**21.02 IUPUI**

**STANDARD OPERATING PROCEDURE**

**FOR DISTRIBUTION OF INDIRECT COST RECOVERY FUNDS**

*Rationale:* Most federal and state grants and some foundation and non-governmental awards allow for the recovery of some indirect costs of research and development projects. The rates of indirect cost recovery (ICR) are stipulated by the grantor and may vary significantly. A portion of these funds flow to the President’s Office and another portion flows to the university administration. The remaining funds flow to the School of Education (SOE). The procedure outlined below stipulates the distribution of the net ICR within the SOE and procedures for communicating the distribution to the faculty and principal investigators. This includes distributing a portion of the funds to the principal investigator (PI) as an incentive for securing ICR generating awards.

Distribution of ICR will operate according to the following principles:

* 1. Distribution of ICR incentive funds:10% of the net ICR\* will be distributed to the PI’s faculty 22 account.
  2. If Co-PIs are to receive a portion of the funds, the PI and Co-PIs must agree among themselves on that distribution. As ICR depends on direct cost expenditures, the ICR Incentive will be deposited at the end of the fiscal year after the fiscal director has totaled direct costs and ICR.
  3. The PI will be notified when the ICR incentive funds have been deposited.

1. SOE Distribution: The next 50% of the net ICR will be retained by the School of Education.
2. Distribution for Project Reinvestment
   1. The remaining 40% of net ICR may be reinvested into the funded project upon agreement between the SOE Dean and the PI. Any such agreements are at the Dean’s discretion, should be initiated by the PI, should be finalized prior to grant submission, and should be provided to the PI in writing prior to grant submission. In entering any such agreements, the Dean will consider the following:
      1. *Competitiveness:* Reinvestment of ICR is more feasible if it is needed to make the grant application more competitive.
      2. *Impact:* Reinvestment of ICR is more feasible if the reinvestment increases the positive impact the funded project would have on the SOE and the University.
   2. The balance of the 40% not reinvested into the funded project will be retained by the School of Education.
3. *Transparency:* Once per year, the Dean will present a report to faculty on the distribution of ICR from grants from the previous year.

\*Net ICR refers to the gross ICR minus the amounts the President’s Office and the University administration takes out.

FABA passed 5-11-21

Policy Council passed 5-28-21