

GRANT INDIRECT COSTS POLICY

Revised March 2023

Policy statement on the disposition of indirect cost funds associated with grant awards.

Calculation of the Indirect Cost Rate

When preparing grant budgets, the University's federally negotiated indirect cost rate must be used unless the funder does not allow it. The grant budget must include the maximum amount of indirect costs allowed by the funder. The originator of a grant application may not reduce the amount that a funder allows for indirect costs nor deviate from the university's standard allowance for indirect costs without the explicit approval of both the Provost and Executive Vice President for Academic Affairs and the Vice President for Finance and Chief Financial Officer before the submission of the grant application. Such cases will be considered exceptional. In these cases, the grant proposal's originator must present convincing evidence to the Provost and Vice President for Finance for waiving or reducing the indirect costs. If such a waiver or reduction is awarded, all indirect cost funds received will remain in the university's general operating fund and will not be distributed among the PI, department chair, and/or dean as would normally occur.

Distribution and Use of Indirect Cost Funds

Commencing with grant proposals submitted to the Provost on March 1, 2020, 40% of indirect cost funds (sometimes called overhead or Facilities and Administration (F&A) costs or funds) received from grants will be transferred to the Dean of the college or the Vice President of the administrative unit from which the grant proposal originated. The remaining 60% of the indirect cost funds will be placed in the university's general operating budget for costs associated with administering grants including, but not limited to, accounting, administration, utilities, and facilities maintenance. If a grant originated from more than one college or administrative unit, the Dean's/Vice President's share of the indirect cost funds will be divided equally unless the Dean(s) and/or Vice President(s) mutually decide otherwise.

The Dean or Vice President may use these funds at their discretion. For grants that reimburse the University for expenses already incurred, the Colleges of Arts and Sciences, Engineering, and Nursing and Health Professions distribute the Dean's share of IDC as follows: 50% to the principal investigator (PI), 25% to the department of the PI, and 25% to the Office of the Dean. In the College of Business and Christ College, the Office of the Dean retains the full 40%. The Vice Presidents of administrative units may use either approach, depending on the operations and needs of the unit. Effective July 1, 2023, for all grants that are paid in advance, the full 40% will go to the Dean or Vice President who are encouraged to use these funds to support strategic initiatives or general operations.

Use of indirect cost funds by department chairs and PIs is limited to the following purposes supporting research projects, grant applications, grant-funded projects, and scholarly professional development activities:

- On-campus housing expenses for summer research students.

- Supplies or equipment expenses, particularly those that also support the research/scholarship enterprise, beyond those purchases already supported at the College level.
- Unforeseen expenses, especially those for which there are no specific budgets identified.
- Stipends for the development of new grant proposals during times when the PI is not drawing a salary from a grant. (Stipends, as a form of salary, must have the approval of the Dean.)
- Additional students on research projects when the budgeted amount for student support is insufficient to support all interested and qualified students. This includes summer research assistants.
- Conference travel for the PI and their students, or for other faculty members in the department, beyond that routinely supported by the College or Department.
- Expenses incurred as part of grant-funded projects that are not included in the grant budget and/or are not eligible for reimbursement from the funder.
- Work during a period when the PI has no active grants, permitting continuity in the project that may be essential to achieve future funding.
- Professional development activities related to scholarly activity, including but not limited to membership fees, conference registration, book purchases, subscriptions to professional journals, and publication-related fees.

Active Spending of Indirect Cost Funds by PIs

Indirect cost funds are intended to incentivize faculty and staff to apply for grants and for PIs to use the funds actively for the purposes listed above.

Beginning in January 2023, PIs must spend indirect cost funds within two years of the end of the grant period unless specific arrangements are made with the department chair or Dean. For example, funds may be saved to purchase equipment that the department would otherwise not be able to purchase. Such exceptions require the approval of the Dean and Finance must be given written documentation of this approval. Deans will also be responsible for tracking the two-year time period and informing Finance in writing when it is time to transfer unspent indirect cost funds after the close of a grant period. Unspent PI indirect cost funds will be transferred to the Department's or Dean's indirect cost funds.

Disposition of Indirect Cost Funds if PI's Employment is Terminated

When a PI leaves the University (through retirement or otherwise), the PI's IDC fund balance will be transferred to the department's IDC fund when the PI has no active grants at the time of termination or when the new PI who is assuming responsibility for an active grant has no prior involvement with the grant. If the terminated PI has an active grant and the new PI served as a Co-PI or Senior Personnel on the grant, the IDC funds will be shared equally between the new PI and the PI's department or Dean.