

ADMINISTRATIVE DIVISION Academic Affairs	POLICY NUMBER 304
POLICY TITLE Indirect Cost Distribution for Sponsored Awards	
DATE OF REVISION November 12, 2025	
RESPONSIBLE OFFICER Executive Vice Chancellor for Academic Affairs & Provost	ADMINISTRATIVE OFFICE Academic Affairs

PURPOSE

This policy delineates the distribution of indirect costs provided by sponsored awards.

DEFINITIONS

Direct Costs – costs paid by award in support of a project that are specifically, directly attributable, allowable and allocable to the project.

Indirect Costs – costs paid by a sponsor that are not directly allocable to a specific project but are paid to support other nonspecific research and service-related costs. These are also known as facility and administrative costs, or overhead.

Sponsored Project – grant, contract or other arrangement formalizing the transfer of money or property from a sponsor to the University with the intent to either carry out a public purpose or provide a direct benefit to the sponsor. Sponsored projects come in various forms, including but not limited to grants, contracts and cooperative agreements. Sponsored projects may be enforceable by law or subject to regulatory oversight and include specific objectives which are accomplished within a specified time frame.

POLICY STATEMENT

When a sponsored award provides for indirect costs, those indirect costs shall be equitably distributed among those supporting the project to defray costs associated with award support.

The University of South Carolina System allocation is used to defray costs associated with system-wide research and sponsored program support, including federal and state sources.

The University of South Carolina Beaufort Education Foundation (USCBEF) allocation is used to defray costs associated with non-governmental sources of sponsored program support.

The USCB Office of Academic Affairs allocation is used to support university initiatives related to research and other projects.

The USCB Department Chair allocation is used to support department initiatives related to research and other projects.

The Project Director (PD) / Principal Investigator (PI) is expected to use distributed indirect funds for purposes related to their university responsibilities, e.g. conference or research travel or other professional development, research support, or student support. All expenditures must comply with South Carolina regulations concerning use of state funds.

PROCEDURES

1. Sponsored Awards secured by the University of South Carolina System shall be disbursed in accordance with USC System policy and distributed as follows:
 - 20% shall be retained by the University of Columbia
 - 20% shall be allocated to the Principal Investigator/Project Director
 - 10% shall be allocated to the PI's Department Chair
 - 50% shall be allocated the USCB Office of Academic Affairs
2. Sponsored Awards secured by USCBEF shall be disbursed in accordance with USCBEF policy and distributed as follows:
 - 35% shall be retained by the USCBEF
 - 20% shall be allocated to the Principal Investigator/Project Director
 - 10% shall be allocated to the PI's Department Chair
 - 35% shall be allocated the USCB Office of Academic Affairs

RELATED UNIVERSITY, STATE AND FEDERAL POLICIES

[RSCH 1.02 Sponsored Projects Administered through USC Foundations](#)

[RSCH 1.07 Administration of Sponsored Projects](#)

[FINA 3.00 Sponsored Awards](#)

HISTORY OF REVISIONS

DATE OF REVISION	REASON FOR REVISION
November 12, 2025	Updated policy and revised format
March 6, 2018	New policy