

MICHIGAN STATE
UNIVERSITY

Date: February 16, 2009

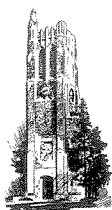
To: Deans, Chairs and Directors

From: Kim Wilcox, Provost
J. Ian Gray, Vice President for Research and Graduate Studies

Subject: Establishment of a Default Policy for Indirect Cost Distribution to Colleges and Units

In 2007 the Office of the Vice President for Research and Graduate Studies charged a task force to develop recommendations regarding the strategic investment of internal resources to support and promote research. One recommendation from this task force was to implement a consistent, university-wide policy that defines specific allocations for overhead and academic credit on extramurally funded awards for research activities on the East Lansing campus. To develop such a policy a second group, the IDC Task Force, was commissioned. The details of the recommended policy are outlined in the attached report. The primary recommendations are that:

- Academic credit at the college and unit (departments, centers and institutes) levels should be allocated by relative commitment and academic appointment.
- Overhead returns to the colleges and to units should be determined by separate formulas:
 - Overhead credit at the college level (10% of total IDC) should be allocated solely by relative commitment and academic appointment of the investigators.
 - Overhead credit at the unit level (10% of total IDC) should be allocated using a formula that is based on relative commitment and academic appointment, post-award grants administration, and research space. Specifically, 25% of overhead credit should be distributed to the unit providing post-award administration and the remaining 75% should be allocated based on relative commitment and academic appointment of the investigators on the project. To account for research space costs, when an investigator has research space in a unit different from that of his/her academic appointment or when he/she has research space in fewer units than he/she has academic appointments, two-thirds of the unit-level IDC attributed to that investigator should be allocated to the unit providing his/her research space. This approach does not apply for allocating IDC to support research conducted in space whose continuous oversight does not lie within a single unit. (see below).
- Revision of a transmittal at the time of the award may be necessary to capture changes such as those related to the award amount differing from that



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requested. Any other changes to the transmittal during the course of the award should be tracked with changes not affecting historical data as reported by Contract and Grant Administration or the Office of Planning and Budgets.

For faculty who occupy space in Giltner Hall, NFSTC, Manley Miles or other space not under the continuous oversight of a single unit, IDC distribution related to space assignment will be credited to the faculty member's home department with the understanding that this department will be required to maintain and upgrade the space and contribute to the building's common upkeep costs while the faculty member occupies that space.

These recommendations have been accepted by our offices, and the new policy will be applied to all NEW transmittals submitted, starting March 1, 2009. During this next year, the Office of Planning and Budgets will send out quarterly reports to colleges and units indicating how the IDC distribution of newly funded projects would be distributed using both the old and new policies. This will give chairs and deans an opportunity to evaluate the impact of the policy changes and determine if there are any critical problems with the new distribution model. The intent is to distribute IDC based on the new policy for grants submitted starting March 1, 2009. IDC for all grants submitted prior to March 1, 2009 will be distributed according to earlier guidelines. We welcome any comments concerning this new policy for indirect cost distribution as we proceed with its implementation this next year.