

**Academic Affairs
Program Allocations from Indirect Cost Revenue
Process**

Definitions

- **Indirect Costs** – Costs incurred for common or joint objectives that cannot be readily or specifically attributed to a particular sponsored project, an instructional activity, or any other institutional activity. These differ from direct costs in that it is difficult and impractical to identify and attribute them to an individual grants or project. Also known as ‘facilities and administrative costs.’”
- **Indirect Cost Recovery** – Reimbursement by the sponsor for actual indirect costs incurred by the institution in support of a sponsored project. It is comprised of two components: facilities costs and administrative costs. The rate is negotiated with the Department of Health and Human Services as CI’s cognizant agency in accordance with OMB Circular A-21.

Distribution of Indirect Costs at CI

Academic Affairs Division – 35%

- Dept 810 Provost – 20%
- Respective AVP – 7%
- Dept 811 ORSP – 5%
- Dept 840 Library – 3%

Academic Program/PI – 20% (10% each)

Finance and Administration – 45%

- Dept 330 Operations – 16.8%
- Dept 340 Facility Services – 16.8%
- Dept 370 Logistical Services – 8.4%
- Dept 640 A & IT Services – 3%

History

- When RMP (the CSU’s resource management program) was initiated in 2007, indirect costs by definition became reimbursement to general fund.
- In the first year (2007-08), the indirect costs were returned as income to general fund in the academic programs whose faculty had grants. Income posted every month, and the income was hard to use completely. Expenditures must occur within year-end deadlines (well before June) while indirect income was still posting and the total as yet unknown.
- In spring 2009, Academic Affairs requested separate fund groups for both indirect cost revenue (IDC) and CERF in order to track the funding more easily. At the same time, Finance and Administration offered to defer the income so PI’s and chairs would have more time to both know what they had and to use the funds thoughtfully.
- This was discussed with the academic program chairs in September of 2009, and implementation began retroactively in the fall of 2009. The balances from 2007-08 were returned in 2008-09 for the transition year.

Practice / Process in Academic Affairs

The current practice is to defer indirect cost recovery from the year in which it is received to the following year. The benefit of this is that chairs and PIs will know exactly what they have to spend at the beginning of the academic (fiscal) year so they can be both judicious and deliberate in making the best use of these funds. Total IDC income posts as soon as the new year budget is finalized.

Because indirect revenue is considered reimbursement to the general fund, all allocations are expected to be spent down by fiscal year-end. During non-budget-crisis years, fund balances are returned to CI divisions. PIs and chairs may request allocations from the division's fund balance, per the Academic Affairs Fund Balance Process (documented on the Academic Resources website). Requests for allocations in the next year from the division's fund balance should be made prior to year-end through the appropriate academic administrators. Please note the timeline in the fund balance process.

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