



FINAL POLICY

Approved November 2, 2018

Policy Name Indirect Cost Distribution and Allocation Policy

Policy Category Academic Affairs

Policy Sub-Category Grants and Research

Responsible Department Controller's Office

Policy Approved By President

Original Policy Date 06/XX/2018

Last Revision Date 05/xx/2018

Next Scheduled Review Date 8

Policy Applies To Entire Campus

**Additional
Authority/References**

Federal signed rate agreement

Policy Purpose

This policy establishes guidelines for the recovery, distribution, and use of reimbursements of indirect costs (IDC) from externally funded grants, contracts, and cooperative agreements, in accordance with Pennsylvania Code § 4300.94. Agency indirect costs and Code of Federal Regulations 2 CFR 200; Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200).

Policy

BACKGROUND AND PURPOSE

Many grants allow for indirect costs (IDC; also known as Facilities and Administrative or F&A costs) by the grantor. This policy covers expectations for inclusion of IDC on grant proposals (federal, state and private), as well as distribution of IDC funds received from grant and contract activities at Albright College.

DEFINITIONS

Indirect Cost (IDC): Appendix III to Part 200 of 2 CFR 200 defines IDC as those costs that are incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity. Examples include items such as building depreciation, library expenses, space, utilities, payroll, accounting, and other faculty research support services, and student services. IDC rates are negotiated with the federal government and then applied to projects as a percentage of the direct costs. A periodically negotiated agreement between Albright and the Department of Health and Human Services (DHHS) establishes the allowable rates of IDC reimbursement for the College. IDC rates for all Federal grants and contracts are computed on the basis of actual costs incurred and criteria listed in the 2 CFR 200.

Primary Investigator (PI): The person who takes direct responsibility for completion of a funded project, directing the research or project and reporting directly to the funding agency. This person would be, for example, the lead scientist on a science research proposal, or the fellowship recipient for a fellowship proposal. Some proposals may have multiple PIs (co-PIs) involved in writing and leading the work. At the time of proposal submission, one of those PIs must be identified as the primary person responsible for completion of the project and reporting to the funding agency. As described below, allocation is split equally, unless specified when the proposal is submitted.

F&A Costs: IDC are sometimes called F&A costs. The "F" is for **Facilities** such as depreciation on equipment, interest on debt associated with certain buildings, equipment and capital improvements, operation and maintenance expenses related to the research, and library expenses. The "A" stands for **Administrative** expenses including sponsored projects administration at the college, human resource activities such as hiring and evaluation of grant personnel, student administration and services when students are hired on a project, utilities, and departmental administration costs.

Maximum Permissible Amount of Indirect or Administrative costs/fees: The College's approved "indirect cost rate" received from the Dept. of Health and Human Services or the maximum percentage of project costs or salary amounts as specified by the funder.

INCLUSION OF IDC ON GRANT PROPOSALS

Albright College collects IDC following the most recently negotiated (April 1, 2017) Federal Indirect Cost Rate Colleges and Universities Rate Agreement (On Campus 56.3%; Off Campus 16% MTDC). This rate expires June 1, 2021.

All proposals will budget the full indirect cost rate allowed by the sponsor, unless an institutional indirect cost waiver is granted in writing by the Director of Grants and Sponsored Programs. Such written waivers will automatically be granted by the Director when sponsor guidelines prohibit IDC recovery.

ALLOCATION OF IDC FUNDS

Albright College will expend 100% of recovered IDC to further the College's and the faculty's research and scholarly endeavors, according to applicable state and federal law. The funds shall be distributed according to the following formula:

- Office of the Cabinet member responsible for the grant proposal:
 - If Academic Affairs: Office of the Provost and Vice President for Academic Affairs for faculty and/or staff development – 35%
 - If another Division: Office of the responsible Vice President for staff and/or faculty development – 35%
- Office of the Provost and Vice President for Academic Affairs for matching funds – 5%
- Principal Investigator (PI) – 15%
- Department/Unit – 15%
- Office of the Controller, Grant Accounting – 20%
- Gingrich Library – 10%

In the case where multiple PIs (co-PIs) are involved in the same grant proposal, the distribution will be split equally (e.g., for two PIs, each will get 7.5%). Likewise, if multiple departments are involved, IDCs will be split equally among the departments. This equal split may be changed, if the change is agreed to by PIs and departments in writing. This written and signed agreement must be provided to the Director of Grants and Sponsored Programs at the time the proposal is submitted.

IDC FUND ACCOUNTS AND DISPOSITION OF IDC FUNDS UPON CHANGE OF EMPLOYMENT

Upon receipt of IDC funds (generally once per year, at the end of each grant year), the Controller’s Office will allocate the proper amount to discretionary accounts, two discretionary accounts for the Provost (faculty development and matching funds), one for each department/program, and one for each faculty member who is a PI or co-PI on a grant (as detailed in the Allocation of IDC Funds section).

For departments, this discretionary account only holds IDC; unrestricted gifts or other discretionary funds would be allocated into a separate account. Unless the College were under extreme financial conditions and department chair and provost agree that the funds are budget relieving, the departmental funds are meant to be budget enhancing rather than budget relieving.

For faculty members, IDC would be deposited into the faculty member’s discretionary account. Each faculty member would only have one such account—IDC from every grant on which a faculty member is or was PI or co-PI would be deposited into the same faculty member discretionary account. Funds in discretionary accounts would generally carry over from year to year, except in times of emergency, in which case discussions would occur between the administration and the account owner about how best to support the institution.

Faculty PIs will be given access to their own accounts containing their share of the IDC allocation. These funds are managed directly by the named account holder and are subject to College policies and procedures that govern such expenditures. Specific expenditures from such accounts that follow the guidelines outlined in this policy can be charged directly, without approval. Specific expenditures from these discretionary accounts that fall outside the guidelines provided by this policy must be approved in writing by the appropriate vice president. As per the Albright’s Approval Signatures for purchases/payments Policy (<https://admin.albright.edu/afs/pdf/Approval-Signatures.pdf>), any purchase of \$1000 or more (whether within or outside the guidelines outlined in this policy) must be approved by the appropriate vice president.

If the PI is a faculty member, the indirect funds follow the PI should he/she move departments. If the PI is a staff or administrative employee, the indirect funds will remain with his/her division/department/unit should he/she change departments. Upon the employee's departure from the College, any unspent discretionary account funds would roll-up to the Provost or, in the case of staff members, to the appropriate department or vice president.

GUIDELINES FOR THE USE OF IDC

The share of indirect costs received by the Department/Unit and the faculty PI is intended to support the professional development of faculty and staff, scholarly and creative work of faculty and students, and to enhance future grant acquisition. In addition, strategic initiatives that enhance the work of the department or program could and should be supported by IDC funds. Other examples for which IDC funds may be used are as follows:

- Travel to a professional conference
- Purchase of materials and supplies
- Purchase of equipment related to scholarly and creative work
- Support of research, scholarship, or creative activities
- Support of student research
- Matching funds for future proposal submission
- Data collection and analysis
- Professional consulting on specific scholarly activity
- Manuscript publication costs
- Patent fees and commercialization
- Cost sharing of subsequent proposal submission

Examples for which IDC funds may not be used are as follows:

- Travel for personal reasons
- Purchasing food for celebrations with classes or research groups

Revision Log

05/29/2018 to 07/15/2018 – draft policy written and reviewed/ revised by Controller's Office, Corporate and Foundation Relations, Provost, Chair of Faculty

August 2018 – to Professional Council for comments and revision

September 2018 – to Faculty

October 2018 – minor revisions to respond to requests of the Faculty; to Cabinet, who suggested minor revisions to consider all divisions in proposal submission

November 2018 – final approval