

INDIRECT COST RETURN

Recovered in Fiscal Year 2023

Returned in Fiscal Year 2024

Background

State policy provides that earned indirect cost be retained by state colleges and universities. Subsequently, a portion of the recovered IDC is returned to generating units. This document provides to operating units the policy that guides such return.

New Model of Distribution

According to an internal memorandum to all UH Deans, dated July 18, 2019, University-Level Centers and Institutes (ULCIs) will no longer be recognized as IDC Generating Units effective September 1, 2019. The IDC distribution model has been changed accordingly. ULCIs have been excluded from the credit split on any new proposals submitted on or after September 1, 2019. The 26%/74% ULCI split outlined in the previous IDC policy has been discontinued. For awards established prior to September 1, 2019 where ULCIs are involved, the portion of the recovered IDC previously allocated to the ULCIs will now be returned to the tenure college of the investigator according to the policy outlined below. The calculated IDC return amount was adjusted based on a scaling factor derived for individual colleges. The amount deducted for ULCI budget was determined by multiplying the base value (calculated value of FY2023) with 4.14% average inflation for the CY2023.

FY 2024 IDC Distribution Detail

Total IDC Recovered in FY 2023		\$30,329,770.85
<u>Deductions</u>		
Gross Central Initiatives Fund	28.30%	\$8,583,325.15
Core Facility/Strategic Account	7.7% or \$1.5M, whichever is greater	\$2,335,392.36
Bad Debt Reserve	0.5666868%	\$171,874.81
Infrastructure Overhead (A&F) - Fixed	\$1,238,909 Fixed	\$1,238,909.00
ULCI Hold		\$1,469,686.00
Return to Generating Units	54.5028303%	\$16,530,583.54

Calculate the IDC Credit Split:

IDC credit splits are recorded and extracted from our database of record, PeopleSoft Grants. They are captured on the proposal transmittal form, listed under the 'Investigators' tab, in the 'FA% Split' column.

Policy

- A. When only academic departments and colleges are involved, the indirect cost funds returned to the generating units are distributed as follows: In the case of multiple investigators, multiple departments, and/or multiple colleges, each unit will participate in accordance with the distribution identified on the appropriate proposal transmittal form.

56% of the return will go to the college
44% will go to the department

Single Department Example:

Department X receives 100% credit
IDC Return = \$1000.00

College return equals \$560.00 (56%)
Department return equals \$440.00 (44%)

Multiple Departments/Colleges Example:

Project X has two Investigators: Investigator A and Investigator B. The appropriate proposal transmittal form shows that:

Investigator A from Department M in College N has 60% credit
Investigator B from Department P in College Q has 40% credit.

Investigator A is listed as the Primary Investigator. *Please note: The primary flag does not have any impact on the calculation of the IDC return.*

IDC Return is \$200.00

\$120.00 (60% credit – Investigator A)	\$80.00 (40% credit – Investigator B)
College N return \$67.20 (56%)	College Q return \$44.80 (56%)
Department M return \$52.80 (44%)	Department P return \$35.20 (44%)

- B. When a University Level Center or Institute (ULCI) is involved the indirect cost funds returned to the generating units are distributed as follows: Where an IDC Credit is attributed to a ULCI, the ULCI or the Division of Research does not receive any return. In this case 100% of the calculated return is given to the tenure college of the Investigator.

Single ULCI Investigator Example:

Project X has Investigator A and 100% IDC is attributed to ULCI-Z. Investigator A's tenure college is College C.

IDC Return is \$200.00
100% credit – ULCI-Z/Investigator A

College C return	\$200.00 (100%)
ULCI-Z return	\$0 (0%)

Multiple Departments/Colleges/ULCI Example:

Project X has two Investigators: Investigator A and Investigator B. The appropriate proposal transmittal form shows that:

Investigator A from ULCI-Z has 60% credit

Investigator B from Department P in College Q has 40% credit.

Investigator A is listed as the Primary Investigator and their tenure college is College M.

The IDC return is 200.00

\$120.00 (60% credit – Investigator A)		\$80.00 (40% credit – Investigator B)	
College M return	\$120.00 (100%)	College Q return	\$44.80 (56%)
ULCI-Z return	\$0.00 (0%)	Department P return	\$35.20 (44%)

Revised: March 2024