The University of West Alabama

Indirect Cost Rate Policy

The University of West Alabama encourages faculty and staff to apply for or solicit external funding from state, federal, and private sources for individual, departmental or institutional programs and provides resources, guidance and assistance through the Office of Sponsored Programs. External funding is important to the development of new programs and research on the campus. Indirect costs are generated from funded projects and are an important component in strengthening the ability of the University to support these activities.

The following policies apply to the indirect cost rates:

1. For all projects with federal agencies, state agencies, and private foundations, including direct appropriations from State of Alabama Legislature or U.S. Congress and eligible contracts, indirect costs rates will be applied. Upon executed agreement with the U.S. Department of Health and Human Services, the University of West Alabama’s federal cognizant agency, the current negotiated indirect rate is 21.3% for on-campus sponsored projects and 10.7% for off-campus projects. These rates are certified from 10/01/09 through 09/30/2012 with the exception of those programs where a lower rate is specified and published in the program regulations.

2. The indirect costs included in grant applications packages are to be determined as a percentage of the modified total direct costs of the project excluding any capital expenditures, and the portion of each sub-award in excess of $25,000, unless another method of calculation is required. In this instance, the exception must be approved by Sponsoring Agency and the Office of Sponsored Programs.

3. Indirect costs included in the budget application will be prorated based on the project timeline and budget period by the Office of the Comptroller. The funds will be allocated to the faculty/College/Division using the following formula: 25% will be allocated to the faculty or faculty team through which funds were generated, 25% will be allocated to the College in which the project and funds were generated, 25% will be allocated to the Office of Sponsored Programs, and 25% will be allocated to general expenses of the University.

4. Faculty and College indirect funds will be placed in restricted accounts for use by the generating individual or individuals and the College for University allowable expenses approved by the appropriate Dean and the Provost. In the case of cross-disciplinary programs and/or multi-investigators, funds will be allocated based on percentage of work and responsibility as determined by principal investigators and respective Deans with final approval of the Provost. The College shall spend funds for activities that support building external funding within the College.
5. Funds allocated to the Office of Sponsored Programs will be used to provide guidance, strengthen services provided, support funded projects and support application preparation. All expenditures will be allowable expenses approved by the Provost.

6. Funds allocated to the General Fund of the University will provide support for the expenses that are incurred by the University relevant to the project implementation and shall be prorated based on the budget period of the Grant Award Document.

7. The Office of Sponsored Programs is responsible for providing guidance, negotiating federally sponsored agreements related to indirect costs consistent with A-21, and providing principal investigators/directors with needed information related to preparation of budgets.

8. The Comptroller will facilitate the establishment of appropriate accounts, review negotiated indirect rates, assist in determining costs related to indirect application, and assure that accounting procedures meet standards of A-21. All procedure of Financial Affairs related to purchases, approvals, payments, and reimbursements will be applicable to indirect funds.