2002 Session

Budget Bill - HB29 (Chapter 814)

Item 4-2.03

§ 4-2.03 INDIRECT COSTS

a. INDIRECT COST RECOVERIES FROM GRANTS AND CONTRACTS:

Each state agency, including institutions of higher education, which accepts a grant or contract shall recover full statewide and agency indirect costs unless (1) exempted from this provision by the State Comptroller or (2) prohibited by the grantor agency.

b. AGENCIES OTHER THAN INSTITUTIONS OF HIGHER EDUCATION:

The following conditions shall apply to indirect cost recoveries received by all agencies other than institutions of higher education:

1. Indirect cost recoveries, based on the amount shown in the agency's nongeneral fund revenue estimates, shall be included by the Governor in the Budget Bill in his recommended nongeneral fund appropriations to the agency recovering the costs. The recommended nongeneral fund appropriations shall reflect the indirect costs in the program incurring the costs.

2. If actual agency indirect cost recoveries exceed the nongeneral fund amount appropriated in this act, the Director, Department of Planning and Budget, is authorized to increase the nongeneral fund appropriation to the agency by the amount of such excess. Such increase shall be made in the program incurring the costs.

3. Statewide indirect cost recoveries shall be paid into the general fund of the state treasury, unless the agency is specifically exempted from this requirement by language in this act. Any statewide indirect cost recoveries received by the agency in excess of the exempted sum shall be deposited to the general fund of the state treasury.

c. INSTITUTIONS OF HIGHER EDUCATION:

The following conditions shall apply to indirect cost recoveries received by institutions of higher education:

1. Seventy percent shall be retained by the institution as an appropriation of funds for the conduct and enhancement of research and research-related requirements. Such funds may be used for payment of principal of and interest on bonds issued by or for the institution pursuant to § 23-19, Code of Virginia, for any appropriate purpose of the institution, including, but not limited to, the conduct and enhancement of research and research-related requirements.

2. Thirty percent of the indirect cost recoveries for the sponsored program activity levels authorized in the appropriations in Part 1 of this act shall be included in the educational and general revenues of the institution.

3. Institutions of higher education may retain 100 percent of the indirect cost recoveries related to research grant and contract levels in excess of the levels authorized in Part 1 of this act. This provision is included as an additional

incentive for increasing externally funded research activities.

d. REGULATIONS:

The State Comptroller is hereby authorized to issue regulations to carry out the provisions of this subsection, including the establishment of criteria to certify that an agency is in compliance with the provisions of this subsection.