POLICIES AND PROCEDURES

Department: Financial Services
Subject: Indirect Costs - Requesting and Distributing Reimbursements for Facilities and Administrative Costs (Indirect Costs) from Grant Revenues
Date Issued: April 26, 2006

I. Policy

This policy sets forth the guidelines for requesting and distributing administrative costs.

II. Purpose

Research and project grants are important to the College. Such grants enhance the reputation of the faculty, staff and students who participate in those activities. These grants also increase knowledge in the particular area and enhance the educational opportunities. Certain grants include reimbursement of facilities and administrative costs (indirect costs) that are incurred by the College in the course of the research activities. It is the intent of the College that applications for research and project grants include a request for reimbursement of facility and administrative costs of the College whenever possible.

III. Scope

This policy applies to all faculty, staff, and students who apply for and receive a research and/or project grant. Facilities and administrative costs are broad categories of costs that are incurred indirectly by the grant or project.

IV. Terms and Definitions

- Facilities costs – depreciation, use allowances, interest on debt associated with certain buildings, equipment, operation and maintenance expenses, and library expenses.
- Administrative costs – general administration and general expenses, department administration, sponsored projects administration, student administration and all other types not listed specifically.
- Facilities and administrative costs – does not include any reimbursement of all or any part of the salary of the principal investigator or project director.
- U.S. Office of Management and Budget – OMB Circular A21 defines the procedure for which each institution determines it’s own facilities and administrative costs rate that would be applied to the grant to determine the amount of the facilities and administrative costs revenue. This is a negotiated rate between the College and a representative of the OMB. The rate changes every four years.
V. Procedures and Guidelines

A. All research and project grant applications funded from outside the College (i.e. National Science Foundation) shall include a request for reimbursement of facility and administrative costs of the College whenever possible.

B. The principal investigator or the project director may apply for and negotiate with the Vice President for Academic Affairs/Dean of the College and with the Vice President for Finance and Administration to receive 50% to 75% of the facilities and administrative (indirect costs) costs. These funds would be expected to enhance the research or project activity in the department in which the principal investigator or project director is assigned.
   ● These funds would be available in the fiscal year in which the indirect costs were incurred and would not be carried over to the next fiscal year.
   ● If two or more principal investigators or project directors from different departments collaborate in obtaining a research or project grant, the distribution of the applied for facilities and administrative costs shall be distributed on a pro rata basis based upon the effort of each principal investigator or project director.

VI. Confidentiality and Record

Documentation related to research and projects grants are filed in the Office for Financial Services during the active period of the grant. Once the grant term expires, the documentation is given to the Luther College Archivist for their permanent files.