

Indirect Cost Recovery (IDC) Policy

Indirect costs are funds collected by the university from grants and contracts to recover costs associated with operation and management that are not directly charged to the outside agency. The university negotiates an indirect rate with the federal government that is currently 60% of all salaries and wages. Some grants and contracts will not allow the full IDC rate to be used; however, the policy of the institution is to maximize the amount of IDC recovered. These recoveries help fund the true costs of conducting externally-funded programs, including physical costs such as space, equipment and utilities, as well as services required such as administrative support and the operation of the Office of Sponsored Programs, which helps prepare and submit all grants and contracts and provides much of the accounting support and management oversight once grant funding has been received.

There are several major reasons why the IDC policy specifies return of resources to PIs and Centers, for the future success of the research enterprise at PSU:

- 1) There is limited base funding available to support research. A return on a portion of the IDC to the unit or PI will provide additional financial resources to cover research operations
- 2) IDC can be used to cover salary of research professors thereby increasing critical mass and contributing to the overall academic experience for students involved in these programs.
- 3) IDC return can be used to support graduate students.
- 4) IDC can be used to support laboratory facilities and research equipment. IDC funds can accumulate over fiscal years to provide such needed funding.

IDC recovery:

- All grants and contracts will charge an IDC unless expressly forbidden by the funding agency, preferably at the full negotiated rate. Any request for less than the full allowable rate must be approved by the provost.
- The match plan and budget must be approved in the proposal submittal process.

Distribution of IDC:

In general, IDC is used to support the operating and personnel costs of the Office of Sponsored Programs. Principal investigators and their related centers and departments will receive a portion of the IDC as described below. These funds will be set aside in an internally designated fund and may accrue across fiscal years to a maximum of \$100,000. Requests for greater accumulation require provost approval. IDC funds may be used for any direct expense such as professional development, equipment, supplemental or grant supported staff, or other departmental expenses. These funds may be used for salaries of soft-money faculty and staff, student labor, or funding graduate assistants, but not for salary or wages for institutionally funded employees without prior approval of the provost.

The distribution of IDC is as follows:

- **For grants and contracts receiving 10% or less IDC:**
 - The full amount is returned to the Office of Sponsored Programs unless otherwise negotiated at the time of proposal submission.

- **For grants and contracts receiving at least 11% IDC:**
 - 50% of the total is returned to support the operation of the Office of Sponsored Programs and other related expenses.
 - 10% of the IDC will be available to the PI's grant
 - 25 % to a Center if a Center is involved (if not-the 25% is returned to OSP)
 - 5% of the IDC will be available to the PI's academic department (if Co-PI's. this amount is split between departments)
 - 10% of the IDC is returned to the provost

- **For grants funding research professors:**
 - 70% of the IDC generated on soft money positions is used to fund these positions as needed.
 - 10% IDC is returned to the Center (if a Center is involved)
 - 20% (30% if no Center is involved) IDC is returned to the Office of Sponsored Programs.