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Recommendation #1: Indirect cost recovery revenue distribution methodology

Issue number: I-04

Background

Historically, 15% of the IDC revenue collected was distributed to principal investigator's incentive account(s), 20% to the Overhead Use of Facilities Fund and the balance went to the General Fund.

The Budget Model Review and Implementation Committee recommended a fundamental principle that the 65% that went into the General Fund should be distributed to the Resource Responsibility Center's. The committee ultimately recommended the following formulaic distribution methodology that would distribute the remaining 65% to the resource units.

- 15 percent of the indirect cost recovery revenue collected is distributed to the principal investigator(s) incentive account(s).
 - For the purpose of this distribution, 'principal investigator' will be defined as the principal investigator and all co-principal investigators appearing on the Goldsheet
 - Investigators will receive these monies as long as the award yields the maximum allowable indirect cost rate from the organization granting the funds
 - This is unchanged from the historic distribution methodology
- 20 percent of the indirect cost recovery revenue collected is distributed to the Overhead Use of Facilities Fund.
 - The fund is intended to support infrastructure improvement projects
 - Managed by the Vice President of Business and Finance
- 10 percent to the Resource Responsibility Center that is administering the grant.
- 20 percent to the Resource Responsibility Center in which the principal investigator's salary is budgeted (per the printed budget book).
 - When an individual principal investigator's salary is budgeted between two or more Resource Responsibility Centers, this share of IDC revenue will be distributed based on the share of the individual's budgeted salary
 - When there are multiple co-principal investigators, this share of IDC revenue is first apportioned across co-principal investigators based on their percent of effort on the grant, and then the amount apportioned to each co-principal investigator will flow proportionally to the units responsible for his or her budgeted salary
- 35 percent to the Resource Responsibility Center responsible for the site where the research is conducted.
 - If there are multiple sites, this share of IDC revenue is distributed between the sites in proportion to the amount of work scheduled for each site

The IDC revenue implementation work group facilitated a test of the data collection methods needed to implement the BMRIC recommendation. Two primary issues were identified from this test:

1. Concern about the administrative cost and complexity of capturing the faculty effort and research location data required to implement the BMRIC recommendation. Faculty strongly resisted the additional administrative effort and, in many cases, were unable to reliably provide the necessary data to implement the BMRIC formula.
2. Concern that the BMRIC recommendation would create a disincentive for doing research in collaboration with interdisciplinary centers and would potentially deny centers the opportunity to participate in the incentives provided by IDC revenue distributions. Centers are an important component of the interdisciplinary environment at ISU but faculty appoints are almost entirely in academic colleges, CES or AES. The either/or nature of the IDC distribution set up a potential for competition.

Recommendation

- 15 percent of the indirect cost recovery revenue collected is distributed to the principal investigator(s) incentive account(s).
 - For the purpose of this distribution, ‘principal investigator’ will be defined as the principal investigator and all co-principal investigators appearing on the Goldsheet
 - Investigators will receive these monies as long as the award yields the maximum allowable indirect cost rate from the organization granting the funds
 - This is unchanged from the historic distribution methodology
- 20 percent of the indirect cost recovery revenue collected is distributed to the Overhead Use of Facilities Fund.
 - The fund is intended to support infrastructure improvement projects
 - Managed by the Vice President of Business and Finance
- 10 percent of the indirect cost recovery revenue collected is distributed directly to the Office of the Vice President for Research and Economic Development.
 - The distribution is intended to support strategic interdisciplinary research activities
 - Managed by the Vice President for Research and Economic Development
- 10 percent of the indirect cost recovery revenue collected is distributed to the Resource Responsibility Center that is responsible for administrating the grant or contract.
 - The distribution is intended to support the administration and oversight of the grant or contract and is presumed that it will be distributed to the center or department that is assuming full responsibility for the risk and administration of the grant or contract

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Resource Management Model Implementation
Operations Team
IDC Revenue Work Group

- The Resource Responsibility Center that receives this distribution will be based on the Administrating Unit designated on the GoldSheet
- Resource Responsibility Center administrators may negotiate this distribution

- 45 percent of the indirect cost recovery revenue collected is distributed to the Resource Responsibility Center(s) in which the principal investigator's budgeted salary is funded.
 - When there are multiple co-principal investigators, the revenue is first apportioned based on the principle investigator incentive percentage as designated on the GoldSheet
 - The revenue associated with each co-principle investigator is then distributed to the Resource Responsibility Center in which the principle investigator's budgeted salary is funded
 - When an individual principal investigator's budgeted salary is funded between two or more Resource Responsibility Centers, a portion of revenue will be distributed to each Resource Responsibility Center based on the individual's budgeted salary
 - Resource Responsibility Center administrators may decide that this systematic distribution is not an appropriate distribution and can negotiate the distribution
 - Because not all principle investigator salaries are budgeted, Resource Responsibility Center administrators will be required to negotiate an appropriate distribution for the revenue associated with these individuals.