

**PRAIRIE VIEW A&M UNIVERSITY**  
**Administrative Procedures Manual**

**27.04.99.P0.07 Distribution and Use of Indirect Cost**

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1. Purpose

The University earns indirect cost on grants and contracts. The purpose of indirect cost is to help pay for the associated overhead costs incurred by the University.

2. Distribution Methodology

Indirect Cost will be distributed as follows:

2.1 **Academic Departments**

General University Operating Budget	50.00%
VPRD	8.00%
OSP	12.00%
Dean	5.00%
Department Head	5.00%
PI	<u>20.00%</u>
Total	<u>100.00%</u>

2.2 **Centers**

General University Operating Budget	50.00%
VPRD	8.00%
OSP	12.00%
Dean	5.00%
Center Director	15.00%
PI	<u>10.00%</u>
Total	<u>100.00%</u>

2.3 **Non-Academic Departments**

General University Operating Budget	50.00%
OSP	12.00%
PI	<u>38.00%</u>
Total	<u>100.00%</u>

3. Distribution Date

The University makes the distributions on a monthly basis:

4. Use of Indirect Cost

4.1 Generally, indirect cost funds can be spent for any Educational & General purpose. Essentially this means that they can be spent for anything that state funds can be expended for.

4.2 The above notwithstanding, the Federal Government has defined in OMB Circular A-21 (Section J) specific expenses it has determined to be allowable or non-allowable. These restrictions must be adhered to.

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- 4.3 Indirect cost funds may not be used to supplement the salary of the Principal Investigator.
- 5. Accounting for Indirect Cost Funds
  - 5.1 Indirect cost funds used to support the E&G budget are deposited in the state treasury along with tuition and lab fees and are used to support all E&G operating accounts.
  - 5.2 Indirect cost funds held locally are put into separate designated fund accounts specifically earmarked for indirect cost use. These funds may not be transferred to any account, except for another indirect cost account.

Contact Person: Controller