

SOUTHWEST TENNESSEE COMMUNITY COLLEGE**SUBJECT:** Charging and Distribution of Indirect Costs (Overhead)**EFFECTIVE DATE:** April 1, 2015; Revised February 22, 2024**Purpose**

The purpose of this policy is to establish how external grant and contract funds may be used to cover indirect costs at Southwest Tennessee Community College (“Southwest” or “the College”).


Policy

Indirect costs recovered from external grants and contracts awarded to the College are intended to cover costs incurred for common or joint objectives that cannot be readily identified with a specific project or activity. Examples of indirect cost are those associated with operating and maintaining facilities, local telephone service, office supplies, accounting services, and legal services.

The maximum allowed indirect costs shall be applied to all grants and contracts and this amount should be included in all grant and contract application budgets. Exceptions to applying the full overhead rate require the approval of the Associate Vice President of Institutional Advancement & Resource Development and the Chief Financial Officer.

The College’s current federally negotiated Facilities and Administrative Cost Rates are 59% on-campus and 33.2% off-campus, until amended.

All revenue-producing grant and contract proposals should include a provision for recovery of indirect costs. Indirect costs recovered from grant activity will be retained centrally and allocated for the College’s priorities through the budget process.

Responsible**Source of Policy:** Business and Finance **Administrator:** Chief Financial Officer**Related Policy:** _____ **TBR Policy Reference:** _____**Approved:**  **Date:** February 22, 2024
President