



Policy on Allocation of Recovered Indirect Cost (IDC) From Externally Funded Awards

Policy #	Origination Date	Responsible Office(s)	Status	Approval Date
	04/11/2016	Office of Research and Sponsored Programs Business and Finance	Approved	02/05/2019

Reason for Policy/Purpose Update

The University encourages the participation of all members of the faculty and staff to become actively engaged in extramural research and other externally funded projects. Research and other sponsored agreements that support and advance the priorities of the institution also provide additional resources and benefits to the University.

The university further recognizes the impact that the re-investment of recovered indirect costs can have on advancing the research activity and competitiveness. To this end, the University seeks to recover, to the point allowable, all costs associated with executing federally sponsored agreements.

Policy Statement

Dillard University collects indirect costs as allowable by the federal government under 2 CFR 200.412 and 200.414 (c)(3). In accordance with Dillard's most recently negotiated rate, the university can receive 46% of Modified Total Direct Costs (MTDC). MTDC includes all direct costs minus equipment, tuition, and sub-award amounts beyond the initial \$25,000 for all sponsored programs. While some agencies or program types do not allow institutions' negotiated rates, it is expected that all proposals will include the full allowable, agency published rate for indirect costs, regardless of sponsor type.

Who Needs to Know This Policy

All faculty and staff engaged in developing, submitting, or administering federally sponsored agreements, as well as all individuals involved with administration and conduct of federally sponsored award activities, including principal investigators (PI) and other research personnel, grant accounting staff, and central and departmental budget/program managers. It is the responsibility of the PI or designated department level manager to communicate to the sponsored programs office (ORSP) any proposed indirect cost rate other than Dillard's federally negotiated rate. The PI should also remain cognizant of agency-specific policies and limitations

on indirect costs and how they may effect allocation of recovered indirect costs.

Definitions

The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards define costs on federal awards accordingly:

1. Direct Costs – costs that can be readily and specifically identified with a particular sponsored project relatively easily with a high degree of accuracy.
2. Indirect Costs (F & A) – costs that are incurred for common or joint objectives and, therefore, cannot be identified readily and specifically with a particular sponsored project.

Policy/Procedures/Accountability

A revised implementation plan for the distribution of recovered indirect costs from externally sponsored projects has been developed. Allocation amounts/schedules will be calculated by designated Research and Sponsored Programs and Business and Finance staff. Recovered indirect costs will be distributed June 30th each year, based upon annual expenditures rates and recovered indirect costs. Recovered indirect costs will be distributed accordingly:

PI Research Fund (7%)

A special IDC account or project code will be established to record recovered indirect costs allocated to this fund. Funds can be utilized to further support the PIs research development and scholarly activity, as well be used to leverage toward additional grant/funding. This may include related equipment, PI travel, payment for students involved in research, and other related costs.

PI Department (5%)*

Recovered indirect funds allocated to this fund will be established within the departmental budget. Funds and may be utilized to further support and expand departmental research capacity and competitiveness. This may include travel for potential PIs, faculty development, laboratory/research supplies, leverage toward additional research/grant applications, and other departmental research and development activities. For PIs reporting to Centers or Institutes that report directly to Vice Presidential Units, this percentage will allocated to the applicable Center or Institute.

ORSP (13%)

Recovered funds are to be identified as "IDC- Sponsored Research" and will be assigned a separate university project code within ORSP. Funds will be used to reinvest in university's grants and research infrastructure and professional development-related activities to include: i) incubation of prospective research ideas before development into fundable grant proposal; ii) professional development of faculty and staff; iii) mini-travel awards to support grants/contract initiatives; iv) annual research symposium; and v) Annual Reports and similar publications.

University General Fund (75%)

The remaining recovered costs will be utilized within the university's general operating account.

** If the IDC is generated by a PI from a Center or Institute, the percentage for PI Department may awarded to that center/institute.*