


# Indirect Cost Return Policy

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| <br>COLORADO SCHOOL OF<br><b>MINES</b> | <b>Indirect Cost Return Policy</b>   |   |
|   | <b>Responsible Administrative Unit:</b><br>Office of Research & Technology<br>Transfer | <b>Policy Contact:</b><br>Director of Research<br>Development<br><a href="mailto:kinzel@mines.edu">kinzel@mines.edu</a> |

## 1.0 BACKGROUND AND PURPOSE

Indirect (F&A) Costs are budgeted for by Colorado School of Mines (Mines) for all sponsored research projects in order to recover infrastructure and operational costs. The amount budgeted is based on an Indirect Cost rate negotiated between Mines and Mines' cognizant audit agency, the Office of Naval Research.

Mines is committed to encouraging growth in its research portfolio. To support this commitment, Mines returns the department administration portion of the Indirect Costs collected on sponsored research projects to Principal Investigators (PIs) and their home department or center in which the project resides. Additional return is provided to the appropriate Dean of the academic portfolio where the PI resides and the Vice President of Research and Technology Transfer (VPRTT) to invest in research across the university. Collectively, these returns are defined as Indirect Cost Returns.

This policy provides guidance related to Indirect Cost Returns.

## 2.0 POLICY STATEMENT(S)

Indirect Cost Returns will only be distributed to a PI, department, center, or Dean for sponsored research projects that collect the full On Campus Indirect Cost rate.

Distribution of Indirect Cost Returns will be based on the percentages set by the Vice President for Research and Technology Transfer (VPRTT) and the Chief Financial Officer (CFO). See Exhibit 1 – Indirect Cost Return Distribution Percentages.

Indirect Cost Returns can only to be spent to further research at Mines.

Non-academic units (Student Life, Library, Information & Technology Solutions, etc.) will not receive Indirect Cost Return.

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## 3.0 RESPONSIBILITIES

The VPRTT and the CFO are responsible for developing and authorizing the Indirect Cost Return percentages.

The Office of Research Administration (ORA) is responsible for the data entry and management of applicable Indirect Cost Return percentages in Banner. The Indirect Cost Return is distributed to the applicable PI(s), department, center, Dean, and VPRTT designated accounts in Banner.

PIs, departments, centers, Deans and VPRTT are responsible for ensuring use of Indirect Cost Returns is in accordance with this policy.

ORA and the Office of Research and Technology Transfer are responsible for performing periodic audits of Indirect Cost Return usage to ensure the funds are being used to support research initiatives.

## 4.0 COMPLIANCE/ENFORCEMENT

If it is determined that Indirect Cost Returns for a specific project have been redistributed or used in violation of this policy by any one recipient, the returns applicable to that project will be removed from all recipient (PI, department, center, and Dean) accounts and transferred to the VPRTT.

## 5.0 DEFINITIONS

**Indirect Cost(s).** Those costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. (2 CFR 200.56)

**Indirect Cost Return.** Funds returned to the PI, center, department, Dean and the Vice President of Research and Technology Transfer to encourage the growth in research at Mines.

**On Campus Indirect Cost(s).** Those Indirect Costs incurred for sponsored research projects that utilize Mines owned property/facilities for equal to or greater than fifty-one percent (51%) of the project.

## 6.0 RESOURCES

- Current Indirect Cost Return Rates on the Office of Research Administrations website: <https://ora.mines.edu/home/dig-in/fringe-benefit-rates-indirect-cost-rates/>

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- ONR IDC Rate Agreement: <https://ora.mines.edu/wp-content/uploads/sites/108/2018/07/fy19-idc.pdf>
- Procedures for Creating, Maintaining, and Terminating centers: [https://www.mines.edu/policy-library/wp-content/uploads/sites/87/2020/02/Procedures-for-Creating-Maintaining-Terminating-Centers-Final\\_1-31-20.pdf](https://www.mines.edu/policy-library/wp-content/uploads/sites/87/2020/02/Procedures-for-Creating-Maintaining-Terminating-Centers-Final_1-31-20.pdf)

### **KEY WORDS**

Indirect Cost, Indirect Cost Return, Indirect Cost Rate, Indirect Cost Return Distribution Percentage

### **7.0 HISTORY AND REVIEW CYCLE**

The policy will be reviewed at least every 2 years or as needed by the Responsible Administrative Unit.

Issued: May 13, 2015

Updated/Amended: November 29, 2018. Update to Indirect Cost Return percentage rates.

Updated/Amended: February 3, 2020. Format changes and update to Indirect Cost Return center distribution percentages.

## Indirect Cost Return Policy

### EXHIBIT 1 – INDIRECT COST RETURN DISTRIBUTION PERCENTAGES

For all sponsored research projects processed on campus the following Indirect Cost Return percentages apply:

- Federal sponsored research
  - 5.53% will be returned to the VPRTT for major research instrumentation
  - 4% will be returned to the VPRTT for development of research initiatives
- Non-Federal sponsored research
  - 5.53% of IDC will be returned to the VPRTT for major research instrumentation
  - 4% will be returned to the VPRTT for development of research initiatives

Additionally, for sponsored research projects **that collect the full On Campus Indirect Cost rate** the following Indirect Cost Return percentages apply:

- Federal sponsored research
  - 14.61% will be returned to the center, department or PI as follows:
    - For center projects:
      - 14.61% will be returned to the center.
      - The Center Director may distribute a maximum of 50% of the return to the PI(s).
    - For non-center projects:
      - 7.305% will be returned to the PI(s); and
      - 7.305% will be returned to the PI(s) home department.
  - 4% will be returned to the Dean of the PI that was awarded the project
- Non-Federal sponsored research
  - 16.45% will be returned to the center, department or PI as follows:
    - For center projects:
      - 16.45% will be returned to the center.
      - The Center Director may distribute a maximum of 50% of the return to the PI(s).
    - For non-center projects:
      - 8.225% will be returned to the PI(s); and
      - 8.225% will be returned to the PI(s) home department.
  - 4% will be returned to the Dean of the PI that was awarded the project

The VPRTT evaluates the Indirect Cost Return Distribution Percentages on an annual basis.