administrative Procedure

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Effective:	5/26/00
Supercedes:	
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Subject: DISTRIBUTION OF INDIRECT COSTS FROM EXTERNALLY FUNDED CONTRACTS AND GRANTS

1.0. PURPOSE:

To ensure an orderly and effective calculation and distribution process for the Indirect Cost (IDC) monies generated by and collected from externally funded grants and contracts.

2.0. ORGANIZATIONS AFFECTED:

The President's Office, Offices of the Vice Presidents, the Dean of Graduate Studies and Research, the Office of Research and Sponsored Programs, all Schools, departments, and other units which generate Indirect Cost monies, the University Library, and University Auxiliary Services, Inc. (UAS).

3.0. REFERENCES:

Most recently adopted and Federally approved Indirect Cost Rate Proposal.

4.0. POLICY:

The overarching goal of this policy is to encourage responsible growth of the grant and contract program, thus providing for maximum program and faculty development and student support and enrichment. Specifically, the policy is designed to advance the following objectives:

- Ensure an appropriate and equitable federally negotiated IDC rate.
- Optimize the total Indirect Costs recovered.
- Increase incentives for grant participation.
- Provide grant matching requirements, as possible.

5.0. DEFINITIONS:

5.1. Indirect Costs (IDC)—real costs that are reimbursed for certain expenses incurred in conducting externally sponsored programs (including expenses to operate and maintain facilities, equipment and grounds, depreciation and/or use allowances, general and departmental administration and sponsored projects administration).

Approved:

Date:

The IDC rate is periodically negotiated between the University and the federal government through the Department of Health and Human Services; the rate determined is applied as a percent of direct costs budgeted on a contract or grant. IDC funds returned to the University support and promote research and sponsored programs.

- 5.2. Cost Center—units and areas (see 5.3. to 5.9. and including any relevant campus institutes or centers) generating a percentage of IDC. They reflect the units and areas used in the most recent IDC institutional maximum rate proposal approved by the federal government.
- 5.3. Academic Building—facilities used for research and sponsored programs including classrooms and labs, as well as for activities involving environmental safety directly related to externally funded research and sponsored programs (e.g., biological, chemical and radiation safety, and veterinarian services).
- 5.4. Academic Equipment and Computer Maintenance—the maintenance of research and sponsored program-related equipment and computers.
- 5.5. Network Access—includes local area networks, wide area networks, and internet access.
- 5.6. Building Operations and Maintenance—activities involving the upkeep and maintenance of facilities and support services related to externally funded research, such as campus building public safety, liability, environmental and custodial services, etc.
- 5.7. Library—the University Library.
- 5.8. Department Administration—an academic department or similar unit focused on a particular discipline or function (e.g., Department of Biology and Microbiology and Upward Bound) that administered grants involving recovered indirect costs.
- 5.9. General Administration—includes the President, appropriate Vice Presidents, appropriate School Deans, and the Dean of Graduate Studies and Research.
- 5.10. University Auxiliary Services, Inc.—the CSLA fiscal agent responsible for receiving and administering grant and contract funds.

6.0. RESPONSIBILITIES:

6.1. University Auxiliary Services, Inc. will:

6.1.1. Collect all IDC due to the University from Contracts and Grants.

6.1.2. After funding administrative recovery costs and operating costs borne by UAS and the ORSP, and receiving UAS Board approved audited financial statements, transfer the remaining IDC balance for the University to the Vice President for Administration and Finance.

6.1.3. Provide necessary accounting services for the above monies.

6.2. The President shall determine the priority use of IDC and the distribution methodology.

6.3. The Vice President for Administration and Finance shall distribute the IDC after the University's mid-year assessment based on the President's distribution methodology.

6.4. The Dean of Graduate Studies and Research will administer the percentage of the funds assigned to that office to support and promote externally funded research and sponsored programs, and institutional advancement.

6.5. School Deans will administer the percentage of the funds assigned to their respective offices to support and promote externally funded research and sponsored programs, and institutional advancement.

6.6. Departments will administer the percentage of the funds assigned to their respective offices to support and promote externally funded research and sponsored programs.

6.7. The Librarian will administer the percentage of the funds assigned to that office to support and promote externally funded research and sponsored programs, and institutional advancement.

6.8. Vice Presidents will administer the percentage of funds assigned to their respective offices to support and promote externally funded research and sponsored programs, and for institutional advancement.

7.0. PROCEDURES:

- 7.1. The Vice President for Administration and Finance distributes the IDC monies according to the most recent distribution methodology approved by the President after the University's mid-year assessment.
- 7.2. Upon receiving its share of the IDC distribution, each Cost Center shall spend the funds following the goals and objectives as stated in 4.0.
- 7.3. All units will spend the monies appropriately and keep records of expenditures.

8.0. APPENDICES:

N/A