Policy and Procedure for the Return of Indirect Costs

In order to reward Faculty and Staff for their hard work in raising extramural support for their research the Office of the Vice President for Research and Dean of the Graduate School has adopted a policy for the return of indirect costs arising from sponsored research. The policy was developed in conjunction with a Faculty committee (see Proposed Policy for the Return of Indirect Costs to Investigators, Research Centers/Institutes, and Academic Units at The University of Maine, September 23rd 2015); minor changes have been made to facilitate implementation.

In summary, as of FY 2018 return of indirect is base budgeted; the first annual payout will occur in July 2017 with calculations based on FY 2016 data. Specifically, a minimum of $250,000 will be returned to faculty/staff every year based on their portion of the total actual indirect recovered by UMaine in the previous fiscal year (employing % responsibility reported in PARS). In addition, should UMaine’s total actual indirects exceed $8.4 million in a given fiscal year, all indirects above $8.4 million will be returned to faculty/staff/departments/colleges etc. In order for indirect to be returned on a given award it must have been submitted in compliance with the ORSP proposal submission timeline. Indirects on each award will be actuals based on expenditure, with any non-salary cost share and indirect costs already returned, subtracted.

Procedure for Return of Indirect Costs Employing the Base Budgeted $250,000

- Eligible faculty must have 50% or more of their salary supported by base budget sources, and have charged indirect costs to their sponsored projects.

- The Effective Indirect (EI) for each sponsored project will be calculated by totaling the indirect costs recovered on actual expenditures. The resultant figure will be reduced by any non-salary cost share provided on the project, and by any funds from indirect costs already returned.

- For each sponsored project the fraction that the award Effective Indirect (EI) amount represents of the total UMaine Effective IDC for that Fiscal Year will be calculated to give the FUMEIDC.

- The amount of indirect returned to a specific PI/Co-PI of a given sponsored project (R/PI/PROJ) will be determined by multiplying Fraction Responsibility reported in the Grants and Contracts Database (derived from PARS), (FGCDB), by the fraction of the award Effective Indirect (EI) of a given sponsored project to the total Effective IDC of UMaine for that Fiscal Year, FUMEIDC, and by $250,000.

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R/PI/PROJ = FGCDB \times FUMEIDC \times 250,000
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- The total Indirect returned to a given faculty/staff member will be determined by summing the respective values for the return per PI/Co-PI per project (R/PI/PROJ) for all
projects for which there was an Effective Indirect, and for which the faculty/staff member had a Fractional Responsibility.

Rules and Expectations of ICR Funds
August 1, 2017

Indirect cost funds returned to faculty will be dispersed into a departmental E&G account using a specific program code, thereby separating the funds from departmental operating funds. Within each indirect cost return account, funds associated with specific faculty members will be designated via assignment of individual alpha or alpha-numeric class codes. The specific code employed will be determined by the department together with the VPR financial support staff.

All expenditures of indirect cost funds returned to faculty must follow University Administrative Practice Letters. Links to each are listed below.


Indirect cost funds returned may be used for the following:

- Salary coverage including benefits (course buyout, summer salary, additional compensation)
- Bridge funding (must include benefits in calculations where applicable)
- Travel, conferences, and lectures related to research and professional development
- Research supply and equipment purchases
- Support for undergraduate and graduate assistants
- Hosting seminar speakers
- Publishing costs
- Cost share
- Books, journals, papers and other similar expenses to support research and professional development
- Project development costs such as proposal writing and workshops
- Research-related recruitment costs
- Laboratory enhancements

Indirect Return funds may not be used for hiring individuals into permanent positions. It should be noted that these funds will not be eligible for increases related to contract-negotiated increases or benefit rate adjustments. When faculty leave the University, the remaining balance of their
indirect cost return account will be returned to the Indirect Return control account managed by the Office of the Vice President for Research.

**Procedure for Return of Indirect Costs if Actual IDC Collected by UMaine is Greater than $8,400,000**

- 100% of the Actual UMaine IDC above $8,400,000 will be returned as follows (Fraction Distribution FD):
  
  - 0.5 to the Investigators with individual returns determined by the Fraction Responsibility reported in the Grants and Contracts Database, (FGCDB)
  - 0.1 to the Office of the Vice President for Research
  - 0.1 to the University Research Facility
  - 0.1 to the Unit Providing Grant Management Support
  - 0.07 to Investigators School/Department
  - 0.07 to Investigators Research Center/Institute
  - 0.06 to Investigators College

- Returns will be made for each sponsored project for which there was an Effective Indirect (EI) for the relevant fiscal year.

- Investigators will propose distribution of IDC in PARS which may later be modified in the Grants and Contracts Database (FGCDB).

- The amount of indirect returned to a specific Unit/PI of a given sponsored project (R/UNIT/PI/PROJ) will be determined by multiplying the Fraction Distribution (FD) by the fraction of the award Effective Indirect (EI) of a given sponsored project to the total Effective IDC of UMaine for that Fiscal Year, FUMEIDC, and by the amount of Effective IDC of UMaine that exceeds the threshold value of $8,400,000 (UMEIDCOT).

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R/UNIT/PI/PROJ = FD \times FUMEIDC \times UMEIDCOT
\]

- The total Indirect returned to a given investigator, facility, unit, school, center, college etc. will be determined by summing the respective values for the return per Unit/PI per project (R/UNIT/PROJ) for all projects for which there was an Effective Indirect, and for which the Unit/PI had a Fractional Responsibility.

- Indirect returns will be dispersed in an account controlled by the individual’s academic home department, facility, unit, school, center, college.

- Returned funds must be expended in a manner consistent with University of Maine Administrative Practice Letters.