

Purpose

The purpose of this APR is to define the distribution of recovered indirect costs from external grants and contracts. These funds support research, innovation, and academic goals by:

- Stimulating research and scholarship with potential to secure external funding,
- Ensuring seed monies are available to develop research projects with the potential for external funding,
- Incentivizing and rewarding faculty and staff seeking external funding for research, and
- Supporting university units that sustain the research enterprise.

According to UNC Policy Manual Chapter 500.5:

The University of North Carolina receives reimbursement of Facilities and Administration (F&A) costs related to grants and contracts and is expected to allocate these funds within appropriate state and federal guidelines. Pursuant to the provisions of Senate Bill 1005, Section 31.14 (2001), the UNC Board of Governors is required to report to the Joint Legislative Education Oversight Committee by March 1, each year, the amount of overhead receipts for the University System and the use of those receipts.

Definition(s)

Direct Costs are the expenditures that can be identified specifically with a sponsored project and can be directly assigned to such activities relatively easily and with a high degree of accuracy. Examples include laboratory supplies and equipment, salaries and stipends for researchers and students, and travel costs for conducting and sharing research.

Indirect Costs, also known as Facilities and Administrative costs (F&A) or overhead, are institutional costs that are incurred for common or joint purpose benefitting more than one project or program and not easily assigned to a particular sponsored project or program, but are the real costs that institutions incur supporting the research enterprise. These include, but are not limited to:

- Personnel in support of research including financial, administrative, technical, and maintenance staff, outside of those individuals working directly on the funded project or activity
- Telecommunications and secure data storage,
- Safety, including training and hazardous waste disposal,
- Utilities to include heating, air, electricity, and water,
- Project seed grants and incentives
- Start-up funding, and
- Library facilities.

Indirect Cost Rate is negotiated every four years with the US Department of Health and Human Services and is the rate that must be used on sponsored project budgets unless otherwise restricted by the funding agency.

Principal Investigator (PI) is the individual responsible for the preparation, conduct, and administration of grant-funded projects.

Accountable Officer (AO) is the individual responsible for administering funds in accordance with university, state, and federal policies and regulations, as well as those policies of external funding agencies.

Procedure

The Office of Research Administration (ORA) monitors the receipt of indirect cost allocations, processes the transfer of funds, and reports the distribution of those funds to the provost. Units receive their indirect cost allocation on a monthly basis and disbursement is based on the amount of indirect costs recovered during the preceding month.

The following distribution recognizes the institution-wide efforts of faculty, administration, and academic/non-academic units that support the research and sponsored activity enterprise.

Unit – Academic Affairs	Allocation
Chancellor/Provost	57.5%
Graduate School and Research	7.5%
College	10%
Department	15%
Principal Investigator	10%

Unit – Student Affairs	Allocation
Chancellor/Provost	50%
Division	15%
Graduate School and Research	7.5%
Department	17.5%
Principal Investigator	10%

Chancellor, Provost, and Division receive a share of indirect funds that are reinvested in the research enterprise to support research facilities and equipment, salaries of research support personnel, research incentives, and grant support.

Graduate School and Research receives a share of indirect funds to support research, administration, and compliance. The funds can support research development such as faculty and graduate student enrichment programs, cost shares, as well as employing personnel to assist principal investigators with post-award university processes, e.g., travel requests, check, and contract requests, hiring, etc.

College or Department Heads whose faculty and staff conduct externally funded projects receive a share of indirect funds generated from their awards. These funds are intended to support both externally funded and institutionally funded projects and the associated indirect cost categories defined above.

Principal Investigators receive a share of indirect funds generated from their awards to maintain flexible funding to cover costs that may not be funded by their grants (e.g., operational costs), other project support, and development costs. In cases of multiple investigators, where grants may cross organizational boundaries, the distributions percentages will be agreed upon at the time of receipt of the grant in keeping with the general model.



Academic Procedures & Regulations (APR)

APR Title: Distribution of Indirect Cost Allocations

APR Number: 28 Revised Date: July 28, 2022

Fund Balances

It is the responsibility of the accountable officer to monitor the indirect fund balance on an ongoing basis and follow WCU spending guidelines in all transactions. ORA will work with AOs in developing spending plans, as needed.

Indirect fund balances carry forward at the end of the fiscal year. Periodic reviews by ORA, Provost, or Administration and Finance may be required. Principal investigator's indirect fund balances revert to ORA, and the ORA closes the fund if the PI leaves WCU. Departments are responsible for negative PI fund balances.

Revision History

Effective: July 28, 2022

Revised: January 1, 2012