

## POLICY STATEMENT

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**Subject: POLICY ON GRANT INDIRECT ALLOWANCES**

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**Date: 12/5/94**

**Distribution Code:**

**Reference Number:\_\_\_**

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**Addition\_\_\_**  
**Deletion\_\_\_**  
**New Item\_\_\_**

**Origination Office:**  
**Provost and Vice President**  
**for Academic Affairs**

**President's Approval**

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- 1. PURPOSE:** Many grants provide for an Indirect Allowance (overhead allowance) by the grantor. The purpose of this policy is to establish the process by which these funds will be received and used within the University.
- 2. SCOPE:** This policy covers the distribution of all Indirect Allowance (IA) monies received by the University in support of grants.
- 3. OBJECTIVE:** The objective of this policy is to provide incentives to those responsible for the development of externally funded projects.
- 4. POLICY:** The grant writer in developing a grant proposal will incorporate the "maximum permissible amount of IA" to be funded by the University grantor. Please note that the negotiated indirect rate may vary from year to year. The current rate is 45.6 percent of personnel costs. The grant writer may request the waiving of the Indirect Allowance in an amount less than the maximum permissible amount by applying for an exception which must receive approval of the Provost and Vice President for Academic Affairs after a recommendation by the Grant Budget Committee.

All funds received for Indirect Allowance from granting agencies will be credited to the University's E & G budget. The allocation pool will be established on a year-to-year basis at a minimum level of \$316,000.00 each fiscal year even in the event that reimbursable indirect funds received from external grantors decline below the \$316,000.00 level.

Effective at the beginning of FY 93-94, indirect funds recovered through grant activity will be distributed as follows: School of Continuing Education will receive 60% of the total amount which they generate. The remaining 40% of funds generated by the School of Continuing Education will be divided equally between the President and the Graduate School and Research. With respect to all other indirect funds, the President will receive 25%, the Provost will receive 8% and the remaining 67% will be divided equally between the college/division generating the funds and the Graduate School and Research.

The President, the Provost, the Graduate School and Research and Colleges/Divisions will use the indirect funds received as incentives to support and encourage research. All indirect dollars allocated to individual units will roll over from one fiscal year to the next if unspent by the end of the fiscal year. Any disputes regarding allocation of indirects will be resolved by the Provost.

5. DEFINITIONS:

Indirect Allowance (IA) - Funds requested and received from a granting agency based on the indirect cost recovery formula negotiated with the Department of Health and Human Services.

Maximum Permissible Amount of IA - The University's approved "Indirect Cost Rate" received from the Department of Health and Human Services (currently 45.6 percent of personnel cost) or the maximum percentage specified in the respective Request for Proposal issued by the granting agency.

6. REVISION:

This policy replaces in total the policy procedures outlined in Section 7125, page 7-22 of the Administrative Manual (March, 1991 Revision) subtitle: Distribution of Grant Overhead Funds.

7. DISTRIBUTION:

Administrative Group