

**Title:** Sponsored Programs Indirect Cost Recovery and Distribution Policy

**Policy Abstract:** This policy establishes guidelines for the recovery, distribution, and use of reimbursements of Indirect Costs (IDC), also known as Facilities and Administrative Costs (F&A), from externally funded grants, contracts, and cooperative agreements, in accordance with the U.S. Office of Management and Budget Uniform Guidance 2 CFR 200.

**Responsible Office:** Office of Sponsored Programs

**Officials:** VPAA's Office, Office of Sponsored Programs, CFO/Office of Business and Finance

**Contacts(s):** Office of Sponsored Programs

**Applies to:** This policy applies to any MILES faculty, staff, and organization with an externally funded project, whether federal or non-federal in source, on behalf of MILES.

**Effective Date:** 10/19/2020

**Revision Date(s):**

**Introduction and Background:** Miles College (MILES) encourages faculty and staff to seek external funding for research, scholarship, and improvements to the facilities. Funding which allows for the recovery of F&A or Facilities and Administrative (also commonly referred to as Indirect Costs or Overhead Costs) reduces the burden of maintaining research at the College that is borne by the units incurring overhead costs, through the use of both Operations and Maintenance (O&M) funds and Facilities and Administrative (F&A) charges. Recovered indirect costs have the added benefit of increasing available funds for other activities such as publishing, student research projects, and research-related personnel and equipment. The maximum F&A amount that can be charged to a federally-sponsored project is negotiated with and is based on the total amount of funds spent by the College to support research. This same maximum rate is then also applied to other sponsored research when allowed.

**Purpose:** This policy and related procedures are intended to distribute indirect costs generated from sponsored projects. Indirect costs are the general support expenses related to College operations that cannot be specifically attributed to a particular project. Indirect costs represent overhead expenses incurred during the normal implementation of externally funded projects.

When a funder allows indirect costs to be claimed, indirect costs must be included in the associated budget proposal for the grant application at the current negotiated indirect cost rate for federal grants or at the maximum in which the grantor permits.

**Applicable Regulations:**

This policy has been established to meet the compliance standards set forth in Office of Management and Budget (OMB) Uniform Guidance 2 CFR 200, "Cost Principles for Educational Institutions." These

require that all costs incurred for the same purpose, in like circumstances, are treated only as either direct costs or F&A/indirect costs.

**Policy Statement:** It is the policy of Miles College to request the approved federal Facilities and Administrative Costs (F&A) rate on all federal grants and/or contract proposals. Many foundations also allow F&A costs to be added to grants, and the allowed rate for each specific foundation or corporation should be requested.

**Details:** F&A Cost Distribution

“Indirect cost” funding recovered from grants and contracts will be distributed as follows:

% of Indirect

General Fund 50%

Office of the Vice President of Academic Affairs 20%

Principal Investigator 10%

Department(s) of PI/Co-PIs 10%

Office of Sponsored Programs 10%

The first call for distribution of any remaining funds will be to the General Fund.

When multiple PIs or co-PIs are involved in a sponsored program, indirect costs returned are based upon a default distribution of the 10% allocable to the PI as follows, unless differently negotiated among the PIs and co-PIs:

Default % Default %

Project Credit for PI Project Credit for each Co-PI

PI with One (1) Co-PI 67% 33%

PI with Two (2) Co-PIs 50% 25%

PI with Three (3) Co-PIs 40% 20%

PI with Four (4) Co-PIs 30% 17.5%

PI with Five (5) Co-PIs 30% 14%

**Recovered F&A Acceptable Uses:** Acceptable uses of recovered F&A provide the funds will be distributed as indicated above according to the following procedures:

*General Fund:* Funds allocated to the general fund will help defray overhead expenses including utilities, custodial services, equipment/building depreciation, and business office expenses.

*Office of the Vice President of Academic Affairs:* Funds allocated to the VPAA's office will be used at the discretion of the VPAA to support research initiatives, professional development activities, and travel for faculty and staff.

*Principal Investigator:* Funds allocated to the principal investigator will be used at the discretion of the investigator for professional research and related items as travel, student stipends, and equipment repair or replacement.

*Office of Sponsored Programs:* Funds allocated to the Office of Sponsored Programs will be used to support external grant-seeking, may be used to provide grant writing support, seed research activities, or to fund professional development activities and travel for grant seeking and grant writing training.

*Distribution:* The funds will be distributed when the indirect cost funds are received by the College from the funder, according to the specific grant agreement. Typically, this occurs on a quarterly basis and/or at the end of the grant period.

#### **Definitions:**

*Indirect Costs/Facilities and Administrative Costs (F&A):* For many grants and contracts, this is the amount that a granting agency allows the institution to recover for general costs of supporting the programs.

*Principal Investigator/Project Director:* A person, typically a faculty member, who takes a lead position in the research, attests that identified space, personnel, services and facilities are available to accomplish the work and agrees to put forth the best effort to accomplish the work described in the proposal.

*Total Direct Costs:* The base used to calculate the F&A rate. Miles College's rate currently is taken on all direct costs associated with the grant or contract funding.

*Recovered Indirect Costs:* Indirect funds that have been collected from prior awards and contracts.

#### **References**

Office of Management and Budget (OMB) Uniform Guidance 2 CFR 200, "Cost Principles for Educational Institutions."