

## **Indirect Cost (IDC) Return Policy**

Funds generated as indirect costs on a grant [known as IDC or facilities and administrative (F&A) costs] are used to cover indirect or “overhead” expenses incurred by the University as it pursues its research mission. Such costs cover, among others, equipment and facilities; laboratory, office space and equipment maintenance; support staff and students; the cost of rent and utilities; janitorial staff and IT support; administrative and grant management services; renovations; and other expenses not allowed as direct expenses on a grant. The ability to cover such costs determines our success in creating and maintaining the research infrastructure that is critical to our mission and stature as a flagship institution.

Colleges receive from the University 25% of all indirect costs generated from the research grants that were awarded to the college PIs in the previous calendar year. The University keeps the other 75%. In cases where PIs work across colleges, an adjustment of the returned IDC takes place prior to the distribution.

IDC cost-return policies vary across colleges, and COLA has elected to return 72% of its 25% share to the units whose grants generated the IDC. Each September, upon verification of amounts returned to the College by the VPR, the College sends the proportional IDC generated by a particular PI to his or her home unit (department, center, ORU). The unit utilizes the funds to offset overhead expenses associated with sponsored research. IDC funds are by definition intended for use by units (university, college, department) and not by individual PIs. Funds routed to the unit may be made available to individual research groups for expenses associated with their research activities, as long as these funds are used within the categories identified in OMB Circular A-21, the document that governs cost principles for educational institutions.

The IDC that the College keeps, roughly \$250,000/year, is used primarily for Liberal Arts Grants Services operations and administration, including staff salaries and graduate student research-related support.

The following are some examples of the way returned IDC funds are used across campus, in compliance with the principles outlined in OMB Circular A-21:

- Matching funds commitments for grants and sponsored projects
- Minor laboratory renovations (e.g., modifications needed for new instruments)
- Support for common or shared administrative structures in the units
- Support of broad-use core facilities
- Research administration staff support and other appropriate items related to the administration of research

- Seed money for new research projects
- Equipment needed to support research activities
- GRA support: Graduate student recruitment efforts, stipend support, supplements to cover tuition and benefits for graduate students on external fellowships

IDC rates are negotiated centrally with the federal government, and are applied consistently across the institution. Detailed information about IDC rates is available on the [Office of Sponsored Projects](#) site.