

INTERNAL/DEPARTMENTAL POLICY AND PROCEDURE

TITLE: Indirect Cost Allowances for Grants and Sponsored Programs

EFFECTIVE DATE: December 9, 2015

DIVISION: BUSINESS AND ADMINISTRATIVE AFFAIRS (BAA)

CATEGORY: Restricted Funds (U)

RESPONSIBLE DEPARTMENT: Restricted Funds

CANCELLATION: none

1. **Purpose**

To publish the College's indirect cost allowances for grants and sponsored programs through which indirect costs are recovered.

2. **Scope and Applicability**

These policy and procedures apply to all budget units of the College involved with grants and sponsored programs.

3. **Indirect Cost Allowance Guidelines**

A. Indirect costs represent the necessary expenses of doing business that are identified with a particular grant or sponsored program. Generally, the grants and sponsored programs in which Delgado is actively engaged causes the College to incur indirect costs that cannot be specifically identified with the sponsored project or grant. These expenses are nevertheless significant and must be recovered where possible, and as a result, grants and sponsored programs that impose meaningful specific responsibilities on the College for the benefit of the grantor or sponsor are subject to indirect cost charges.

- B. In accordance with [Code of Federal Regulations \(CFR\) 200.414 Indirect \(F&A\) Costs](#), Delgado Community College has negotiated an approved predetermined Indirect Cost Rate for use on grants and special programs and other agreements with the federal government. This rate is 35% of Direct Salaries and Wages only. The indirect cost rate to be charged must conform to this federally negotiated Rate Agreement.
- C. The College will attempt to use this rate whenever possible. However, as some agencies restrict the indirect cost reimbursement rate, the College has generally accepted these restricted reimbursement rates as long as they are documented. Other agencies may decline to pay indirect costs. If the agency's policy is not to pay indirect costs and this policy is documented, the College *may* choose to waive the collection of indirect costs. Indirect cost inclusion or waivers are determined prior to proposal submission.
- D. Indirect cost rates negotiated on a regular basis and are subject to change. The federally negotiated indirect cost rate in effect at the time proposals for new grant and sponsored programs are submitted shall be applied.
- E. Proposals for continuation of awards that maintain the same grant or sponsor may use the rate approved in the original award. Ongoing projects with funds already awarded may also continue at the rate approved in the award. However, attempts should be made to include the current indirect cost rate in proposals submitted for continuation funding when possible. The Vice Chancellor for Business and Administrative Affairs, or designee, *may* reduce or waive the indirect cost recovery if one or more of the following conditions are met:
1. The primary purpose of the project is to benefit students (provide for tuition, scholarships, etc.)
 2. The project will contribute to the social well-being or economic development of the State.
 3. The sole purpose of the project is to fund conferences, symposia, or conventions.
 4. The sponsor is a non-profit foundation that has provided a copy of its established policy prohibiting payment of indirect costs or the sponsor is a federal agency that cannot fund indirect costs due to statutory requirements.
 5. The sponsor is in the private sector and the award is small, \$10,000 or less.
 6. The reduction in overhead is necessary in order to be competitive with other institutions applying for the same funding.

4. **Indirect Cost Allowance Procedures**

- A. Indirect cost amounts generated by charges to grants and sponsored programs are calculated no less than on a quarterly basis.
- B. The College has established a distribution of funds from the indirect costs awarded by the grantor or sponsor. The distribution of funds from indirect costs shall be *100% to the College's General Fund*.
- C. Any deviation or exceptions from this policy and its procedures must be justified to and approved by the Office of the Vice Chancellor for Business Affairs.

Policy Reference: [Code of Federal Regulations \(CFR\) 200.414 Indirect \(F&A\) Costs](#)

Reviewed by: Ad Hoc Accounts Indirect Cost Allowances Policy Committee 12/2/15
Business and Administrative Affairs Council 12/9/15

Approval: Vice Chancellor for Business and Administrative Affairs 12/9/15