

### Policy on Distribution of Indirect Costs/Facilities & Administrative Costs

Indirect costs, also known as facilities and administrative costs (F&A) or overhead, are defined as those costs that are not easily allocated to a particular project but are nonetheless necessary for general support of a project. Such costs include the library, laboratories, operations and maintenance of the College's physical plant, institutional administration, equipment use, etc. Periodically, the College, through the Associate Provost and Grants Accountant, negotiates an indirect costs/F&A rate with the U.S. Dept. of Health and Human Services, the College's cognizant audit agency. The rate is expressed as a percentage of salaries and wages (including fringe benefits) and operates on the personnel and fringe benefit lines of sponsored project budgets.

Whenever practicable, full indirect/F&A cost recovery at the College's then current approved rate is required. In some cases, waiver of a portion of allowable indirect/F&A costs may be required to comply with cost sharing requirements or other strategies to improve a proposal's fundability. In other cases (e.g. many NYS agency grants), indirect/F&A cost recovery may be limited by the sponsor to a capped percentage. Additionally, some sponsors (e.g. private foundations) may restrict recovery of any such costs. In all cases, where this policy addresses return of a portion of indirect/F&A costs, it shall mean the net actual amount recovered after any cost sharing, compliance with any sponsoring entity restrictions, or subsequent re-budgeting or audits that may impact this amount.

As a component of the College's support for faculty development and to provide incentives to pursue sponsored projects, for sponsored project awards with budget periods after July 1, 2013, Manhattan College shall return a portion of the actual indirect/F&A net costs recovered pursuant to the following allocation formula:

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- 50% to the College's general fund
- 50% to a shared project related restricted fund for use by the principal investigator/project director (30%) and the Dean of the School (20%) in accordance with the guidelines presented below.

In cases where a sponsored project has multiple co-PIs or co-project directors, each shall receive a pro-rata portion in accordance with the above formula (e.g. 2 co-PIs = 15% to each). Similarly, in cases where co-PIs/project directors are from different Schools, each School shall receive a pro-rata share (e.g. for an interdisciplinary project involving a PI from Engineering and a PI from Science, each PI/PD would receive 15% and each Dean would receive 10%).

The funds allocated to the PI/PD in accordance with this policy shall be used only for:

- research/scholarly activities such as conference registration and travel, books, periodicals, and software

- student research assistant salaries (undergraduate and/or graduate)

The funds allocated to the Dean of the School of the PI/Project Director shall be used only for:

- Capital equipment especially equipment to support faculty research and development in that School
- Proposal preparation costs
- Other general support of research and development activities
- Post-doctoral research associates, research fellows and others who can contribute to the continuing research and professional development activities of the College. In such cases, the costs should include both salary and fringe benefits.

In no case shall any of these allocated indirect/F&A costs be used to supplement salaries of the PI/PDs or Deans.

The above allocation formula shall be reviewed by the Provost in conjunction with the Controller at least every two years and is subject to change upon such review or if otherwise required by the Vice President for Finance.

Funds already made available under this policy shall not be affected by this policy revision that is effective as of July 1, 2013 and is a result of the first periodic review of the allocation formula. However, such funds must be expended by June 30, 2014 and any balance remaining thereafter will revert back to the College for its unrestricted use.

Within 30 days of the end of each fiscal year, each sponsored project active during that fiscal year will be reviewed to determine the amount of indirect costs/facilities & administrative costs – net of any cost sharing – that resulted from authorized expenses posted to the project's fund by June 30th. Those amounts will be tabulated and the appropriate PI/PD and Dean will be notified by the Grants Accountant and/or the Director of Grants Administration of the amounts available for expenditure no later than the following June 30th. Any balance remaining thereafter will revert back to the College for its unrestricted use.

Circumstances in any particular fiscal year may result in approved expenditure budgets that are less than the full allocation that would otherwise be available based upon the formula. While every effort will be made to avoid such situations, in the event of this contingency, the full allocation would not be carried forward to subsequent fiscal years.