

**TITLE: DISTRIBUTION OF INDIRECT COST RECOVERY FROM SPONSORED PROGRAMS**

**POLICY NO: 4-23**

**EFFECTIVE DATE: 07/01/91**

**VCCS POLICY NO: N/A**

**REVISED DATE: 07/17/18**

I. Purpose:

To describe the policy and guidelines pertaining to distribution of indirect costs recovered from funded, sponsored programs.

II. Definitions:

Direct costs: those costs that can be readily identified with a specific sponsored project, and which are itemized in the budget proposal submitted to the grantor and may include salaries, fringe benefits, equipment, supplies, and travel expenditures.

Indirect costs: those costs that cannot be readily identified and assigned to a particular sponsored project, and which may include the cost of operating and maintaining college facilities, use of equipment, general and departmental administrative expenses, technology support costs, etc.

Indirect cost rate: a method of allocating a portion of the indirect costs to a sponsored project.

III. Policy:

The Appropriations Act requires state agencies that accept federal, state, or private grants or contracts to recover full indirect costs except where expressly forbidden by federal law or prohibited by the grantor (e.g., federal regulations that limit the indirect cost rate on training grants to 8% of total direct costs). Also, the requirement to apply a negotiated cost rate to a specific grant or contract may be waived or the rate limited by the college president, or designee, if the grant or contract is judged to be of exceptional academic merit or the inclusion of full indirect cost recoveries would result in the proposal not being cost competitive.

In order to promote interest in the development of sponsored program proposals and to provide additional monetary support for the conduct and enhancement of sponsored programs, the following policies and guidelines are established to allow the college to allocate (within established limits) a portion of the indirect costs recovered to the department that generated the recovery.

A. Distribution guidelines

The guidelines for the distribution of indirect cost recoveries are as follows:

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Percentage of indirect cost recovery used to support general operating expenses of the college to include administrative support for grant activities . . . . .	60%
Percentage of indirect cost recovery allocated to the school/center/department that generated the recovery with 50% of this amount allocated to the principal investigator of the sponsored program generating the indirect cost . . . . .	40%
Total Distribution . . . . .	100%

B. One hundred percent (100%) of the indirect cost recoveries shall be recorded as non-general fund revenues of the college.

C. Restrictions

1. This distribution policy shall be limited to sponsored program awards that have an annual indirect cost budget of \$2,500 or more. If the award has an indirect cost budget of less than \$2,500, all of the indirect cost recovery shall be used to support general operating expenses of the college. If the total indirect cost budget exceeds \$2,500, the distribution shall apply to the entire amount of the indirect cost.
2. The recovery allocated to the school/center/department and the principal investigator should be spent in the fiscal year it is distributed. Special requests for approval to carry forward any unspent funds must be submitted to and approved by the president prior to the end of the fiscal year.
3. This distribution policy shall be limited by the actual amount collected in indirect cost revenues. The maximum annual distribution to the school/center/department that generated the recovery may also be limited by the president if such action is considered in the best interest of the college.
4. The school/center/department and principal investigator distributions shall be used for the conduct and enhancement of sponsored program activities.
5. This distribution policy excludes indirect cost recoveries generated from financial aid awards.

IV. Procedures:

A. [JSRCC Form No. 32-0019](#), Grant Indirect Cost Recovery Plan, must be completed and approved by the appropriate President’s Executive Cabinet member within one (1) month of receipt of the grant. Once approved, the request must be forwarded to the federal accountant.

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- B. The federal accountant will process indirect revenues monthly or quarterly as dictated by the grant, and will reflect the amount available for expenditure in the grant's monthly report.
- C. Approved indirect cost expenditures will be charged to the operating department ID of the requestor, and the budget manager will process budget transfers to the operating department ID when notified of the expenditures.

V. Other Information:

[JSRCC Form No. 32-0019](#), Grant Indirect Cost Recovery Plan