

Quick Reference Guide  
Indirect/Overhead Cost Recovery & Distribution

Indirect costs are those costs not readily identified with a specific project or organizational activity but incurred for the joint benefit of both projects and other activities. Indirect costs are usually grouped into common pools and charged to benefiting objectives through an allocation process/indirect cost rate.

An indirect cost rate is simply a device for determining fairly and expeditiously the proportion of general (non-direct) expenses that each project will bear. It is the ratio between the total indirect costs of an applicant and some equitable direct cost base.

Indirect costs include costs which are frequently referred to as overhead expenses (for example, rent and utilities) and general and administrative expenses (for example, office supplies, accounting department costs and personnel department costs).

SCSU maintains a federally negotiated indirect cost agreement that defines the on-campus and off-campus rates to be used with federal grants (direct awards or federal flow-through).

SCSU will accept alternate or reduced indirect cost rates on proposals where the sponsor has published the alternate rate in the application instructions or request for proposals.

Indirect costs may not be waived on a specific project without the specific approval of the SPAR Director.

Indirect costs will be assessed and charged to grants on a **quarterly basis**, or more frequently as needed to properly invoice a sponsor or prepare a project for final closeout.

Through a process of budget allocation, **the recovered indirect costs will generally be distributed to individual Banner Indexes quarterly**, according to distribution percentages established by the Provost and Vice President of Finance as of July 1, 2019:

Percent	Unit(s)
35%	Administration & Finance
25%	Provost/Academic Affairs
15%	Dean of the relevant school
10%	Chair of the relevant Department
15%	Principal Investigator or Project Director
10%	Sponsored Programs and Research Office

Distribution percentages may change over time, as determined by the Provost and the Vice President of Finance.