Summary:

Coastal Carolina University’s policy is to recover the full amount of indirect cost (IDC) allowable by a sponsor, whether public or private. In acknowledgement of the effort required to seek and secure external funding, the University elects to return 25 percent of the indirect cost recovered by faculty members who serve as Principal Investigator (PI) on grants that include indirect cost.

Policy:

I. Coastal Carolina University encourages faculty and staff to seek external funding for research, scholarship and improvements to the facilities. Funding which allows for the recovery of indirect cost (IDC), also commonly known as overhead costs or facilities and administration costs, reduces the burden of maintaining research at the University that is borne by the units incurring overhead costs. Recovered indirect costs have the added benefit of increasing available funds for other activities such as publishing, student research projects and research-related equipment. The maximum IDC amount that can be charged to a sponsored project is negotiated every four years with the federal Department of Health and Human Services (DHHS).

A. This policy has been established to meet the compliance standards set forth in the Office of Management and Budget (OMB), Circular A-21, Cost Principles for Educational Institutions, and 2 CFR 200 Uniform Guidance. These require that all costs incurred for the same purpose, in like circumstances, are treated only as either direct costs or indirect costs.

B. The policy and its associated procedures create a uniform understanding of how IDC should be shared when there are contributions from more than one department or school. A transparent, equitable way to allocate the recovered IDC to contributing units is critical in promoting interdisciplinary projects.

II. Definitions
A. Principal Investigator (PI) – A person, typically a faculty member, who takes a lead position in the research; attests that identified space, personnel, services and facilities are available to accomplish the work; and agrees to put forth the best effort to accomplish the work described in the proposal.

B. Direct Costs – The actual cost of all goods and services associated with a grant project, program or contract.

C. Indirect Cost/Overhead/Facilities & Administration Costs – The costs incurred by the University to support the grant project, program or contract. Every institution performing research via grants or contract services incurs costs associated with the support of the work that are general in nature and are not easily ascribed to a specific project. Examples include the following:
   1. Facility costs (e.g., utilities, custodial, maintenance, computers, copiers, phone service, etc.);
   2. Administrative costs including departmental and University staff personnel;
   3. Costs of accounting systems and personnel (software for tracking grant income and expenditures, maintenance for the software, hardware to host software, and accounting staff to establish and maintain the grant income and expense accounts and activity);
   4. Development costs for grant development and reporting as needed;
   5. Costs for administration of the grant including tracking of grant requirements (reports, finances, correspondence with granting agency, negotiation of IDC rate, etc.);
   6. Costs for assistance in writing and submitting grant proposals;
   7. Extension of liability coverage; and/or
   8. Responsible conduct of research training costs.

D. Recovered Indirect Cost – Funds that have been collected from awards and contracts.

III. FIXED RATES FOR THE LIFE OF THE SPONSORED AGREEMENT

A. Federal agencies will use the negotiated rates for indirect cost in effect at the time of the initial award throughout the life of the sponsored agreement. “Life” for this purpose means each competitive section of a project (contract, grant or agreement). A competitive segment is a period of years approved by the federal funding agency at the time of the award. If negotiated rate agreements do not extend through the life of the sponsored agreement at the time of the initial award, then the negotiated rate for the last year of the sponsored agreement will be extended through
the end of the life of the sponsored agreement. Award levels for sponsored agreements may not be adjusted in future years as a result of changes in negotiated rates.

B. If a circumstance should occur wherein the University has not reached agreement with the cognizant federal agency and, therefore, does not have a negotiated rate in effect, the provisional rate used at the time of the award will be adjusted once the rate is negotiated and approved by the cognizant agency.

IV. CHANGES IN NEGOTIATED RATES

A. When the University negotiates a change in its indirect cost rate with the cognizant federal agency, all proposals, including renewals and continuations having a new life of the sponsored agreement, submitted after the effective date of the rate change will reflect the new indirect cost rate as soon as the University has been notified of the approved new rate.

V. APPLICATION OF INDIRECT COST ON NON-FEDERAL PROGRAMS

A. Unless the indirect cost rate for a non-federal grant, contract or other agreement is approved to be negotiated as part of the award, proposals must use the indirect cost rate for federal programs in effect at the time of submission for determining that portion of the non-federal program’s budget. This rate will be applied as a fixed rate for the duration of the life of the project once the program is accepted and supported by the sponsoring agency. Proposals for supplemental funding, however, should use the most recently negotiated rate in effect at the time of submission.

VI. AMENDMENT OF INDIRECT COST REQUESTED AND/OR APPROVED FOR NON-FEDERAL SPONSORS

A. If the amount of indirect cost to be charged a non-federal-sponsored project, whether cost-reimbursement or fixed price, changes from the amount included in the proposal and/or grant or contract award, the following guidelines apply. In general, an indirect cost rate used in the award of a non-federal program grant, contract or other sponsored-program instrument is fixed for the entire life of the award. If any award provides terms and conditions to the contrary, the following usually apply:

1. In case of an increase in the indirect cost rate during the project period, the budget for indirect cost will be adjusted upward only if the contract or grant provides for an increase during the term of the project and if the sponsoring agency provides additional funds for the increase. This means that direct costs funding will not be
reduced to fund an increase in indirect cost because of a rate increase.
2. If the indirect cost rate is decreased, the indirect cost budget will be amended accordingly if required by the term of the grant or contract. Depending on the policies of the sponsor, the indirect cost funds released may be available for direct costs.

VII. CHANGE IN BASE AMOUNT COMPUTATION OF INDIRECT COST

A. An increase in the base amount to which an indirect cost rate is applied must be authorized through the same administrative offices that approved the original budget and/or the sponsor according to the terms of the grant or contract. If the approved revision results in an increase in the allowable indirect cost recovery, the budget for indirect cost will be adjusted accordingly. A decrease in the base does not require an amendment to budgeted indirect cost unless the sponsoring agency, upon request by the University, authorizes the budgeting of funds from indirect cost to direct costs categories.

VIII. NORMAL INDIRECT COST DISTRIBUTION

A. Recovered IDC will be distributed as received by Financial Services, which will open an account in the University finance system for each area or PI where indirect cost recovered will be deposited.

B. When regular indirect costs are recovered, the distribution will be:
   1. 25 percent PI
   2. 25 percent department/unit
   3. 25 percent dean
   4. 25 percent to support the research incentive fund

C. In the case of multiple faculty members acting as investigators or senior personnel or where multiple departments or schools are involved in a proposal, allocation of the recovered indirect cost will be based on the prior agreement, not to exceed the total percentage allocated to the person or area.

D. Should a PI request a change (using the Grant Allocation form at https://www.coastal.edu/osprs/pertinents/forms/) in the established recovered IDC allocations, the request will be reviewed by the dean(s) of the college(s) in which the faculty member(s) acting as investigator(s) or senior personnel are housed who will make a recommendation before a final determination on the change is made by the Provost or the Dean of the College of Graduate Studies and Research.
IX. INDIRECT COST REDUCTION OR WAIVER

A. If indirect costs are not fully recovered because a PI requests a reduced rate, the recovered distribution may be revised by either the Provost or the Dean of the College of Graduate Studies and Research. This will be determined on a case-by-case basis.

B. South Carolina Act 651 requires the University to collect the full amount of indirect cost allowable by the sponsoring agency on all federally funded non-research projects of $200,000 or more per year, including those funded with federal dollars which flow through state agencies. These recovered indirect cost must be remitted to the State's General Fund.

C. When the sponsored project is either classified as research or is less than $200,000 per year, the University may consider a discretionary reduction in, or waiver of, indirect cost in certain situations, which include, but are not limited to, the following:
   1. The sponsoring agency's operational policies restrict or prohibit payment of full indirect cost;
   2. The benefit of the proposed research or project to the University outweighs the loss of indirect cost revenue;
   3. The project requires significant institutional cost sharing that cannot be fully met by other sources;
   4. The proposed research or project is relatively small, will not require extraordinary effort and/or resources to administer, and will significantly assist the Principal Investigator (PI) in beginning or enhancing his/her research career;
   5. The assessment of the full indirect cost rate on a project with a maximum allowable total cost would reduce the amount of direct funds available for project implementation to such an extent that the scope of work or deliverables could not be accomplished; and/or
   6. A particular market condition makes a reduction in, or waiver of, indirect cost appropriate or advisable.

X. REQUESTING INDIRECT COST REDUCTION OR WAIVER

A. The Office of Sponsored Programs and Research Services (OSPRS) is responsible for determining if a proposed project is classified as research or non-research as defined in South Carolina Act 651.

B. The PI is not authorized to negotiate a reduction or waiver of indirect cost with the sponsor on any sponsored project without the prior approval of the OSPRS.
C. Should the need for negotiation be anticipated, the PI should contact the OSPRS in advance of budget development and proposal submission so that the matter may be addressed.

D. If the sponsoring agency's operational policies restrict or prohibit payment of full indirect cost, a written copy of the policy must be provided to the OSPRS at the time the proposal is submitted for internal review and approval.

E. If no such sponsoring agency policy exists in writing, a letter stating restrictions on indirect cost reimbursement from either the Chief Executive Officer or a designee of the sponsoring agency may be substituted.

F. If the PI wishes to seek a discretionary reduction in, or waiver of, indirect cost from the University, he/she shall submit a written request (using the Request for Indirect Cost Reduction or Waiver form at: https://www.coastal.edu/osprs/pertinents/forms/) to his/her department chair and college dean prior to submitting the proposal to the OSPRS for internal review and approval.

1. The department chair and college dean will review the justification, assess the potential impacts of the indirect cost revenue loss on the University, consult with OSPRS as necessary and determine if they will endorse the request.

XI. USE OF FUNDING

A. In accordance with the United States White House Office of Management and Budget (OMB) guidelines, acceptable uses of recovered indirect costs include:

1. Provost, Office of Sponsored Programs and Research Services (OSPRS), dean or department:
   a. Purchase research equipment that will benefit future activities;
   b. Provide a stipend for summer research oversight;
   c. Fund grant development workshops or cover the cost of attending workshops;
   d. Cover the cost of funding search subscriptions;
   e. Cover the cost of responsible conduct of research training programs;
   f. Provide funding for new faculty to develop research;
   g. Provide funding for reassignment time to pursue new or general research;
   h. Provide publication or presentation costs; or
   i. Pay student wages related to research.
2. Faculty:
   a. Provide funding for reassignment time to pursue new or general research;
   b. Provide funding for membership to professional organizations (not community or civic);
   c. Provide publication or presentation costs;
   d. Pay conference costs related to research;
   e. Cover sabbatical costs related to research;
   f. Purchase research equipment that will benefit future activities;
   g. Purchase of technical or professions journals; or
   h. Pay student wages related to research.

XII. TIME LIMITS FOR THE USE OF IDC RETURNS

A. Funds generated from IDC recoveries must be used at least once per fiscal year in order to remain active. If the funds are not used within a fiscal year, the Dean of the College of Graduate Studies and Research will capture those funds to be deposited into University funds. The department will make available to each PI, at least annually, a statement of his/her budget itemized by year of fund acquisition.