

**UNIVERSITY OF LOUISIANA AT MONROE  
POLICIES AND PROCEDURES MEMORANDUM**

<i>Title:</i>	<b>INDIRECT COST RETURN AND USE</b>
<i>Effective Date:</i>	<b>1/16/07</b>
<i>Update Responsibility:</i>	<b>Academic Affairs</b>
<i>Revision Date:</i>	<b>PPM is temporarily suspended effective 8/17/15 and is under review.</b>
<i>Cancellation Date:</i>	<b>None</b>

**1. PURPOSE/PREAMBLE**

Indirect costs are written into grants and contracts to reimburse universities for supporting services such as library and building use, accounting, and payroll. Universities normally use a portion of these indirect costs to encourage additional faculty and student scholarship and professional development. This PPM establishes guidelines for the allocation and use of those indirect costs.

**2. 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 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.

**3. ITEMS**

*A. Earned Indirect Cost Return Schedule*

- Earned indirect costs will be returned according to the following schedule: 50% to the general fund and 50% to Academic Affairs – principal investigator (35%), department (7%), dean (5%), Graduate Studies and Research (3%).
- Excluding the portion assigned to Graduate Studies and Research, deans may alter the distribution of Academic Affairs 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 Graduate Studies and Research and the investigators, will determine if and how earned indirect cost returns for the principal investigator, department, and dean will be apportioned among the principal investigator, the co-principal investigator(s), and their respective departments and colleges. This allocation plan will be determined prior to the grant or contract being submitted to the funding agency.

*B. Eligible Grants and Contracts*

Earned indirect costs are normally returned only from grants and contracts associated with faculty research or similar scholarly activity. The eligibility of a grant or contract for the return of earned indirect costs will be determined by the Provost and the Director of Graduate Studies and Research.

*C. Use of Earned Indirect Cost Returns*

Funds from earned indirect cost returns may be used for any expense 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.

*D. Distribution of Earned Indirect Cost Returns*

Earned indirect cost returns will be distributed at the end of each quarter in the University's fiscal year except in the final quarter of the grant or contract. Earned indirect cost returns for the final quarter will be estimated one month prior to the beginning of that quarter and 90% of that value will be distributed at the beginning of the final quarter.

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*Policy References:*

[Human Resources Hiring Procedures](#)  
[Student Worker General Policy](#)  
[Travel Policy](#)  
[University Purchasing Policy & Procedure](#)

*Review Process:*

Academic Affairs  
Graduate Studies and Research  
Research Council  
Faculty Senate  
Academic Deans  
Business Affairs  
Executive Cabinet  
President

*Distribution:*

Department Heads  
Deans  
Director of Graduate Studies and Research  
Controller  
Budget Officer  
Vice President for Business Affairs