December 21, 2016

To: Dr. Flavius Killebrew, President and CEO

From: Dr. Luis Cifuentes, VPRCO

Subject: Indirect Cost Policy Working Group (IPWG) Report

In October 2015, you charged the Indirect Cost Policy Working Group (IPWG) with crafting an articulated and transparent policy for distribution of indirect costs (IDC) charged on grants and contracts among participating entities and the University that promotes campus wide research collaboration.

The task force members included:

Dr. Luis Cifuentes, Chair, VPRCO
Dr. JoAnn Canales, Dean, College of Graduate Studies
Dr. LD Chen, Associate Dean, College of Science and Engineering
Dr. Bunny Forgione, Associate Dean, College of Nursing and Health Sciences
Dr. Mary Jane Hamilton, Dean, College of Nursing and Health Sciences
Dr. Mayra Hough, Director, Office of Sponsored Research Administration
Dr. Tonya Jeffery, Assistant Professor, College of Education
Dr. Gary Jeffress, Director, Conrad Blucher Institute
Ms. Jaclyn Mahlmann, Director of Budget
Dr. Larry McKinney, Director, Harte Research Institute
Dr. Dorina Murgulet, Assistant Professor, College of Science and Engineering
Dr. Wendi Pollock, Assistant Professor, College of Liberal Arts
Dr. Mike Wetz, CPIRA Representative
Dr. Paul Zimba, Director, Center for Coastal Studies

The task force reviewed the policy created by Dean Frank Pezold’s April, 2011 report of the IDC task force and presentations prepared by the former EVP of Finance and Administration, and studied how divisions, colleges, institutes, and centers utilize their present allotment of IDC.

The IPWG, to meet the charge, recommends the following:

1. The distribution of IDC for proposals originating with a PI or PIs salaried by a college should be 50% University and 50% College. Funds directed to the college should be shared with the PI or PIs. The amount, now 5%, is at the discretion of the dean, however it is recommended that colleges devise policy in an inclusive and transparent fashion with input of the VPRCO and approval of the Provost and Vice President for Academic Affairs.

2. The distribution of IDC for proposals originating with a PI or PIs salaried by a center/institute reporting to a college dean should be 50% University and 50% College. Funds directed to the college should be shared with the center/institute. The amount, now 40%, is at the discretion of the dean, however it is recommended that colleges devise policy in an inclusive and transparent fashion with input of the VPRCO and approval of the Provost and Vice President for Academic Affairs.
3. The distribution of IDC for proposals originating with a PI or PIs salaried by a center/institute reporting to President/VPRCO should be 50% University, 40% Center/Institute, and 10% President/VPRCO. Funds directed to the center/institute can be shared with the PI or PIs at the discretion of the center/institute director.
4. The distribution of IDC for proposals originating with a PI or PIs salaried by a unit/division (e.g., CASA) rather than an academic college or center/institute should be 50% University and 50% Unit/Division.
5. The distribution of IDC for proposals originating with PIs salaried by more than one college, or a college and a center/institute and/or unit/division not within that college, or by a center/institute reporting to the President/VPRCO and/or unit/division not within a college should be 50% University with the other 50% distributed as follows:
   a. At budgeting and, if needed, with the assistance of RCO, PIs agree on percent effort on the project (e.g., PI(COSE) = 40% effort, PI(HRI) = 40% effort, PI(Academic Affairs) = 20% effort). The other 50% of the IDC is distributed to college(s), and/or center/institute and/or unit/division per PI effort (e.g., COSE = 20% of IDC with split to PI, HRI = 20% of IDC with split to President/VPRCO, Academic Affairs = 10% of IDC).
   b. If the project is funded, the PIs’ deans, directors or unit/division heads approve the agreed upon delegation of percent effort and IDC will be distributed accordingly.
   c. Should the PIs’ deans and/or directors and/or unit/division heads not approve the agreed upon delegation of percent effort, the VPRCO will adjudicate the dispute and IDC will be distributed accordingly.
6. Outlier cases (e.g. PI with dual appointment) will be handled by the VPRCO with the input of the relevant dean(s) and/or directors and/or unit/division heads.
7. Per present practice, IDC funds allocated to the PI do not rollover from year to year. The PI can petition the dean for a rollover if funds are being directed to a need. Deans should consider the NCURA report recommendation allowing PIs the ability to retain their IDC recovery up to a certain threshold before these accounts are swept.

Notwithstanding any language to the contrary in this memo, in no event shall the University receive less than 50% of the IDC from grants and contracts.

This report has been reviewed and approved by all members of the IPWG (listed above). Please advise if you have any additional requirements with respect to the original charge.