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To: IT&E Faculty
From: Stephen Nash, Associate Dean
Subject: Revised Policy on Overhead Return for Grants
Date: November 1, 2001

The purpose of this memo is to describe revisions to the overhead return formula for grants.

The university returns a portion of the overhead from grants to individuals and units. The old formula distributes the overhead return as follows:

- 50% to the Provost's office
- 25% to the Dean's office
- 10% to the center or department that initiates the proposal
- 15% to the Principal Investigator (PI)

The revised formula will have an affect on:

- New grants initiated through centers (except for the Center for C³I)
- New grants involving faculty who are not PI's but who have significant involvement in the project

In other cases, the revised policy will not change the distribution of overhead return.

The new overhead-return formula for grants initiated through departments is:

- 50% to the Provost's office
- 25% to the Dean's office
- 10% to the department that initiates the proposal
- 15% to the Principal Faculty (PF); this term is defined below

The new formula for grants initiated through centers is:

- 50% to the Provost's office
- 20-25% to the Dean's office
- 5-10% to the center that initiates the proposal
- 5% to the department
- 15% to the Principal Faculty (PF)

There is some flexibility in the formulas for grants through centers. The specific percentage of overhead return that goes to the center and to the Dean's office is determined by the charter agreement for the center, and is defined at the time of initiating or renewing the charter. The charter for the C³I Center does not expire until 2003, so the revised overhead-return formula does not apply to this center. For all centers renewed or created in 2001, the charters allocate 10% to the center and 20% to the Dean's office.

The term “Principal Faculty” refers to faculty members who have significant participation in a grant. A faculty member is a principal faculty member if at least one of the following conditions is satisfied:

- The faculty member is a PI or co-PI on the grant.
- The faculty member charges at least one month per year to the grant.

In some cases, the granting agency will stipulate that only one person can be a PI on a grant, although multiple faculty members are performing the functions of a PI. It seems unfair that only one person should be eligible for overhead return under such circumstances. The definition of Principal Faculty is an indirect, but objective, way to expand the group of people eligible for overhead return.

As an illustration of how the new policy works, consider the following hypothetical example.

Suppose that an SEOR professor is the PI on a grant through the Image Analysis center (which is based mostly in the CS department). The Image Analysis center would get 10% of the overhead return, the SEOR department would get 5% of the overhead return, and the CS department would get no overhead return. The affiliation of the PI defines the “department” in the formula.

In the cases of multiple PI's (or PF's), the overhead return is split proportional to the faculty effort on the grant. This is the same as current policy. This split can influence the portion of overhead return that is given to the department and center. For example, suppose that a grant through a center has two PIs, one of whom is in the ECE department and charges two summer months per year, the other is in the ISE department and charges one summer month per year. Then the ECE faculty member will get 10% of the overhead return, the ECE department will get 3.33%, the ISE faculty member will get 5%, and the ISE department will get 1.67%. (The 15% PI share is split proportionally, as is the 5% department share.)

Another issue is how the revised formula applies to existing grants. If the grant will receive supplementary funds, the PI (or some other affiliated person) should ask the Office of Sponsored Programs to circulate a new signature page to implement the revised formula. The revised formula will not be applied retroactively to existing funds.

Working with the Office of Sponsored Programs

The Office of Sponsored Programs (OSP) has copies of this memo, and has been briefed on its contents. They are not responsible, however, for interpreting the document, nor for resolving disputes. Questions of interpretation, or requests for exceptions, should be submitted to me.

In particular, faculty members will have to tell OSP to include someone as Principal Faculty if the person is not a PI or co-PI.

In addition, faculty members will have to ask OSP to circulate a new signature page, if it is appropriate to request a change in the overhead-return formula.