

COORDINATED BY: Office of Academic Affairs in consultation  
with Business Affairs

EFFECTIVE: May 27, 1991

REVISED: September 1, 1998

PAGE 1 OF 2

---

SUBJECT: Research, Grants Inducement Funds, and Indirect Cost Redistribution

---

**I. PURPOSE**

To provide policy and procedures for allocating to University units certain funds that are derived from sponsored research, grants, and recovery of indirect costs; and to encourage research by such allocations. This policy statement complements PS 2 03.01 on Research.

**II. SYSTEM POLICY**

Permanent Memorandum 10 (PM 10) addresses "Indirect Cost Allowances on Grants and Contract." Persons involved in grants and contracts should be aware of that document, and also aware of PM 64 ("Distribution of Royalties...") and PM 67 ("Contracts Between the University and Its Faculty Members"). These memoranda take precedence over this policy statement if at any time they seem to be in disagreement.

**III. DEFINITIONS**

**INDIRECT COSTS:** Charges for indirect costs in some instances are intended primarily for specific University costs, and are covered by Permanent Memorandum # 10; in some sponsored research, however, latitude exists on the distribution of such recovered costs.

**SALARY SAVINGS:** In some instances a grant recipient is covered at least in part for his/her salary by the terms of the grant. In such a case, the person's released salary reverts to the Office of Academic Affairs for further redistribution in fostering research, grants, and other academic efforts, with preferential review given to the unit in which the faculty member is housed.

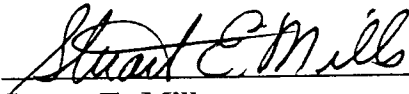
IV. BUDGETARY PROCESS

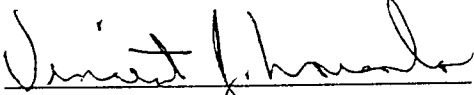
Within the guidelines of PM 10 (cited above) and budgetary restraints of the University, the Chancellor may allow recovered indirect costs to be budgeted back to the college of the grant recipient, to the Library, to Accounting Services, and/or to the Office of Academic Affairs for purposes of encouraging further research, supporting additional grants activity, and providing funds for support of such activities (as in the Library and Accounting Services). The proportions of the funds assigned for this purpose are generally 36% for the College, 36% for the Office of Academic Affairs, 9% for the Library, and 19% for Accounting Services.

An account in the printed budget will serve as a holding point until funds (after being received by the University) can be transferred to the proper units.

V. SOURCES

PM 10 ("Indirect Cost Allowances on Grants and Contracts"), PM 64 ("Distribution of Royalties..."), PM 67 ("Contracts Between the University and Its Faculty Members"); and PS 2 03.01 ("Research").

Recommended:  9-2-98  
Stuart E. Mills Date  
Provost and  
Vice Chancellor for  
Academic Affairs

APPROVED:  9-2-98  
Vincent J. Marsala, Chancellor Date