WCU Faculty and Staff:

The first distribution of indirect funds generated from grants via our new model will occur on July 1st.  So, some of you have new money to spend!!  These types of funds are new to many of you, so what follows is a general description of the funds, permitted uses of those funds, and reporting expectations.

**What are they?**  Indirect funds (AKA Facilities and Administration or F&A or Overhead funds/cost/receipts) are intended to reimburse the institution for ‘indirect’ costs of operations and facilities associated with the work of the grant or contract. The amount of indirect funds associated with a grant depends on the size of the grant, the grant budget categories, the indirect rate (i.e. percent), which is a negotiated rate with the federal government.  Western’s indirect cost rate currently is 31.6 percent.

**What are permitted uses of the indirect funds?**  The permitted uses of indirect funds are mandated or guided by several levels, including the federal government, the UNC General Administration, WCU, and in some cases the granting agency. *I****ndirect funds may only be used to support scholarly development of its faculty, staff and students or to ensure that the campus infrastructure is supported to further enhance such scholarly activities.***  Further, it is expected that indirect funds will be used to generate more external funding in support of Western’s mission.

If directed towards scholarly activity or development, indirect funds may be used for things such as infrastructure support, seed money, travel support (ex. agencies visits, research site visits, and conferences), student wages, matching funds, research start-up support, and research equipment and materials.  Indirect funds can carry forward across budget years, but are expected to be spent (i.e. an indirect account should not remain inactive for multiple years).  Indirect funds **may not** be used for activities, materials, events, etc.  that do not support scholarly development.

**Reporting:** All recipients of indirect funds will be required to produce a simple, end-of-year annual report that provides a summary of funds use, objectives, and outcomes related to external grant activity.  The Task Force on indirect funds will develop these guidelines during the upcoming fall semester.  The task force will summarize the individual reports to produce a university level report, which will summarize activities, assess the effectiveness of the new model, and make any suggestions for improvement of the model.  As an institution, WCU must also submit an annual report to the UNC General Administration that documents 1) the receipt and spending of indirect funds and 2) describes the use of those funds to support scholarship.

For further information about these funds or permitted use of the funds, you may contact me, Lynda Parlett, or Nancy Wike.  Additional information about grants and policies may be found at the links below.

[University Policy 88](http://www.wcu.edu/25362.asp): Facilities and Administration Receipts Policy

[Office of Research Administration PI tool kit page](http://www.wcu.edu/30856.asp)

Regards,  
Mark

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