

To: Vice Chancellors
Deans of Colleges and Schools
Department Chairs
Members of the Indirect Cost Allocation Committee

From: Joel E. Anderson

Date: April 16, 2007

Re: Revised Indirect Recovery Policy

I want to thank the members of the committee for their work on this important project. The change in the F&A rate and the emphasis on research in our strategic plan, *UALR Fast Forward*, has necessitated a review of our policy. In addition, we have hired Tom Walker as Vice Provost for Innovation and Commercialization who will have a major role in facilitating any commercialization of faculty intellectual property that might have some potential for generating revenue for the individual and the institution.

As a frame of reference, the current allocation of the indirect cost recovery is the following: 15% goes to ORSP for support and encouragement of research; 20% goes to the Dean of the College initiating the grant with indirect cost recovery; and 65% goes to institutional overhead which supports the direct operation of ORSP, a \$100,000 equipment match fund, and other overhead expenses associated with the administration of over \$25,000,000 in grant activity annually.

I am in strong agreement with the major premises of the committee's recommendations:

- There should be a direct benefit to the Principal Investigator (PI) of a grant;
- The home department of the PI should be rewarded for its support of the PI;
- If ORSP actual dollars received was reduced, that Deans and Department Chairs would assume some of the activities previously funded through ORSP, for example, seed grants and equipment match and start up.

I understand that there was discussion of the need for an investment fund for large purposes such as legal fees associated with pursuing intellectual property rights, large equipment purchases, and other major needs associated with research. I too believe this is important and have decided to include it in this revision of your recommendation.

After considering the report, options, and information provided, the following is the new policy governing the distribution of recovered indirect cost.

Effective July 1, 2007, indirect cost recovered will be allocated as follows:

- *5% for the PI to be used to support the research/public service activities, professional development, equipment, etc. The goal for this allocation is to support and encourage research and grant writing. The definition of PI may vary from one individual to an entire department or collection of departments as designated by the grantee.*
- *5% for the department that supports the PI in his/her research activities to be used to support and encourage research and grant writing.*
- *15% to the Dean to be used in a similar fashion to support and encourage research and grant writing throughout the college.*
- *10% to the Vice Provost for Research to be used to support and encourage research across the campus.*
- *15% to an investment fund assigned to the Vice Provost for Innovation and Commercialization to be used for the pursuit of intellectual property rights and commercialization ventures.*
- *50% to institutional overhead.*

The Provost will issue further guidelines as necessary to accomplish the intended purposes of this policy.

This is the first major review and revision of institutional policy on indirect cost income in many years, and it takes account of the changes that have occurred since ORSP was established, and when, several years later, indirect cost income began to be shared with ORSP and the colleges. With a continued assignment of percentages rather than specific dollar amounts, all parties will benefit as grant activity increases, and the total amount of indirect cost income rises.

Again, my appreciation to all who have spent time in the deliberations this year.

Appropriate offices are now charged to oversee the collection and distribution of the recovered indirect costs.