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DATE June 27, 2011
 TO Deans, Directors, Fiscal Officers
 CC Chancellor’s Cabinet
 FROM Pat Pitney
 Vice Chancellor for Administrative Services
 SUBJECT **Implementation of 60/40 Indirect Cost Recovery (ICR) Distribution Plan**

In November 2010, Chancellor Rogers formed a committee to review our ICR distribution practices and tasked them with making recommendations for change. The committee presented its findings and recommendations in February 2011, and the Chancellor accepted the changes in a memo dated April 9, 2011. The new distribution percentages (chart below) are based on a 60/40 split between research reinvestment and research support.

	Distribution Rates	
	<i>Prior Rate</i>	<i>Current Rate</i>
	45.1%	49.5%
Generating Unit	53.4%	50.0%
OSP and CRS Match	1.0%	1.5%
Undergrad Research	0.0%	1.0%
New Buildings (debt)	0.0%	7.5%
WRRB	2.0%	0.0%
Research Investment	56.4%	60.0%
VCAS Units	12.4%	0.0%
Facilities	13.7%	0.0%
Library	4.7%	0.0%
UAF Supporting Units	0.0%	28.0%
UAF Supporting Units	30.8%	28.0%
UA Statewide G&A	12.8%	12.0%
Total	100.0%	100.0%

The full explanation of the mechanism approved by the Chancellor is provided in the ICR Committee’s document available at the Chancellor’s website¹. The supporting units distribution of 28% in the table, above, is assigned to VCAS Units (including Office of Grants and Contracts, Procurement, Environmental,

Health, Safety and Risk Management, Existing Debt Service) at 11.3%, Facilities (including M&R, Utilities, and Operations) at 12.5%, and the Library at 4.2%.

Implementation

The approved plan to move to a new distribution percentage of ICR calls for a phased-in approach. The Phase-in will begin *July 1, 2011*. According to the ICR Committee's report, it is anticipated that the funding impact may take up to three years. Beginning *July 1st*, implementation will follow two approaches:

- 1) Any new R&D award, with any F&A rate, accepted for the Fairbanks campus will be given a new 60/40 Split ICR distribution code.
- 2) Any R&D award already in Banner Finance under the 49.5% F&A rate or State R&D awards accepted after January 11, 2011 will be changed over to a new 60/40 Split ICR distribution code. The new distribution will not be retroactive; it will take effect when it is keyed into the system starting *July 1st, 2011*.

New R&D Awards – Process

All new awards received on or after July 1, 2011 (regardless of start date) must be set up with a distribution code reflecting the new 60/40 split. If no such code exists for a department submitting a budget request form (BRF), then the BRF must be accompanied by a request to establish the new distribution code. Once established, the new code will be applied to submitted BRF. Please use the new Indirect Cost Distribution Maintenance Form (FTMINDD), available at the OGCA website: <http://www.uaf.edu/grcon/forms/banner-forms/Copy-of-60-40-FTMINDD-blank.xlsx>, and Statewide Budget and Cost Records web site.

Existing R&D Awards – Process

OGCA will provide each unit a listing of existing R&D awards received after January 11, 2011, with the 49.5% F&A rate or the State F&A rate. These awards will have a changed distribution. Please review the list and notify OGCA of any inconsistencies. To minimize the effort OGCA will complete all the Indirect Cost Distribution Maintenance Form (FTMINDD) for the awards on the list. Unit lists will be sent this week and the distribution change will take effect between July 1st and July 15th.

Grants and Contracts Not Affected by Distribution Change

Awards with F&A rates based on prior-year rate schedules and CRCD non-R&D grants and contracts are not affected by this distribution change.

ⁱ ICR investigation team report February 18, 2011
<http://www.uaf.edu/chancellor/icrreviewcommittee/>