

CATEGORY: RESEARCH ADMINISTRATION  
SECTION: Research  
SUBJECT: Research Allocations  
EFFECTIVE DATE: October 25, 1993 (Revised February 13, 1995)  
PAGE(S): 4

I. Summary

This policy has the following features:

- The University will make annual, identifiable, and predictable "research allocations" to all units engaged in sponsored research. The allocations are keyed to the indirect costs (IDCs) recovered in the preceding fiscal year. This policy affects Schools and Centers outside of the University of Pittsburgh Medical Center (UPMC) but is comparable in concept to that used in our Medical Center.
- The first 50% of the full, applicable University IDC rate will be credited to the general fund to help support utility costs, general administration, and facilities. Academic offices and Principal Investigators (PIs) will receive the remainder of the IDC collected according to a formula provided, and administer and use it directly for research development and infrastructure support.
- Losses to the general fund will be minimized by the resulting stimulation of external funding, the recent increase in IDC rates, improved IDC collection, and the use of the Deans' research allocations for rapidly growing budget items, such as expenditures for start-up costs, proposal cost sharing, and research equipment purchases by Schools and Departments.
- Simultaneously, appropriate direct budgeting of some significant infrastructure support will be expected for grants and contracts that yield no or less than the full IDC recovery to gain parallel support for departmental needs.
- The predictable and annually growing research support for Schools, Centers, and Departments will encourage better planning by units, be more visible to faculty, and provide a strong incentive for Schools and researchers to support full IDC recovery. It will reward wiser and permit longer range budget decisions at the School and Department level and thus enhance the University research mission.

II. Definitions

Research Allocations: A hard money allocation to University of Pittsburgh Schools and major Centers not part of the University of Pittsburgh Medical Center (UPMC). Allocations restricted to research support.

Indirect Cost (IDC) Rates: Charges for research support costs not directly billed to grants and contracts. Rates approved by the Department of Health and Human Services and applied to sponsored research projects for IDCs incurred by the University.

Fully Recovered IDC: IDC collected at audited University

rates. Does not include IDC recovered at below audited rates.

Hard Money: Funds controlled by the University, not subject to restrictions imposed by external agencies.

Soft Money: Funds provided by external agencies for defined tasks and subject to contractual restrictions.

Research Development Fund (RDF): A hard money fund administered by the Vice Provost for Research and computed on the basis of IDCs recovered at audited IDC rates.

### III. Policy Objectives

- Enhanced predictability and effectiveness of University research support.
- Greater visibility of University support.
- Annually negotiated and variable funds for support of research by Schools and major Centers are replaced by a computed and predictable "research allocation." The research allocation will be a budget line item and will rationalize and stabilize unit resources for infrastructure and other support of research. It is related to IDC recovery, i.e., to the level of sponsored research activity and, therefore, is self-adjusting for inflation and increased sponsored research activity. It will make University hard money support for research readily visible to faculty and encourage and reward diligent IDC recovery. The explicit and predictable annual research allocation helps relieve academic units and senior administrators of difficult recurring research budget negotiations. It encourages and permits longer range and more ambitious research planning by the Schools and thereby enhances progress of the University.

### IV. Policy

The research allocation for Schools and major Centers is modeled after, and will supplement, the existing Research Development Fund (RDF). IDC recovery at the audited rates will serve as the reference basis for the research allocation for the subsequent year.

The allocation for research support will be made annually to Schools and researchers, based on the actual IDC recovery of the preceding fiscal year. The research allocation amount is equal to the IDCs recovered in excess of 50% of the full IDC rate and is distributed to academic units and Principal Investigators (PIs) according to the following formula:

Academic Unit: Deans and Departments/Centers	30%
Principal Investigators (PIs)	10%
Provost's Research Development Fund (RDF)	9%
Office of Research	1%

Academic Departments will receive 1/6 of their academic unit's share (5%) or a negotiated larger share if asked to assume some obligations previously met by the Dean, such as cost sharing for start-up, etc.

Research allocation funds are to be used for cost sharing for proposals, start-up costs for both current and new faculty, repair and minor renovation of research facilities, purchase of major research equipment, and closely related research expenditures. They are also intended as seed money and to improve our competitive position in attracting sponsored research projects. Some instructional support like research experience for undergraduates shall be permitted. These funds may be used for the support of graduate students, shops, technicians, etc., to the extent that such use demonstrably improves the present research environment and furthers the research mission of the School. They may not be used for salaries of tenured and tenure-stream faculty, administrative support, or to substitute for support traditionally granted from the base budget.

Starting with fiscal 1994, all grants and contracts normally will be processed through the School where the sponsored faculty member has his or her primary appointment. However, since the University encourages the pursuit of interdisciplinary topics and collaboration in research and has established the University Centers for this purpose, faculty members may submit their grants or contract proposals through the appropriate Center with the written concurrence of both Dean and Center Director.

If an interdisciplinary project is affiliated with a Center that provides significant research support, the Deans must share the earned research allocation with the Center. The sharing arrangements for a given project should be stable and must be agreed upon in negotiations between the Center Director and the responsible Deans at the time of the proposal submission. Disagreements shall be mediated through appeal to the Vice Provost for Research. (For sponsored faculty associated with a major Center, the unit's research allocation typically might be shared between the School of their primary appointment and Center in approximately equal parts. However, there may be situations in which most of the funds should go to the Center.) The PI's research allocation should remain at the 10% level.

Future research allocations will be estimated based on current sponsored research activity. The exact annual research allocation amount will not be available until September or October; however, units may begin charging their research allocation account on July 1. Unlike unrestricted annual budget items, the restricted research allocations will have a two-year budget cycle from July 1.

State, foundation, and industry grants often severely limit IDC recovery. Therefore, units depending strongly on such sponsors may derive only small earned research allocations and insufficient institutional support. With the enactment of this policy it becomes necessary that Deans, Directors, and Department Chairs insist that PIs with grants where the IDC rates are less than audited rates put specific and appropriate research or institutional support items into their direct grant budgets (e.g., partial coverage of faculty salaries) so that equivalent departmental funds are released for infrastructure support.

Items to be counted as "infrastructure support" include Graduate Student Researcher support, secretarial and technical help that replaces services previously offered by the Department, soft money payments for central computing charges, broadly shared equipment, and replacement salary for the investigators (but not summer salary or overload payments). Deans, Directors, and Department Chairs may demand that such direct infrastructure support items plus any actual IDC payments be comparable to the applicable IDC charge for the grant. (In other words, directly

charged institutional support items may be required to substitute for uncollectible IDC.)

V. Illustration for Distribution of Research Allocations to Units

Research allocation from projects billed at the audited Indirect Cost (IDC) rates:	Percent of total IDC		
	Old formula %	New formula %	New formula example (in \$)
Total University IDC collected, (example):	100	100	\$200,000
Less Central Pool	90	50	100,000
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Amount available for distribution	10	50	\$100,000
Deans (max)*	3	25	\$50,000
Department or Center (min)*	0	5	10,000
Principal Investigator (PI)	3	10	20,000
Provost's Research Development Fund (RDF)	3	9	18,000
Office of Research	1	1	2,000
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Portion distributed	10	50	\$100,000

Research allocation from projects billed below the audited IDC rates:

Policy: Only the amount over 50% of full IDC rate will be distributed to units.

Example \$132,000 collected of \$200,000 IDC due:	Old formula %	New formula %	New formula example (in \$)
Less Central Pool	66	50	100,000
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Amount available for distribution	0	16	\$32,000
	Reduced scale factor	Reduced scale %	Reduced scale times
Deans (max)*	0.32	0	25
Department or Center (min)*	0.32	0	5
Principal Investigator (PI)	0.32	0	10
Provost's Research Development Fund (RDF)	0.32	0	9
Office of Research	0.32	0	1
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Portion distributed	0	16	\$32,000

\*Deans are encouraged to pass on more than the formula amount to Departments or Centers. (Deans and Directors of major Centers negotiate Dean/Center split with appeals to the Vice Provost for Research.)