

SOUTHWEST TENNESSEE COMMUNITY COLLEGE**SUBJECT: Charging and Distribution of Indirect Costs (Overhead) Policy****EFFECTIVE DATE: April 1, 2015**

Indirect Costs that are recovered from external grants and contracts that are awarded to the college are intended to cover costs that are incurred for common or joint objectives and therefore cannot be readily identified with a specific project or activity. Typical examples of indirect cost type items are the costs of operating and maintaining facilities, local telephone service, office supplies, and accounting and legal services. It will be the policy of the college to apply the maximum allowed indirect costs to all grants and contracts and this amount should be included in all grant and contract application budgets. Any exception to applying the full overhead rate will require the approval of the Vice President of Institutional Advancement, the Vice President for Financial and Administrative Services and the Executive Vice/Provost.

The college's current federally negotiated rate is 57.9% on-campus and 32.20% off-campus until amended.

Distribution of Indirect (Overhead) Funds

All revenue-producing grant and contract proposals should include a provision for indirect cost recoveries. This policy authorizes the distribution portion of indirect costs recovered from external grants to the Provost or relevant Vice President, department, and Principal Investigator who were awarded the grants or contracts and the General Fund. The distribution will be as follows:

General Fund	50% to cover cost of operating and maintaining facilities and services;
Grants and Contracts	25% to stimulate the development of grants and contracts through research;
Provost	10% to encourage grant writing;
Department	10% to support PI by obtaining approvals for space and personnel;
Principal Investigator (PI)	5% for conceiving and enacting the project

None of the indirect cost money can be used to augment departmental salary lines with the exception of student workers. Funds can be used for travel to conferences and other support.

Source of Policy: Business & FinanceResponsible Vice President for Financial
Administrator: and Admin ServicesRelated Policy: N/ATBR Policy Reference: N/ATBR Guideline Reference: N/AApproved: _____
PresidentDate: April 1, 2015