

Indirect Cost Recovery Distribution Policy

Background:

With current responsibility centered management, indirect cost recovery (ICR) from external grants and contracts is returned to individual schools. Distribution of these funds within schools is at the discretion of the dean. A survey conducted by the OVCR showed that there is no consistency with regard to returning any portion of the ICR to the Principal Investigator of the grant/subcontract.

Research laboratories and centers have no established source of sustained funding beyond research projects. Returning a share of the ICR funding to the PI or Research Center provides seed money to explore new research directions, to collect preliminary data for future research, or to supplement or “bridge” funding while awaiting funding awards. Thus, returning a portion of ICR is a strong incentive for faculty to pursue external funding.

Recommendation:

Therefore, on January 24, 2011, the RAC unanimously voted to recommend that *as a matter of policy*, all schools should return a **minimum** of 10% of Indirect Cost Recovery (or the equivalent in research resources) to the Principal Investigator or Research Centers for research support and re-investment (assuming that full ICR is obtained).

The committee considers the recommended 10% to be fair and reasonable. It should be noted however, that this is a recommended minimum. Units are encouraged to return a higher percentage if it is their current practice and financial situation allows them to do so.