



# Guidelines on Indirect Cost Return

Office of Research

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## I. Guidelines Summary

Facilities and Administration (F&A) costs are funds universities receive from sponsors on sponsored projects for the costs of the facilities and administration that support research. These are costs that cannot be recovered through direct charges to grants and other contracts. The use of F&A funds is not restricted to research and are often also used for non-research related operations of the university.

The Indirect Cost Return (ICR) guidelines describes guidelines for providing overhead return (OHR) to PI's, departments, colleges, and centers based on collected F&A charges. These guidelines present a methodology to return a sum of approximately 15% of the F&A received by NJIT each year for eligible externally funded grants, as described below, which is equitably distributed between PI/Co-PI's, departments, colleges and centers. The plan provides funds for the purchase and maintenance of equipment, travel, and other research expenses including a potential source of required cost-sharing of future proposals.

## II. Guidelines Purpose

Overhead return (OHR) for individual faculty members can play an important role in supporting professional activities in research. Such funds can be used as bridge funds between grants to purchase computers or software, research-related travel to conferences, repair or maintain equipment, purchase chemicals and laboratory supplies, or cover other needs that are often unmet by standard research grants. By providing faculty members with predictable funding that can be used flexibly, NJIT can greatly help its faculty members to achieve the research goals of the NJIT Strategic plan.

## III. Scope and Applicability

These guidelines are in effect for all units of NJIT and applies to all sponsored projects.

## IV. Guidelines

1. All tenure/tenure-track and research professors are eligible for overhead return.
2. OHR will occur once per fiscal year.
3. Only sponsored projects that have an Adjusted Indirect Cost Recovery above 80% of the federally approved F&A rate are eligible for OHR. AICR is determined by subtracting matching funds and funds lost due to transfer or reallocation of funds to categories that do not assess F&A charges. Currently the federally approved rate is 53.5%. This means the

threshold for overhead return is at present 42.8%. If the federally approved rate for ICR changes, this threshold number will change.

4. Overhead return funds can be spent on any research related activity but are not allowed to be used as salary for the PIs/Co-PIs.
5. OHR will be split among college, department/center, and investigators. The college will receive 25 % of OHR funds, the department/center 25%, and the investigators 50%. If the proposal is through a center, the overhead return is to the center, rather than the department. For centers, the amount of unrestricted university funds that are received by the center are subtracted from the eligible overhead return funds. Some centers and units are ineligible for overhead return.
6. If the OHR on a grant is not above \$100, then the total return on that grant is given to the department of the investigator.
7. The unspent money received from overhead returns in a fiscal year may be rolled over to the next fiscal year for five fiscal years from the date of inception. Faculty are encouraged to use these funds in a timely manner supporting their research initiatives.
8. There will be an annual review of overhead return and the research expenditures generated from it by the Research Committee of the Faculty Senate, aided by personnel from the NJIT Budget Office.

## **V. Authority and Responsibility**

The Office of Research has institutional authority for the matters addressed in these guidelines. Questions related to this policy are to be directed to the executive director, sponsored research programs administration.