

## **I. Indirect Cost Recovery/Overhead Distribution**

The Federal Office of Management and Budget, document OMB A-21, Cost Principles for Educational Institutions, defines allowable direct and indirect costs for federal grants and contracts. Direct costs are those that can be specifically identified with the project, whereas indirect cost items are associated with general infrastructure support.

### **A. What are Direct Costs?**

Direct costs, as defined by the federal government, are those costs that can be identified specifically with a particular sponsored project, an instructional activity, or any other institutional activity; or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Typical direct costs are the compensation of faculty, administrators, staff, and students for work performed under the sponsored agreement, equipment acquisition and the costs of materials consumed or expended in the performance of the work.

### **B. What are Indirect Costs?**

Indirect costs are institutional expenses that cannot be readily and specifically identified with a particular project or activity, but contribute to the ability of the College to support research and instructional programs. Sometimes referred to as "overhead", these include costs of building maintenance, utilities, accounting and the other expenses necessary for the operation of the institution. Indirect costs stem from providing research space and administering the activities, not from the actual performance of the activities under the sponsored agreement.

### **C. Indirect Cost Recovery**

Indirect cost recovery (ICR) is the revenue received from a sponsoring agency, under the sponsored agreement, to pay a grant or contracts share to reimburse the College for the indirect costs it incurs in support of sponsored research. Within Siena College, indirect cost recoveries are unrestricted funds and are allocated at the discretion of the College. To serve as an incentive to stimulate sponsored research, a portion of these funds is allocated back to the School deans, departments and principal investigator to provide the infrastructure for additional contract and grant activity, as an investment in the continued ability of the departments to generate sponsored activities. It is important that Siena uses these funds to enhance the research and scholarship environment.

The Office of Finance and Administration in consultation with the three School deans, the Vice President of Academic Affairs and the Director of Sponsored Research have developed an ICR distribution plan that will provide monetary credit to participants involved in the development and procurement of a grant award.

1. Fifty percent of all indirect cost recovered from externally funded grants will be allocated to the College's operational budget. These funds will be used at

the discretion of the College to cover various administrative and facilities expenses associated with the grant award.

2. The remaining 50% will be distributed in the following manner:
  - a. The principal investigator's department will receive 20% of indirect costs recovered and allocated funds will be used to support departmental expenses at the discretion of department chair in consultation with the dean.
  - b. The dean of the School will receive 10% of the indirect cost recovered to be used at his/her discretion to support the greater needs of the School.
  - c. The remaining 20% of indirect costs recovered will be allocated, at the discretion of the principal investigator(s), to grant-related activities.

In the event that more than one principal investigator is involved in the project, whether as a co-author or co-principal investigator, credit will be established based on the level of contribution and responsibility (oversight) of the project. This determination will also have an effect on the each investigator's department. Both of these allocation issues will be handled on a case-by-case basis between the dean whose School receives the award and the department chairs and principal investigators (both PI and Co-PI).

It is important to note that multi-year, multi-investigator projects with significant personnel and student expenses may require additional grant administration on behalf of the College. Therefore, any faculty member with a large grant or a series of grants that generate in excess of \$100,000 per year in indirect cost will need to be evaluated separately regarding ICR distribution. This process helps to ensure that the College has adequate financial support needed to successfully administer any post-award expenses related to the project (i.e., subaward agreements, A-133 audit).

The *Indirect Cost Recovery/Overhead Distribution* policy will be reviewed on an annual basis.

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