

# WELLESLEY COLLEGE

## FINANCE AND ADMINISTRATION

### **Policy on Indirect Costs**

The purpose of this policy is to document the College's policy and procedures for including indirect costs in externally sponsored project budgets and for distribution and use of indirect costs from externally sponsored awards.

### **Introduction**

Research and other sponsored activities are an integral part of the academic mission of Wellesley College. As such, the guiding principles of this policy are to recognize faculty who are successful in obtaining externally funded grants and contracts for which indirect costs are charged, and to incentivize further success by making additional resources available that enhance research and grant activities to those faculty who generate indirect cost recovery.

The College's current federally negotiated indirect cost rate is 75% of salaries and wages.

### **Policy Statement**

It is the policy of Wellesley College to request the approved federal indirect cost rate on all federal grants and/or contract proposals. Many foundations also allow indirect costs to be added to grants, and the allowed rate for each specific foundation or corporation should be requested.

### **Indirect Cost Revenue Sharing Policy for Grants and Contracts\***

Wellesley College will distribute recovered indirect cost funds from external sponsors as follows:

Principal Investigator (P.I.)	10%
Office of the Provost	15%
College General Fund	75%

### **Guidelines**

Exceptions to this policy will require the approval of the Vice President for Finance and Administration and Treasurer and the Assistant Provost and Director of the Office of Sponsored Research. If the sponsor does not provide any indirect cost recovery, there is no revenue sharing of indirect cost funds.

The indirect cost funds that are distributed to a PI can be used for a variety of purposes necessary for carrying out research and programmatic projects designed to encourage and support sponsored research at Wellesley. Examples include, but are not limited to, seeding new projects, attending relevant conferences, hiring research assistants, related travel, equipment, supplies and materials, to cover budget overruns or disallowed expenditures on grants, or bridge project costs when one grant is ending and awaiting notification of a pending renewal or new grant. Note: These funds are considered internally designated by the College. Any equipment purchased with these funds will become the property of Wellesley College.



Indirect cost funds may not be used for faculty salaries, course buyouts or supplements to faculty salary.

Grants that include a College matching requirement will be reviewed by the Vice President for Finance and Administration and Treasurer and the Assistant Provost and Director of Sponsored Research before any allocation of recovered indirect cost funds is finalized.

PIs are encouraged to discuss with the Office of Sponsored Research how their indirect cost funds might be used to enhance their research programs.

PIs will be personally responsible for any over-expenditure of the funds available in their indirect cost fund account. Any funds remaining in the indirect cost fund account of a PI will be returned to the College's general fund when the PI terminates employment from the College.

### **Procedures**

Recovered indirect cost funds are distributed to the PI's indirect cost fund account by the Controller's office on a monthly basis based on actual indirect cost funds recovered for the prior month. The internally designated funds will be subject to the College's budget process and unused funds will carry forward at the end of the fiscal year. It is highly recommended that these funds be used within three years.

On an annual basis, the Provost's Office, in conjunction with the Office of Sponsored Research, will review all indirect cost revenue accounts of \$25,000 or more, or accounts that have had no activity for the prior two fiscal years to determine if the balances should be carried over or reallocated.

Questions concerning the application of this policy should be directed to the Office of Sponsored Research, extension 2079. Questions concerning the actual distribution of indirect costs should be directed to the Controller's Office at extension 2250.

### **\*A note regarding indirect cost distributions for collaborative proposals between Wellesley Centers for Women and Wellesley College:**

Indirect costs will be distributed based on the policy of the entity leading the proposal/project.