



## **Indirect Costs Return Allocation Process of Overhead Funds (Facility and Administrative Costs)**

The account number range for Overhead Funds is 2-10100 through 2-11999.

Overhead funds represent reimbursement of overhead costs collected from outside agencies on various contracts and grants, also known as indirect costs or facility and administrative costs. Reimbursements are treated as unrestricted revenues and are administered by the Vice President for Research office in accordance with the State Board of Regent's policy.

Utah State University has established a procedure where 30 percent of the Facility and Administrative Costs recovered are returned directly to the research center or department generating the funds. The remaining 70 percent is allocated centrally for research development and support.

Overhead accounts operate from a budget balance available. The Facility and Administrative Costs recovered are automatically distributed as a budget entry in the month they are charged. The distribution is made to the research center designated on the contract or grant or the department designated on the contract or grant when no research center has been specified. The department and research centers can then process Budget Transfer Forms moving budgets to other accounts for management purposes. The budget form must be approved by the Department Head or Dean and then forwarded to the Budget Office for the Budget Office Administrator's approval. The form will then be submitted to the Controller's Office for approval and processing. Budgets are not allowed to be transferred to accounts outside of the range specified above without approval from the Controller's Office.

A report titled "Facility and Administrative Cost Charged for the Quarter ended Month Day, Year" is generated and distributed to the responsible person, department, college, and research center the month following the quarter.

**Responsible Person's report:** This report lists the P.I.'s contract and grant accounts which generated overhead for the quarter and the 30 percent allocated to the research center or department's overhead account.

**Department report:** This report lists all the contract and grant accounts which generated overhead for the quarter and the 30 percent which was allocated to the research center or department's overhead account.

**College-s report:** This report lists all the contract and grant accounts which generated overhead in the quarter for each department within the college and the 30 percent which was allocated to the research center or department-s overhead account.

**Research Center report:** This report lists all the contract and grant accounts which generated overhead for the quarter and the 30 percent allocated to the research center-s overhead account.

The following are excerpts from the state Board of Regent Policy and Procedure manual (R535.3) regarding the use of reimbursed overhead funds.

3.2. Retained for support of research and related programs – All reimbursed overhead revenues shall be retained by the institution for the support of research and related programs.

3.2.1. Related programs include expenditures for instruction, public service, necessary physical plant, and student, academic and institutional support.

3.2.2. Institutions shall apply reimbursed overhead to direct and indirect support of research programs in approximately the proportion of such funds earned on research contracts to total reimbursed overhead revenues.