



Policy on Indirect Cost Recovery and Distribution

Ball State University collects indirect costs (Facilities and Administrative costs) following the most recently negotiated <u>Federal Indirect Cost Rate Colleges and Universities Rate Agreement</u> (Research 40%; Instruction 44.5%; Other Sponsored Agreements 42.1%; off campus projects 24% **MTDC**).

Proposals will budget the full indirect cost rate allowed by the sponsor, unless either of the following occur:

- 1. An institutional indirect cost waiver is granted in writing by the **Associate Provost for Research and Dean of the Graduate School**. The Indirect Cost Waiver Request Form is provided for that purpose.
- 2. The proposal originates from a University-recognized center or institute. In this case, the <u>Policy for Indirect Cost Recovery for Centers and Institutes</u> applies.

If the funded project budget includes indirect costs, portions of the recovered indirect costs will be returned to the principal investigator, department, and college according to the model below. These funds are deposited into individual **Research Incentive Accounts**, specific to the PI, department, and college based on distribution models described below. Funds to be distributed to multiple PIs, departments, or colleges will be divided equally unless other arrangements are negotiated. Allocation of research incentive funds are made on an annual basis during the project period and are based on actual project account expenditures in the University's financial management system.

Research incentive funds are managed directly by the named account holder and are subject to the policies and procedures that govern expenditures in the University financial management system. The use of research incentive funds is restricted to the enhancement of activities related to the funded project and/or to assist in the development of new projects. Please see the <u>RIA Fund Use Policy</u>. Funds may be used for, but are not limited to, the costs of writing new proposals, travel associated with the development of proposals for external funding, pilot studies for new projects, equipment, student support, and professional development.

If PI(s) are unable to adhere to the <u>Proposal Submission Policy</u> by providing final proposal application materials to the Sponsored Programs Office **at least three** business days in advance of the sponsor deadline, the PI(s) and PI'(s) department will forfeit indirect cost recovery distributions during the first two years of the project. The standard distribution policy will resume if the project continues beyond this time period.

Department/Unit Distribution:

The recovered indirect cost funds will be distributed as indicated below. Deans and Department/Unit Heads may elect to pass funds through to the PI(s):

- University General Fund, as reimbursement for indirect costs associated with sponsored projects: 85%
- Department/Unit: 10%
- Principal Investigator: 5%
- Dean: Once the previous 4 year average of drawn-down indirect cost recovery is matched, 3% will be
 paid on that 4 year average. An amount equal to 20% will be paid on all recovered indirect costs above
 the 4 yr average