FY15 Indirect Cost Recovery Distribution Policy & Special Policy

Effective 7/1/2014, the standard ICR distribution is as follows for most units:

- 45% of indirect cost recoveries (ICR) related to facilities and administration (F&A) will be distributed to the college/department/principal investigator. The division of these funds within each college will be based on the college’s policy for distribution.

- 75% of ICR earnings related to tuition remission will be distributed to the academic college of the student generating the remission. The division of these funds within each college will be based on the college’s policy for distribution.

For principal investigators whose appointment is in an academic college subject to the standard distribution above, ICR will be returned to their home college following the standard distribution above, regardless of where their grants are managed.

Special ICR Policy Recommendations

The final report submitted by the 2012 Indirect Cost Recovery (F&A) Steering and Working Groups included a recommendation that special rules be developed for a number of units on campus. Units/areas requiring special distribution rules are:

Applied Research Institute  
Beckman Institute  
Carver Biotechnology Center  
College of Medicine  
Institute for Genomic Biology  
NCSA  
Prairie Research Institute  
Institute for Government and Public Affairs  
UA Grants (IGPA, and others)  
Large Multidisciplinary Grants (outside of BI & IGB)

The goal is to hold these units harmless financially, while providing a fair distribution of returned F&A. The following are the specific recommendations for each unit, based on modeling of F&A distribution, using financial data from FY11, FY12 and FY13.

A special policy sub-committee consisted of the following members:

Michael Bragg – Chair, Engineering  
Michael Andrechak – Vice Provost, Budget & Resource Planning  
Mike Devocelle, Beckman Institute  
Brian Ross, LAS  
Melanie Loots, OVCR  
Brandy Meid, Engineering  
Suzanne Rinehart, OBFS Budget Office
**Applied Research Institute (ARI).** The current Memorandum of Understanding (MOU) establishes the following

F&A distribution for ARI:

- 50% ARI
- 10% VCR
- 32% Campus
- 8% UA

The MOU notes that at the end of year 3 (FY16) and year 5 (FY18), major program reviews of ARI will assess the success and direction of the program and determine the need and size of future support from COE and Campus. At the year 5 review, the F&A distribution formula will be assessed as well. Any changes in distribution should recognize additional administrative costs borne within the Institute that are typically provided for by campus. Over time it is intended the Institute will have its own federally-negotiated indirect cost rate and, in general, the ARI will necessarily retain the recovered F&A to support its facilities and general and administrative costs. A portion of the ARI F&A may be transferred to the campus and/or University commensurate with the costs of providing business office, payroll, legal services, etc.

For work conducted in ARI, it is not anticipated that F&A would be distributed to Academic units. The possible exception is research conducted in academic units by faculty and students in support of ARI. In those instances, ARI should set up a separate fund for that unit. Then returned F&A would be returned to the home unit of the PI.

**Beckman Institute:**

In order to fund the Institute at a level consistent with previous years, Beckman will receive 28% of F&A for interdisciplinary grants administered by Beckman. The percentage of earned F&A will be reviewed on a regular basis along with special distribution formulas for other units.

Under the new F&A distribution model, grants will be administered by the unit in which the most significant amount of work will be performed. As a general rule, Beckman will administer grants that are multidisciplinary, when over 80% of the work is conducted at Beckman. For these grants, funds will be set up in a distinct six-digit organization code separately for any work conducted outside of Beckman. For PIs housed in Beckman, 45% of the F&A generated by their grants will be returned to the academic home unit of the PI.

Single investigator/single disciplinary grants will generally be administered in the home department of the investigator. When over 80% of the work is conducted in Beckman, Beckman may agree to administer the grant, with 45% of the F&A generated by those grants to be returned to the academic home unit of the PI. These single investigator/single disciplinary grants will be tracked in a unique six-digit organization code.

Beckman will generally not administer grants where a majority of the work will take place outside of Beckman. Exceptions to this guideline can occur where a Beckman affiliated faculty
member is at least a Co-PI on the grant and there is not an overwhelming majority of work being done in any one specific unit.

Beckman will adopt new procedures for tracking grant funding administered by the Institute. These new procedures will allow for clear and transparent accounting of interdisciplinary and single disciplinary grant expenditures through the use of six digit organization codes.

In the case of Beckman’s administration of the Abbott Center for Nutrition, Learning and Memory, six-digit organization codes that were previously established will continue to be used to distribute F&A to the unit where research is being done, while Beckman and IGB split the F&A for any research conducted within the institutes.

**Carver Biotechnology Center (CBC):** The CBC is a shared equipment facility for life sciences research on campus. The Director reports to the VCR. Generally speaking, faculty are not housed in the CBC and proposals submitted through the CBC would be submitted by CBC staff for CBC equipment and its support. The CBC should continue to receive a 25% return of CBC-generated indirect costs to the CBC, with a 5% return of the CBC-generated indirect costs to the VCR.

**College of Medicine (COM).** Most research by COM faculty is administered outside of the college. However, the college still has costs related to start-ups and support of faculty. The campus wishes to protect the college’s current level of earnings: $321.5 thousand allocation from the Urbana campus and approximate 30% of variable earnings for research administered by COM. Under the new policy, non-COM units administering COM home faculty research will receive 30% of the F&A and COM will receive 15%. COM will continue to receive 30% of F&A for research administered by COM departments.

**Institute for Genomic Biology.** In nearly all cases, the research for grants submitted by the IGB is conducted in the IGB, and is carried out by multidisciplinary groups. Most IGB investigators are not housed solely in the IGB. Single investigator grants are generally expected to be administered through the home department of the investigator. In order to fund IGB at a level consistent with previous years, the IGB will receive an allocation of 28% of the F&A on its grants. The F&A earnings to IGB will be distributed as a yearly budget allocation, with regular reporting of IGB earnings as they come in, and truing up of the account on a semi-annual basis. The review of the account will include analysis of manual distributions of F&A to other units, along with tracking of any single-investigator research that might be housed in the IGB.

For PIs housed in IGB, 45% of the F&A generated by their grants will be returned to the home unit of the PI.

Manual distributions of the F&A from the Energy Biosciences Institute to other units will continue, in order to avoid large variations in F&A income to other units.
National Center for Supercomputing Applications (NCSA). Currently, few faculty are housed in NCSA and there is no need for support of wet lab space. Given this arrangement with faculty, the current arrangement, where 25% of grant F&A returns to NCSA and 5% returns to the VCR, will be continued. When a faculty administrator at NCSA serves as PI on a grant, the returned F&A should generally stay at NCSA. If work is done in another unit, or if a group is physically housed in another unit, then NCSA should set up a separate fund for that unit. Then earned F&A would be returned to the home unit of the PI.

Prairie Research Institute (PRI). The PRI has historically received 50% of F&A earnings from its grants and contracts. In recent years, the VCR has shared in those earnings and the current split is 44% PRI and 6% VCR. It is recommended that 45% of F&A generated by PIs appointed in the PRI, be distributed 44/1 PRI/VCR. The home units of PIs from other campus units whose work is conducted through the PRI would receive 45% of the F&A from that activity. These distributions will be revisited in 2-3 years. A permanent allocation of $263,000 would be made to the OVCR to make up for the loss of VCR share of F&A return.

Institute for Government and Public Affairs (IGPA is a Chart 9 unit). Within IGPA, the Center for Prevention Research and Development (CPRD) is a multi-disciplinary research and policy unit within IGPA dedicated to the development and application of knowledge relevant to public policy, specifically in the areas of school improvement, health and human services, and prevention science. CPRD is an off-campus unit that is fully funded by grants and contracts.

F&A funds generated by the activities of the Center for Prevention Research and Development to IGPA will be shared as follows

Urbana-Champaign Campus: 46 percent
IGPA: 46 percent
UA: 8 percent

Due to the nature of the work performed at IGPA, F&A distribution will continue to flow to IGPA regardless of the home unit of the PI.

Non-CPRD grant activity within IGPA will return 30% of F&A.

Other UA grant activity – CARLI, Enterprise Works, UFSCO, and VPAA (except IGPA noted above). Grant activity within these units will return 30% F&A to the unit regardless of the home unit of PI.

Expectations for campus-wide IRU (Beckman & IGB) participation in grant match, start-up, retention, remodeling, and centralized research equipment: It is expected that Beckman and IGB will participate in the recruiting and retention of faculty critical to the research institute’s success. This would include contributing to components of the package consistent with the faculty member’s role in research in the institute and done in a manner reflective of the current or expected level of participation of the faculty member in the institute.
F&A Return for Large Cross-College Interdisciplinary Grants (administered outside of OVCR Institutes)

A campus-wide goal is to encourage and support interdisciplinary and multidisciplinary research wherever it occurs on campus and any of the ICR distribution policy must be structured to support, and not hinder, this goal. To accomplish this goal, there is a need to provide a mechanism to distribute supplemental Earned F&A to administering units of large multi-disciplinary, multi-PI grants that have PI participation from outside the administering unit. This would compensate the unit for significant proposal development costs and large central costs such as outreach, corporate programs, educational programs, etc. associate with the grant.

Units submitting grant proposals with budgeted annual expenditures that average $1M per year or more over the life of the project, that have PI participation from outside of the college administering the grant, and have documented large central costs, may at time of submission, apply to the OVCR for supplemental Earned F&A return. The administering unit can request no more than the amount of Earned F&A flowing out of the administering college/unit. Participation from the units outside of the administering unit receiving Earned F&A is required. Justification based on special costs due to required activity in grant or special grant development costs would be required.

Most of these requests should fall into two categories:

1. For grants that do not require cost share: The request to the OVCR for supplemental Earned F&A will require a match by the units outside of the administering unit/college receiving the regular distribution of earned F&A. The supplemental F&A is intended as support for the administering unit and details on the intended use and internal distribution of the supplemental F&A should be included in the proposal to the OVCR.

2. For grants requiring cost share or for grants for which it is agreed that cost share is necessary: Since the cash cost share must be used in direct support of the grants deliverables, supplemental F&A may still be requested as in 1), but the maximum amount available would be reduced by the amount of the cash cost share.

These circumstances are uncommon and therefore will be reviewed on a case-by-case basis by the OVCR. The OVCR will develop procedures for the applications for these funds and the awarding of these funds to units.