



Policy Title – Indirect Cost Distribution

Policy Statement – St. Mary's College of Maryland establishes guidelines for the recovery, distribution, and appropriate use of Indirect Costs (IDC), also known as Facilities and Administrative (F&A) costs, generated from externally funded grants, contracts, and cooperative agreements. IDC reimbursements will be allocated in accordance with federal regulations and College priorities to support institutional operations, academic programs, and senior personnel involved in sponsored projects.

Responsible College Administrator:

Provost and Dean of Faculty

Effective Date:

07/01/2026

Date of Last Review/Update:

07/01/2026

Responsible College Office:

Office of Research and Sponsored Programs/Academic Affairs

Audience - Faculty, staff, administrators, and senior personnel involved in externally funded grants, contracts, memorandum of understandings and cooperative agreements.

Purpose of the Policy – This policy provides a clear framework for the distribution and use of recovered Indirect Costs associated with externally sponsored programs at St. Mary's College of Maryland. Indirect Costs represent expenses that support research and sponsored activities but cannot be directly assigned to a specific project, such as administrative operations, facilities maintenance, and utilities. The policy ensures compliance with federal regulations, promotes transparency in the allocation of funds, and supports institutional infrastructure, academic programs, and senior personnel engaged in sponsored research.

Procedures – Indirect Costs recovered from sponsored programs will be distributed after the end of each fiscal year in which they are earned.

Recovered IDC funds will be allocated as follows:

1. 80% to the General College Fund
2. 10% to the senior personnel listed on the grant submission.
3. 5% to the academic program receiving the grant.
4. 5% to the Provost for use at their discretion for Research Capacity Building activities
5. In situations where grant funded projects may involve collaboration between multiple principal investigators from more than one program, arrangements can be made for distributions to be split among collaborating entities, not to exceed the amounts specified above. Any such arrangement must be reviewed by the Office of Research and Sponsored Programs and approved by the Provost and Dean of Faculty to ensure proper set up of grant budgets and IDC distributions prior to expending funds.
6. Individuals and academic programs receiving funds shall document how the funds are spent to benefit scholarly and creative activities at St. Mary's College of Maryland.

Sanctions – Failure to comply with this policy or applicable federal and state regulations may result in corrective action, including restrictions on grant management authority, disciplinary measures in accordance with College policies, and potential financial penalties or repayment obligations as required by funding agencies.

Definitions – List any words that need defining or further clarification. Include words that may be unique to this policy or the area it covers.

1. **Indirect Costs (IDC):** (also known as Facilities & Administrative Costs, F&A, or overhead) are real expenses incurred by the College to provide the infrastructure necessary to support research and implement externally funded activities.
2. **Indirect Cost Rate:** A predetermined percentage applied to a grant's direct costs to calculate allowable reimbursement for indirect expenses.
3. **Senior Personnel:** The Principal Investigator(s) or individuals responsible for the programmatic and administrative aspects of a sponsored project.
4. **Total Cost:** The sum of identifiable direct costs and allocable indirect costs associated with a specialized service facility or sponsored project.

Limitations and Exceptions-

1. Allocable indirect costs shall consist of the indirect cost amounts recovered in accordance with the rate, methodology, and terms specified in the applicable award agreement or sponsor-approved budget documentation.
2. Use of allocated IDC funds must follow College policy and comply with federal regulations outlined in 2 CFR 200. Any proposed use outside standard activities must receive approval from the Provost and Dean of Faculty.

3. Indirect cost revenue from grants may be used for expenses related to research, scholarship, programmatic activities, or for the development of future sponsored projects consistent with College purchasing policies. These funds cannot be used to augment the Principal Investigator's salary. The list below, while not exhaustive, provides examples and guidance regarding the appropriate use of indirect cost revenues.

- a. Seed funding: Funding to help initiate new research.
- b. Bridge funds: Gap-funding to continue existing research when a grant has ended and a new grant has not yet been awarded or when funds from a recently awarded grant are not yet available.
- c. Supplemental funding: Funding for existing research initiatives.
- d. Special research projects: Funds to support research activities that are not externally funded and can be conducted with a relatively small amount of funding.
- e. Grant writing: Support for grant writing in the development of proposals.
- f. Travel: Research travel not otherwise funded, including international travel.
- g. Professional Development: Funds for specialized training in using research equipment and research methods.
- h. Equipment: Funds for equipment purchases, in accordance with College Procurement Policies.
- i. Undergraduate and Graduate students: Funds to support student research and/or research-related travel.
- j. Research meetings: Funds to support colloquia, workshops, or conferences.
- k. Publication costs: Funds to publish in journals that require publication payments.
- l. Matching funds: Cost-share whether required or voluntary.

Hyperlinks

- **2 CFR 200 – [Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#)**