



Policy: <b>Recovery and Distribution of Indirect or F&amp;A Costs</b>	Policy No: <b>S4.7</b>
Policy Developer(s): <b>Office of Sponsored Research</b>	Original Date: December 12, 2019
Last Review Date: NA	Approval Date: December 12, 2019

- I. **PURPOSE:** Some grant and sponsored project funders provide indirect costs, overhead, or facilities and administration (F&A) costs as a portion of awarded funds. These funds are meant to reimburse the institution for associated projects costs that are difficult to enumerate as budget line items such as electricity consumption, building housekeeping, and administrative personnel. These are the additional support costs which are often hidden but help provide a positive environment for sustaining such sponsored projects.

For those funders that do permit indirect cost-recovery, the John Carroll University's ("the University's") [policy](#) is that the maximum allowable should be charged for all grant applications and sponsored projects. The Director of Sponsored Research and the Provost or designee must approve all budgets, including the charging of indirect costs, prior to proposal submission. A commonly cited maximum indirect cost is one's federally negotiated rate. The University has a federally-negotiated Facilities & Administration cost rate through the Department of Health and Human Services. This rate is based on a full accounting of the University's business expenses, and is available from the Office of Sponsored Research (OSR).

This policy and related procedures are intended to distribute indirect costs generated from the University faculty in a manner that rewards and motivates grant activity, while also providing for recovery of institutional overhead expenses.

- II. **POLICY:** Indirect, F&A, or overhead costs recovered from faculty grants will be distributed among the General Fund, the Academic Dean of the college of the Project Director(s), the Project Director(s), and the OSR following the procedures described in this policy. The percentage distributed to each party is listed in the table in the [Appendix](#). These percentages may be amended periodically by the Provost and Academic Vice President, and incorporated into this policy in an amended Appendix.
- III. **SCOPE:** This policy pertains to all faculty and staff involved with sponsored research with indirect costs, overhead, or F&A costs. This policy pertains to all grants and sponsored projects whose funders allow these types of costs, including all institutional grants.
- IV. **PROCEDURES:** The recovered indirect cost funds will be distributed as indicated in this policy and in the percentages listed in the table in the [Appendix](#) when the indirect cost funds are received by the University from the funder (according to the specific grant agreement), according to the following procedures:

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- A. General Fund:** Funds allocated to the general fund will help defray overhead expenses including utilities, custodial services, equipment/building depreciation, and business office expenses.
  - B. Academic Dean of the College of the Project Director(s):** Funds allocated to the academic dean of the college of the project director will be used to support external grant-seeking within the college. Priority will be given to using these dollars as matching funds for external grant projects. In collaboration with the Office of the Provost and Academic Vice President and the Office of Sponsored Research, deans also might use funds for such things as providing stipends for faculty members to work on external grant proposals, and travel and/or fees associated with grant-seeking training. If more than one college is represented in a faculty grant, the deans' allocation will be divided at the discretion of the Provost.
  - C. Project Director(s):** Funds allocated to the project director(s) will be used for research and/or teaching purposes, preferably related to the grant project. Examples include faculty or student travel to conferences, materials or supplies needed for research or teaching, equipment directly related to research efforts, student worker wages, refreshments for meetings related to research, teaching or the grant project, and departmental needs.
  - D. Office of Sponsored Research:** Funds allocated to the Office of Sponsored Research will be used for on-campus workshops and training for faculty and staff or other grant training-related activities, pre-award and post-award management-related expenses, professional development, and matching funds when required by the sponsor.
  - E. Management of Recovered Indirect, F&A or Overhead Funds:** Recovered indirect, F&A or overhead funds will be held in designated, restricted University accounts and will be overseen by the Office of Sponsored Research and the Business Office. Expenses charged to these accounts must meet the guidelines specified above and are subject to the review and approval of the offices listed above. The Project Director and Academic Dean's allocations must be spent by the end of the fourth fiscal year following distribution or the funds will be returned to the Office of Sponsored Research. For example, if a distribution occurs in FY20, the project director has until the end of FY24 (May 31, 2024) to spend the funds.
- V. DEFINITIONS:** terms used within or relating to this policy.
- A. Indirect Costs, Overhead, Facilities & Administration Costs:** F&A costs are costs that are incurred for common or joint objectives and cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity. [45 CFR 75 Uniform Administrative Requirements, Cost Principles and Audit Requirements for HHS Awards](#) and [2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#) provides guidance on determining whether a cost can be directly charged to a sponsored project or if it should instead be included as F&A.
  - B. Project Director:** The individual(s) designated by the University to have the appropriate level of authority and responsibility to direct the project or program supported by a grant.

### VI. CROSS REFERENCES:

- A. University Policies, including but not limited to**
  1. [Facilities and Administrative \(F&A\) Costs for Sponsored Programs Policy](#)
  2. [Other Sponsored Research Policies](#)
- B. Federal Regulations, Statement, and Mandates**

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- 1. [45 CFR 75.414](#)
- 2. [2 CFR 200.414](#)

*This policy will next be reviewed five years from the approval date/date of last review.*

**VII. APPENDIX:**

**Indirect Cost Allocation Table with Example**

The table below lists the percentage of indirect costs that will be distributed to each party. The example column shows how much of \$5,000.00 in indirect costs would be received.

	Percent	Example
General Fund	50%	\$2,500.00
Academic Dean	15%	\$750.00
Project Director(s)	15%	\$750.00
OSR	20%	\$1,000.00