May 8, 2018

To: Deans, Department Chairs, Faculty

From: William DeGraffenreid
Associate Vice President (Interim)
Office of Research, Innovation, and Economic Development

Re: New Indirect Cost Recovered Fund (IDC) Sharing Plan *Revised*

The existing process for distributing university-collected indirect cost recovery funds (IDC; sometimes referred to as Facilities and Administration, F&A) has proven to be confusing and lacking of transparency to the campus community, including faculty, department chairs, and deans over the last several years. In consultation with the Provost, ORIED staff has worked to develop a new model for sharing of IDC that is clear, transparent, and predictable. This new plan will provide colleges, departments, centers, and principal investigators funds to support and incentivize research on campus. This new plan is only applicable to grants/contracts that generate IDC.

There are essentially three kinds of grants and contracts that the campus receives which generate IDC:

- **Faculty Scholarly Grants** – Grants (and sometimes contracts) that directly support a specific program of scholarly work of a faculty member or group of faculty members. Examples include National Science Foundation research grants, National Endowment for the Humanities faculty research grants, Research Corp, Spencer Foundation, etc.
- **Student Support/Institutional Grants** – Grants from agencies that seek to improve student and or university outcomes. These are typically grants that underwrite innovative campus programs. Recent campus examples have been the NSF STEP grant that funded the PASS program within NSM, U.S. Department of Education's Developing HSIs grant, and the systemwide LSAMP program that runs through our campus.
- **Center/Institute Contracts** – Contracts (and some grants) from agencies and/or others to perform a well-defined analysis or other investigation by faculty members or other employees (staff, students, etc.) affiliated with an approved academic center or institute.

Due to their differing nature, there is a slightly different model for each. For example, for scholarly grants, there is a clearly defined Principal Investigator (and department) who should have the chance to augment continued or expanded research. This isn't usually the case for center contracts and only sometimes for institutional grants. As such, they are all handled a bit differently. The type of grant/contract will be confirmed by the AVP of ORIED at the time that the Proposal Approval Form (PAF) is circulated prior to proposal submission.

Most grants and contracts are administered by UEI, who currently retain 60% of the recovered indirect to cover their expenses. Campus has a handful contracts that are required (by funder mandate) to be administered by the university instead of UEI. In these rare cases, some of the recovered IDC is allocated to ABA, HR, and IRT; and the remainder is returned to Academic Affairs. These guidelines describe how funds recovered by Academic Affairs will be distributed to various units on campus. The matrix below applies to the 40% returned from UEI-administered grants and the IDC remaining after cost-recovery has occurred on State-administered agreements.

| | Originating from Academic Affairs | | | All Grants and Contracts from Student Affairs, IRT, etc. |
|---|---|---|---|---|
| (rates as of July 1, 2018) | Indiv/Team Scholarly Grants/Contracts | Student Success/ Institutional Grants | Center/Institute Contracts | |
| Academic Affairs / ORIED | 40.0% | 40.0% | 40.0% | 40.0% |
| Home Division Office (VP) | 5.0% | 5.0% | 5.0% | 50.0% |
| Library | 1.5% | 1.5% | 1.5% | 1.5% |
| College Sharing | 0.0% | 7.0% | 7.0% | 7.0% |
| Home College / Unit | 25.0% | 35.0% | 25.0% | 0.0% |
| Department/Center | 17.0% | 0.0% | 20.0% | 0.0% |
| PI | 10.0% | 10.0% | 0.0% | 0.0% |
| ORIED (UEI) | 1.5% | 1.5% | 1.5% | 1.5% |
| Total | 100% | 100% | 100% | 100% |

There are some areas of distribution that are common to all types of grants and contracts originating out of Academic Affairs: 40% to ORIED, 5% to the Provost, and 1.5% will remain in an account housed within UEI for ORIED. The money to ORIED underwrites its campus-centric programs that support, incentivize, and reward faculty research (such as RCA, Honorific Faculty Research Awards, Incentive Programs, Faculty Scholarship Communities, etc.). The money for the Provost is for discretionary support of scholarly and creative activities. The UEI-held ORIED funds are used for items that might be difficult to otherwise support in university accounts given restrictions in use of state funds.

Recognizing that different units within Academic Affairs will have more opportunities to seek external funding than others, this model guarantees a portion of the distribution for the library and colleges. For all grants and contracts, 1.5% of the recovered funds will be allocated to the Library to provide resources for the Dean of the Library to support the scholarly activities and professional development of library faculty. For Student Success/Institutional and Center/Institute Contracts, 1% of recovered indirect will be distributed to each of the state-side colleges (A&L, SSIS, NSM, ED, ECS, HHS, CBA) for supporting scholarly activities among the colleges. Colleges should use these funds to strategically cultivate/support more research/creative activity (i.e. travel/investment/cost share/seed capital/etc.).

For scholarly grants, funds will be split between the home college (25%), home department (17%), and PI (10%). For joint grants, the funds will be split between PI, department, and college (as appropriate) by agreement at time of submission of the proposal. See Attachment A for the form that we will use to collect this information. The funds for PI should augment existing and incentivize continued research. Funds to the department should support research and creative activities or other professional development beyond those funded by external sources. Colleges should use funds to cultivate/support research as described above.

For student success and/or institutional grants originating from Academic Affairs, 35% of the recovered indirect will go directly to the home college that the grant is housed within (as identified at time of submission). For proposals that span multiple units, the fund will be split by agreement at time of the submission. The Dean/Appropriate Administrator should use the funds to cultivate and/or support scholarly and creative work (or, as in the case of a grant originating from Student Affairs, build additional capacity for student support within their unit). Additionally, 10% of recovered indirect will be made available to the PI for professional development (assuming the PI is a faculty member, otherwise these funds will be added to the "home college/unit" allocation).

For center/institute contracts and grants, 20% of the recovered funds will be allocated to the center to offset unbillable costs and build capacity. The remaining 25% will go to the Dean/Appropriate Administrator to cultivate and/or support scholarly and creative work or build additional capacity for student support within their unit.

Grants and contracts from Student Affairs, IRT, and other units will also have some of the fund allocated to ORIED, the library, and colleges, but 50% will be allocated back to the home unit for the Vice President to strategically use the funds to support activities within its portfolio.

Tracking of the distribution of recovered indirect will begin July 1, 2018. This will apply to actual IDC recovered based on direct project expenditures that post after July 1. Twice per year (roughly January and July) we will work with UEI to determine the appropriate allocations based on the IDC collected to date. Unfortunately, we are unable to retroactively apply this to previously funded grants/contracts.

Funds will be transferred into college, center, and department accounts after determination of allocations. Funds for principal investigators will be deposited into their home department's account. It is the responsibility of the department chair to ensure that the funds are properly tracked (ORIED has developed a spreadsheet that can be used to track funds). We have created a "class-code" that must be used to separate funds from the department and college normal operational funds. This will allow departments and colleges to roll-forward IDC funds and not require they be spent by the end of the fiscal year. More details on this will be available as this program rolls out. Please see Attachment B for sample calculations of distributions.

Each department, center, and college will be required to provide a brief report each August that summarizes how the funds were used in the past fiscal year. This information will be used to assess the effectiveness of the IDC sharing program and identify issues that may need to be addressed via program revision. This plan does require that the percentage distributions be reviewed at least every two years (by ORIED in consultation with the Deans and AABAC) to ensure that the distributions are optimized to campus needs.

CC: Robert S. Nelsen, President
Ming-Tung "Mike" Lee, Vice President for Administration and Chief Financial Officer
Ching-Hua Wang, Provost and Vice President for Academic Affairs
Jim Reinhart, Executive Director, University Enterprises, Inc.
Steve Perez, Vice Provost
Angel Thayer, Director of Business Operations, Academic Affairs

Craig Barth, Chief Financial Officer, University Enterprises, Inc.
Monica Kauppinen, Director, Sponsored Programs Administration, University Enterprises, Inc.
Veronica Nute, Associate Director, Sponsored Programs Administration, University Enterprises, Inc.
Shannon Rexin, Associate Director, Office of Research, Innovation, and Economic Development

# Attachment A: IDC Share Worksheet

Type of Grant:

☐Scholarly Activity Grant/Contract ☐Student Success/Institutional Grant ☐Center/Inst. Contract

College(s) / Administrative Unit(s): ______________________________________

[Indicate distribution % if ______________________________________

more than one.] ______________________________________

Department(s) / Center: ______________________________________

[Indicate distribution % if ______________________________________

more than one.] ______________________________________

Principal Investigator(s): ______________________________________

[Indicate distribution % if ______________________________________

more than one.] ______________________________________

IDC Sharing Matrix

| | Originating from Academic Affairs | | | All Grants and Contracts from Student Affairs, IRT, etc. |
|---|---|---|---|---|
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| Library | 1.5% | 1.5% | 1.5% | 1.5% |
| College Sharing | 0.0% | 7.0% | 7.0% | 7.0% |
| Home College / Unit | 25.0% | 35.0% | 25.0% | 0.0% |
| Department/Center | 17.0% | 0.0% | 20.0% | 0.0% |
| PI | 10.0% | 10.0% | 0.0% | 0.0% |
| ORIED (UEI) | 1.5% | 1.5% | 1.5% | 1.5% |
| Total | 100% | 100% | 100% | 100% |

Any variation from this must be negotiated with AVP of Office of Research, Innovation, and Economic Development prior to submission. If agreed, a memorandum of understanding will be developed that specifically spells out the modified sharing plan.

# Attachment B: IDC Share Scenarios

The scenarios below reflect the final totals of distributions. In actuality, the amount in each regular allocation depends on the actual IDC collected in the previous cycle. These scenarios also assume that they are UEI administered, as are nearly all grants/contracts on campus. The payout of the amounts occurs as expenses are generated; the numbers below are the sum totals over the life of the grant/contract.

1. Faculty member from Agronomy gets a multi-year grant from USDA, with direct costs at $310,000. As a federal grant, it was subject to 42% indirect rate. Collected indirect would be $130,200.

This is an Individual/Team Scholarly Grant: 60% to UEI - $78,120, 40% to University - $52,080

- ORIED - $20,832
- Provost - $2604
- Library - $781
- College - $13,020
- Department - $8854
- PI - $5208
- ORIED/UEI - $781

2. Team of faculty receive a $1.3M student success grant from a federal agency, of which $1.08M is direct billable costs (the remainder is exempt from IDC). Given 42% on the direct costs, the grant brings in $454,000 in indirect.

This is a student success/institutional grant: 60% to UEI - $272,400, 40% to University - $181,600

- ORIED - $72,640
- Provost - $9080
- Library - $2724
- College Sharing - $1816 each
- College - $63,560
- Department - NA
- PI - $18,160 (shared among team of PIs)
- ORIED/UEI - $2724

3. Center for Brewing Studies obtains a contract with $125,000 in direct, billable costs to perform a study on the behalf of a large brewery. Due to the nature of this contract, the IDC rate is 25%, bringing in $31,250 in indirect.

This is a center/institute contract: 60% to UEI - $18,750, 40% to University - $12,500

- ORIED - $5000

- Provost - $625
- Library - $188
- College Sharing - $125 each
- College - $3125
- Center - $2500
- PI - NA
- ORIED/UEI - $188

4. An individual faculty member receives a contract from a state agency to perform a study. The contract has $35,000 in direct billable costs and has a 25% IDC rate (funder mandated). Collected IDC is $8750.

This is an individual research grant/contract. 60% to UEI - $5250, 40% to University - $3500

- ORIED - $1400
- Provost - $175
- Library - $52
- College - $875
- Department - $595
- PI - $350
- ORIED/UEI - $52