



Indirect Cost Return and Use Policy

Policy #:	RE001.1
Policy Type:	University
Responsible Executive:	VP for Academic Affairs
Responsible Office:	OSPR
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Latest Revision:	March 13, 2019
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I. Policy Statement

Indirect costs are written into grants and contracts to reimburse universities for supporting services such as library and building use, accounting and payroll. The University of Louisiana Monroe (ULM) believes a portion of these indirect costs should be used to encourage additional faculty and student scholarship.

II. Purpose of Policy

The Indirect Cost Return and Use Policy establishes guidelines for the allocation and use of indirect costs.

III. Applicability

This policy and the associated procedures apply to principal investigators, schools, colleges, and the Office of Sponsored Programs and Research for indirect costs earned from externally-funded grants and contracts.

IV. Definitions

- *Co-Principal investigator* refers to any ULM faculty or staff member involved in the development and/or conduct of a project or program and budgeted as a co-principal investigator in it.
- *Earned indirect costs* refer to that portion of the indirect cost earned as a result of a direct-cost expenditure as outlined in the grant or contract.
- *Final quarter* refers to the quarter of the University's fiscal year in which a grant or contract ends.
- *Indirect costs* are those funds in a grant or contract budgeted for the overhead associated with the operation of the grant or contract.
- *Principal investigator* refers to the ULM faculty or staff member designated by the University and recognized by the funding agency as the person directly responsible for the project or program supported by the award.

V. Policy Procedure

A. Nature of Indirect Costs

- The Office of Sponsored Programs and Research (OSPR) sets facilities and administrative rates (F&A) with the federal government based on formulas and negotiation processes set forth in the Uniform Guidance.
- Other than the exceptions listed below or as approved in advance, Principal Investigators must include facilities and administrative (F&A or indirect) costs and use the university's federally approved rate for all sponsored projects. Exceptions:
 - Applications with a total direct cost of \$10,000 or less are not required to include indirect costs.
 - Applications to agencies that have a published and uniformly-applied lower F&A rate will use the agency's rate.
- Principal investigators may not offer or promise a reduced rate to a funding agency in advance of receipt of a [waiver](#) approved by the VP for Academic Affairs and the VP for Business Affairs.
- ULM shall use the negotiated indirect cost reimbursement rate in effect at the time of initial award throughout the life of a project agreement. For this purpose, "life of the project" means each competitive segment of a project. A competitive segment is a period of years approved by the funding agency at the time of the award. For fixed price contracts (as defined in item 3), the indirect cost rate applied during the project will be applied to all remaining funds when the project account is closed.
- Those individuals in the ULM administration who are authorized to commit ULM to project contracts may not sign any grant or contract application unless the indirect cost reimbursement rate is equal to the current federally negotiated rate or unless any exceptions have been approved by the VP for Academic Affairs and the VP for Business Affairs.

B. Earned Indirect Cost Returns

- Earned indirect costs on sponsored research projects will be allocated according to the following schedule: 49% to the general fund, 33% to the principal investigator, 6% to the school, 6% to the college, 5% to the Office of Sponsored Programs and Research, and 1% to the Graduate School.
- Earned indirect costs on non-research sponsored projects will be allocated according to the following schedule: 95% to the general fund and 5% to the Office of Sponsored Programs and Research.
- Excluding the portions assigned to the general fund and the Office of Sponsored Programs and Research, deans may alter the distribution of funds with the advice of their advisory committee.

- When co-principal investigators are involved in an award, the investigators' dean(s), with input from the Director of the Office of Sponsored Programs and Research and the investigators, will determine if and how earned indirect cost returns for the principal investigator, school, and college will be apportioned among the principal investigator, the co-principal investigator(s), and their respective schools and colleges. This allocation plan will be determined prior to the grant or contract being submitted to the funding agency.
- Funds from earned indirect cost returns are intended to be used to further faculty and student scholarship.

They may be used for any expense consistent with that policy and permitted within the financial, budgetary, and purchasing guidelines of the University and the State, but may not be used for recurring faculty salaries. Use of these funds must adhere to appropriate University policies and procedures.

- Earned indirect cost returns will be distributed by Grants and Contracts at the end of each quarter in the University's fiscal year. These distributions are allowed to roll over from year to year.
- Indirect cost reimbursement revenue will be identified with the primary faculty appointment unit of the grant or contract principal investigator. Any exceptions to this distribution must be approved by the VP for Academic Affairs and the Director of the Office of Sponsored Programs and Research.

C. Implementation of Indirect Costs

- When the funding agency is a legally constituted federal, state, or local government entity or not-for-profit entity such as a foundation or health agency and has a published and uniformly applied policy regarding the payment of indirect costs, ULM will abide by that agency's policy. Written evidence of such an agency's indirect cost payment policy must accompany any proposal bearing less than the rate referred to in Section V.A.
- When projects have been negotiated and approved under a fixed price grant or contract, indirect costs will be calculated and applied against expenditures as they occur as well as to any unspent funds remaining in the project accounts at the conclusion of the project. The current [negotiated federally approved rate](#) will apply unless any exceptions have been approved by the VP for Academic Affairs and the VP for Business Affairs. For purposes of this policy, "fixed price grants or contracts" are those under the terms of which grant revenue is calculated as a flat rate per unit [for example, per case, per test, per patient] instead of being based on the cost charged to the grant account.
- When an itemized budget is requested by a for-profit (industrial) sponsor for a grant or contract proposal, a total cost budget which combines direct and indirect costs should be presented to the sponsor. In such a case, an "internal" budget with itemized direct costs and appropriate designation of indirect costs using the appropriate federally approved rate also must be submitted to the OSPR. Such grants or contracts will be assessed indirect costs in the same way that other grants and contracts are assessed.

VI. Enforcement

The eligibility of a grant or contract for the return of earned indirect costs will be determined by the Vice President for Academic Affairs and the Director of the Office of Sponsored Programs and Research.

VII. Policy Management

The Vice President for Academic Affairs is the Responsible Executive associated with this policy. The Director of the Office of Sponsored Programs and Research is the Responsible Officer associated with this policy. The Office of Sponsored Programs and Research is responsible for the implementation and administration of this policy.

VIII. Exclusions

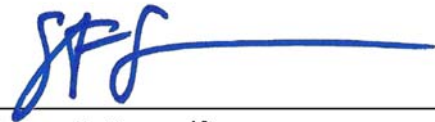
None.

IX. Effective Date

This policy will become effective July 1, 2019.

X. Adoption

This policy is hereby adopted on this 13th day of March 2019.



Steven F. Siconolfi
Interim Vice President for Academic Affairs

XI. Appendices, References and Related Materials

<https://www.ulm.edu/research/policies.html>

XII. Revision History

Initial approval date of the policy: January 16, 2007.

Revised August 17, 2015

Revised March 1, 2017

Revised March 13, 2019: Revisions include substantial changes to most parts of the policy including Distribution of Earned Indirect Cost Returns percentages.