

Policy #: 300.0  
Date: January 22, 1987  
Updated: March 9, 2016  
*Next Review: March 9, 2018*

**TITLE: INDIRECT COST FUNDS POLICY**

Sponsored programs activity enhances the educational, research, and community service activities of the University. Such activity is also an accepted means of generating needed discretionary funds in a tightly controlled fiscal environment. It is the policy of University Enterprises Corporation (“UEC”) to distribute to the University the indirect cost recovery funds received from grants and contracts in excess of UEC’s reasonable administrative costs. (See California Education Code Sections 89904 and 89904.5 and the Policy on Financial Standards and Fiscal Viability Guidelines for CSU Auxiliary Organizations-- Appendix G, Manual of Policies & Procedures for Auxiliary Organizations.)

Recovered indirect costs from sponsored programs (i.e., those grant and contract funds remaining in UEC after satisfaction of all operating costs and disallowance reserve requirements) shall be used by the University for similar purposes. Recovered indirect funds may be reserved for appropriate discretionary institutional development and support activities by the President, as well as for stimulating additional grant-funded activities and enhancing educational, research, and community service activities.

Generally, the distribution of recovered indirect funds will occur within six (6) months of the end of the fiscal year.

**Approval:**  
Approved by the UEC Board of Directors