



UNIVERSITY OF LOUISIANA AT LAFAYETTE
OFFICE OF THE VICE PRESIDENT FOR RESEARCH
DISTRIBUTION OF INDIRECT COSTS

Revised Date: August 11, 2014
Effective Date: July 1, 2014
Responsible Office: Vice President for Research

INTRODUCTION

The Office of Vice President for Research seeks to distribute portions of indirect costs the University receives each year in order to stimulate and incentivize externally sponsored research. These funds will be disbursed to investigators and units on campus that were instrumental in capturing external funding during the previous fiscal year in support of research, scholarship, and other programmatic initiatives.

The intent of the distribution of indirect costs is to provide necessary resources to those individuals and University units to encourage further success in securing external funding for research and sponsored programs; to provide resources to sustain sponsored research and program activity and to pursue new research directions; and to stimulate programmatic research efforts and interdisciplinary initiatives. In addition, effective this year, this policy seeks to reward collaboration between academic units and centers/departments that sit outside of the academic colleges in an effort to strengthen the impact of sponsored research and program activities on the academic mission of the University.

CONSIDERATIONS AND GUIDING PRINCIPLES

1. The return of indirect costs will be based on the actual indirect costs collected in a sponsored project account during the fiscal year. For cost-reimbursable projects, indirect costs are charged to the funding agency based upon invoices that include payment for indirect costs (Indirect Actuals), not based on the project award amount. Thus, indirect costs collected for cost-reimbursable projects are based on a percentage of indirect billed and received per fiscal year. Fixed price costs, on the other hand, are based on a set price for deliverables or other agreed schedule of payment. In both cases, the amount of annual indirect return are based on what is invoiced and received each fiscal year from respective sponsors.
2. If a substantial portion of indirect costs is used as match to a research project or center, then there will be no indirect return will be credited to that project.
3. If a research center or project is deemed to operate a facility that handles their own F&A payments, a separate indirect return will be negotiated with that unit (approximately 85-90% return).
4. When multiple PI's or co-PI's are involved in a sponsored project, the amount of indirect costs returned to each and their respective administrative unit(s) of majority appointment will be based upon the percentage of project credit listed for each investigator on the Internal Proposal Approval Form. If the distribution of project credit is not assigned and agreed to by the investigators at the time of proposal submission, distribution of indirect costs will be based upon a default distribution specified by the University. The current default distribution is as follows:

	Default % Project Credit for PI	Default %Project Credit for each Co-PI
PI with One (1) Co-PI	67%	33%
PI with Two (2) Co-PIs	50%	25%
PI with Three (3) Co-PIs	40%	20%
PI with Four (4) Co-PIs	30%	17.5%
PI with Five (5) Co-PIs	30%	16%

5. In the case of fixed price contracts where the agreed upon price was insufficient for covering the actual costs incurred in the performance and delivery of contractual obligations that resulted in the university expending funds in excess of funds received by the sponsor, the university may elect to retain all indirect costs collected and not distribute any portion to investigators, departments, colleges or centers in an effort to recover the additional costs incurred.
6. If a faculty member has left the University at the time that indirect returns are to be distributed, the calculations described herein will be followed. The portion eligible for return to the individual faculty member that has left will be retained by the university. The portions eligible for return to that faculty member's home department and college or administrative unit will be returned as described above as will the portion eligible for return to other investigators and involved units.
7. Annual Indirect Portions (AIP) to faculty, departments and colleges will be placed in University R accounts and managed directly by the Account holder. All University policies and procedures must be followed in the use of the funds. These are non-restricted to maintain R&D capabilities by the respective academic/research unit. Examples include travel, equipment, student and graduate student stipends, tuition, technician support, and supplies. Account holders may not use these funds to pay extra compensation; but the funds can be used for summer salary in the case of 9 – month employees.
8. If the sum of Actual Indirect Portion for all projects for an individual or unit is \$25 or less, no account will be established for that individual or unit.
9. Funds in these AIP accounts can be carried over into subsequent fiscal years. However, there is a \$50,000 cap on level of carry over funds in AIR accounts. This is to encourage the annual investment in funds to stimulate the research capacity of individual faculty and research units. All unexpended carry over funds above this cap will be returned to the general fund.
10. Administrative units (Academic Departments, Colleges, Centers or Departments Reporting to a Vice President) that receive indirect returns will be required to complete an annual report to the Vice President for Research describing the distribution of annual indirect return funds and how they were used to stimulate research and sponsored program activities.
11. Projects that receive approval for and utilize a voluntary reduction or waiver of indirect costs will not be eligible for indirect return.

The calculation of project indirect actuals (PIA) will occur in of the fall each year following the end of the fiscal year (1 July of previous year to 30 June of the present year). The monies shall be deposited in R accounts and accounted for separately, during December.

CALCULATION OF INDIRECT RETURN AMOUNTS FOR PROEJCTS FUNDED BY SPONSORS OTHER THAN FEDERAL AGENCIES

The calculations for indirect return for sponsored project funded by sponsors other than federal agencies will be calculated as follows:

- Project Indirect Base (PIB) = [F&A Rate on Project (%) / Federally Approved F&A Rate] * Project Indirect Actual (PIA)
- Indirect Return to Investigators (IRI) = PIB * 8%
- Indirect Return to Administrative Units (IRA) = PIB * 8%
- Indirect Portion to Investigators (IPI) from each sponsored project is distributed to all investigators listed on the project proposal based on the percent of project credit listed for each [IPI=IRI * Project Credit of PI (%)]
- Indirect Portion to Administrative Units (IPA) is based on the home department of each investigator. Indirect Portion to Administrative Units (IPA) from each sponsored project is distributed based on the portion of project credit listed for the investigators of that project in a particular unit. The Indirect Portion to Administrative Units (IPA) resulting from the contributions and activities of a faculty member reporting to an academic unit will be divided equally between the Academic Department and the College to which they report.
 - Indirect Portion to Departments (IPD) = IPA * 0.5 for each project
 - Indirect Portion to Colleges (IPC) = IPA * 0.5 for each project

CALCULATION OF INDIRECT RETURN AMOUNTS FOR FEDERALLY FUNDED PROJECTS¹

The University has a goal of increasing the amount of federally supported research and sponsored activities. As a result, the return of indirect to investigators on federally funded projects will be twice the amount returned for projects funded by other sponsor types. The calculations for federally funded projects will be calculated as follows:

- Project Indirect Base (PIB) = [F&A Rate on Project (%) / Federally Approved F&A Rate] * Project Indirect Actual (PIA)
- Indirect Return to Investigators (IRI) = PIB * 16%
- Indirect Return to Administrative Units (IRA) = PIB * 8%
- Indirect Portion to Investigators (IPI) from each sponsored project is distributed to all investigators listed on the project proposal based on the percent of project credit listed for each [IPI=IRI * Project Credit of PI (%)]
- Indirect Portion to Administrative Units (IPA) is based on the home department of each investigator. Indirect Portion to Administrative Units (IPA) from each sponsored project is distributed based on the portion of project credit listed for the investigators of that project in a particular unit. The Indirect Portion to Administrative Units (IPA) resulting from the contributions and activities of a

¹ With sincere thanks to Dr. Azmy Ackleh, Dean of the Ray P. Authement College of Sciences who contributed his ideas to the conceptualization of this incentive, in acknowledgement of the importance of enhancing federal funding profile of UL Lafayette.

faculty member reporting to an academic unit will be divided equally between the Academic Department and the College to which they report.

- Indirect Portion to Departments (IPD) = $IPA * 0.5$ for each project
- Indirect Portion to Colleges (IPC) = $IPA * 0.5$ for each project

Return for Investigators Reporting to Academic Units

Amount to the Individual Faculty Member = the sum of all the Indirect Portion to Investigators (IPI) from each project for which the individual served as investigator. This amount will be deposited into an R-account under the control of the faculty member.

Amount to the Academic Department = the sum of all the Indirect Portion to Academic Departments (IPD) from each project for which the faculty of the department served as investigator. This amount will be deposited into an R-account under the control of the Department Head.

Amount to the College = the sum of all the Indirect Portion to Colleges (IPC) from each project for which the faculty of the College served as investigator. This amount will be deposited into an R-account under the control of the Dean of the College.

Indirect Return for Investigators Employed in Centers/Departments Reporting to a Vice President

Amount to the Center/Department = the sum of all the Indirect Portion to Investigators (IPI) from each project for which staff of the Centers/Department served as an investigator. This amount will be deposited into an R-account under the control of the Director of Center or Department.

Amount to the Office of the Vice President to which Investigator Reports = the sum of all the Indirect Portion to Administrative Units (IPA) from each project for which staff of the Centers/Department reporting to the Office of the Vice President served as an investigator.

Additional Return Amount for Projects Supporting University Students:

Providing enriching research experiences for our students is an institutional priority. In an effort to stimulate and reward the inclusion of funds in sponsored project budgets for student support, an additional percentage of indirect costs will be returned to the investigators for those projects that expended funds in support of UL Lafayette undergraduate and graduate students. The additional amount to be returned will be equal to the percentage of student support expenses (stipend, wages and tuition) in relation to the total project costs. This percentage will be added to the 8% calculated for the base return (or 16% for federally funded projects); and then will be distributed between the investigators as per the percentage project credit agreed upon at the proposal stage. The total percentage eligible to be returned for a single project shall not exceed 25% of the Project Indirect Base (PIB) as defined herein.

Additional Return Amount for Research Center/Academic Unit Collaborative Projects:

In order to stimulate and encourage collaboration between the academic units and research centers on campus, additional funds will be distributed for those projects that have investigator representation (PI or Co-PI designation) from both an academic department/college and a center/department outside of an academic college. For such projects, an additional amount of the indirect costs for each sponsored project that is eligible for return will be distributed as follows:

- Additional Return for Collaborative Project (ARC) = $Project\ Indirect\ Base\ (PIB) * 5\%$
- Additional Return to Academic College = $ARC * 0.5$

- Additional Return to Research Center/Non-Academic Department = $ARC * 0.5$

Once the Additional Return for Collaborative Project is calculated for each eligible project that demonstrates Center/Academic Unit collaboration as described above:

- The Additional Return to Academic Colleges will be divided proportionally based on the home College of the involved investigators
- The Additional Return to Research Center/Non-Academic Department will be divided proportionally based on the home center/department of the involved investigators
- These amounts will be added to the total Indirect return amounts to be deposited as described in the preceding sections.

Monitoring & Duration:

The Distribution of Indirect Costs will be implemented as a pilot program, effective July 1, 2014 through June 30, 2015. The impact of additional return of indirect costs for Federally Funded Projects on expanding the University's research goals will be evaluated at the end of the fiscal year, leading to potential modifications to the policy, and recommendations from the Vice President for Research on further continuation or the cancellation of the program.

Modifications to any aspect of this Program may be implemented at any time, as determined by the Vice President for Research in consultation with the Vice President for Administration and Finance, Provost and the President. Such modifications may occur through amendment of this Program or through written notice to affected parties.