

# UIC 2008 Bringing Administrators Together Conference

## Indirect Cost Recovery Revenue Distribution at UIC

March 6, 2008

2:15 – 3:30 PM

# Workshop Presenters

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# Please...

- Turn off cell phones
- Ask questions at any time
- Avoid side conversations
- Sign the attendance roster
- Complete the evaluation at the end of the workshop

# Workshop Objectives

- Greater understanding of how the ICR rate is calculated (F&A study)
- Appreciation for how department's actions impact the ICR rate calculation
- Greater understanding of the distribution of ICR revenue

# Indirect Cost Recovery Revenue

Where does it come from?

- Recovery of previously incurred costs

Characteristics of ICR funds

- Balances carry forward from year to year
- Fringe Benefits are assessed on salary charged to ICR

How are ICR funds used?

- Unrestricted fund source
- Funds are often reinvested in the research enterprise

# Facilities & Administrative (F&A) Rate Negotiation

- ICR is the older term; F&A is the newer term
  - Same thing
- The rate is negotiated with the Office of Naval Research (ONR), our cognizant agency
- The F&A rate is negotiated once every 3 years
- Current rate is effective for Fiscal Years 2008, 2009, 2010
- Next proposal will be based on FY 2009 expenditures

# F&A Rate Calculation

Indirect Costs

*Allocated to Organized Research*

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= F&A Rate

Modified Total Direct Costs

*Allocated to Organized Research*

# Allocation of Costs by Function

Unit Name	ADMINISTRATION			FACILITIES							
	General Admin.	Dept. Admin.	Spon. Pgm. Admin.	Equip. Depr.	Dept. O & M	Leased Space	VCAS Facilities	Utilities	Bldg. Depr.	Bldg. Interest	Library
Colleges		✓		✓	✓						
VCAS	✓						✓				
VCR			✓	✓							
Library											✓
UA	✓		✓								
Campus Wide Admin.	✓										
Provost Discretionary						✓		✓	✓	✓	



# Allocation Process

OMB A-21: “Allocation means the process of assigning a cost, or a group of costs, to one or more cost objective, in reasonable and realistic proportion to the benefit provided or other equitable relationship.”

## Simplified Example of Allocation Process

- Total cost to be Allocated - \$1,000,000
- Basis for Allocation – Assignable Square Feet (ASF) Devoted to Function

Function	% of Total ASF Assigned to Function	Allocation
Instruction & Departmental Research	50%	\$500,000
Organized Research	20%	\$200,000
Other Sponsored Activities	5%	\$50,000
Other Institutional Activities	20%	\$200,000
Cross Allocations	5%	\$50,000

# Composition of Current Rate

	Points in Rate	% of Total
Depreciation	7.7%	13.5%
Interest	3.0%	5.7%
Operations and Maintenance	19.0%	33.3%
Library	<u>1.3%</u>	<u>2.3%</u>
<b>Subtotal, Facilities</b>	<b>31.0%</b>	<b>54.8%</b>
General Administration	8.6%	15.1%
Departmental Administration	14.9%	26.1%
Sponsored Projects Administration	7.4%	13.0%
Student Services Administration	<u>0.0%</u>	<u>0.0%</u>
<b>Subtotal, Administration</b>	<b>30.9%</b>	<b>54.20%</b>
Uncapped, Calculated Rate	61.9%	109.0%
Administrative Cap Adjustment	(4.9%)	(9.0%)
Net, Negotiated Rate	57.0%	100.0%

# Typical Federal Grant Budget (MTDC Base)

	Direct Cost	ICR	Total
Salary	\$ 85,700	@ 57%	\$ 48,850
Fringe Benefits	\$ 29,300	@ 57%	\$ 16,700
Supplies	\$ 15,000	@ 57%	\$ 8,550
Travel	\$ 2,000	@ 57%	\$ 1,140
Equipment	\$ 78,000	n/a	\$ 0
Sub-contract < \$25K	\$ 25,000	@ 57%	\$ 14,250
>\$25K	<u>\$ 15,000</u>	n/a	<u>\$ 0</u>
<b>TOTAL</b>	<b>\$250,000</b>		<b>\$ 89,490</b>

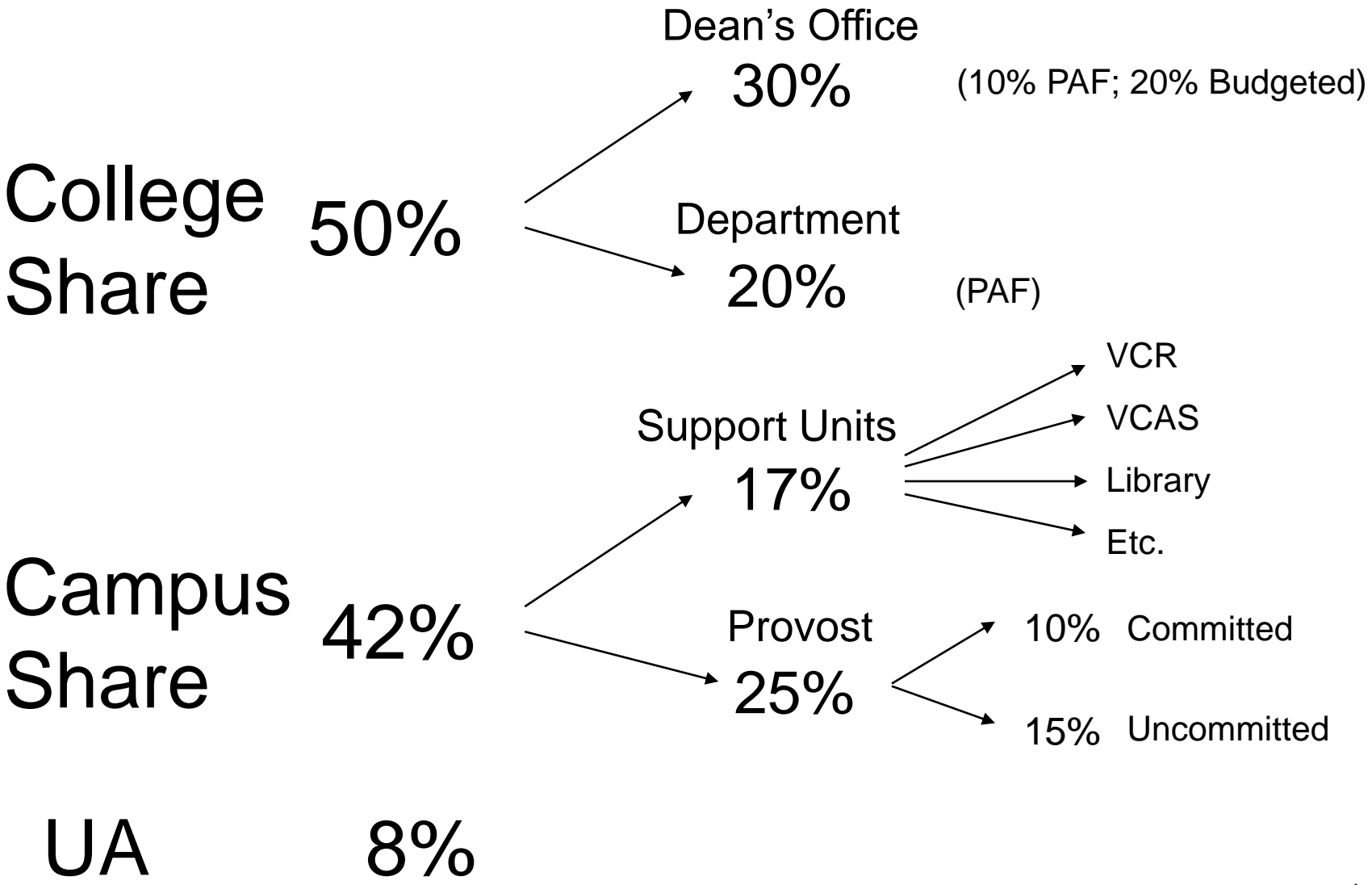
# F&A Rates

<u>(F&amp;A) Rates</u>	<u>On Campus</u>	<u>Off Campus</u>
Organized Research	57.0%	26.0%
Instruction	40.4%	26.0%
Other Sponsored Activities	37.1%	26.0%
Typical Foundation	8.0 – 10.0%	
Total UIC ICR Revenue	\$ 68M	Average Recovery Rate
Total UIC Sponsored Expense	\$271M	
		= 25%

# Unit Responsibilities

- Space survey
- Cost shared effort
- Review function code on c-fop's
  - E.g., fund-raising (unallowable expense)

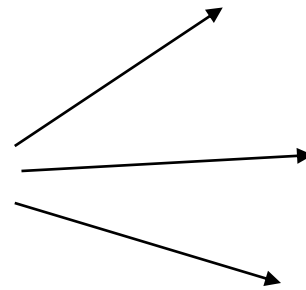
# Typical ICR Distribution



# Other Distribution Schemes

**Medicine**  
(Chicago Campus)

50%



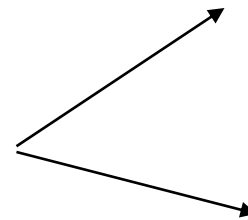
Dean's Office  
24%

Debt Service  
6%

Department  
20%

**SPH**

50%

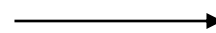


Dean's Office  
31.5%

Department  
18.5%

**JACSW, Education,  
others**

50%



Dean's Office

# 30% Share distributed by PAF

- Each department has ICR earnings c-fop (fund 200250)
- In this c-fop, ICR revenue is...
  - automatically distributed daily
  - recorded in revenue account code 308800
- Distribution amounts are determined by the actual direct charges incurred on each grant and its associated indirect cost calculation and distribution codes



# Indirect Cost Distribution Description (INDD) Codes

- INDD codes are assigned to grants based on the Proposal Approval Form (PAF)
  - determines the ICR revenue percentage distribution
- Standard Distribution
  - One college and one department mapping to that college
  - INDD Code Format: Chart - Org (e.g., 2949)
- Special Distribution
  - Collaborative agreements that split ICR with one college/multiple departments or multiple colleges/multiple departments.
  - INDD Code Format: Chart - Org - Alpha (e.g., 2949A)
- ICR revenue posted to account code 308800 includes both standard ICR earnings and splits.

# Banner On-Line Inquiry Forms - 1

Banner Form: FZMRFND

Purpose: Find the INDD distribution code assigned to a grant fund.

Steps: Go to: FZMRFND  
F7  
Enter the Chart & Fund  
F8

Oracle Developer Forms Runtime - Web: Open > FZMRFND [Q]

File Edit Options Block Item Record Query Tools Help

Research Accounting Fund Maintenance Form FZMRFND 7.0 [MC:33.0] (BANPROD) (2UIC)

**Chart of Accounts:** 2

**Fund:** 494608 **Title:** 949 Vega Wave Systems Inc

**Grant:** E6800 **Title:** Vega Wave Systems Inc

**Dates ->**

**Effective:** 23-MAR-2005 **Term:**  **Next Change:**

**Budget period:** 23-MAR-2005 **To:**

**Cost Share** **Basis**  **Rate**  **Credit**  **Distribution**

Indirect Cost Codes	Basis	Rate	Charge	Distribution
2MTD1		55.00	298130	2949
2TUIT1		37.00	298150	2949

Enter Chart of Accounts.

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# Banner On-Line Inquiry Forms - 2

## Banner Form: FRVINDD

Purpose: See the INDD distribution code percentages by c-fop.

Steps:           Go to: FRVINDD  
                          F7  
                          Enter the Chart and INDD code  
                          F8  
                          Options  
                          View Distribution

Oracle Developer Forms Runtime - Web: Open > FRVINDD [Q]

File Edit Options Block Item Record Query Tools Help

Indirect Cost Distribution Code Validation FRVINDD 7.0 (BANPROD) (2UIC)

COA Code	Indirect Cost Distribution Description	Effective Date	Termination Date	Nchg Date
2 2949	ICR-Electrical & Computer Engr	23-MAY-2001		

Distribution

Find 2949%

Orgn	Acct	Prog	Actv	Locn	Percent
236000	308800	236056			70
284007	308800	284009			10
949000	308800	949004			20

Find OK Cancel

Choices in list 3

3:38 PM

## 20% Share distributed by Budget

- Estimated expense budget is established upfront in the Budget Development System for each Dean's Office and recorded in a special program code
- Estimate is based on prior FY indirect costs (account codes 1981XX) generated by all grants with organization codes rolling up to Banner level 3 and mapping to the college
- Actual revenue does not automatically post to this c-fop
  - Budget gets reconciled to revenue in central c-fop

# ICR Budgeting – 1

## Budget Development

- ICR budgets are set centrally by OBFS and the Provost's Office
  - Units may provide input to the forecast
  - Units should not adjust budgets
- Carry-forward balances for institutional funds are automatically posted in Banner
  - Units should not duplicate this revenue

# ICR Budgeting – 2

## Maintenance during the year

- Units wishing to transfer or redistribute ICR expense budget amounts from the ICR earnings c-fop to another ICR c-fop may do so by sending a Budget Adjustment Request (BAR) form or an e-mail request to the OBFS Budget Office

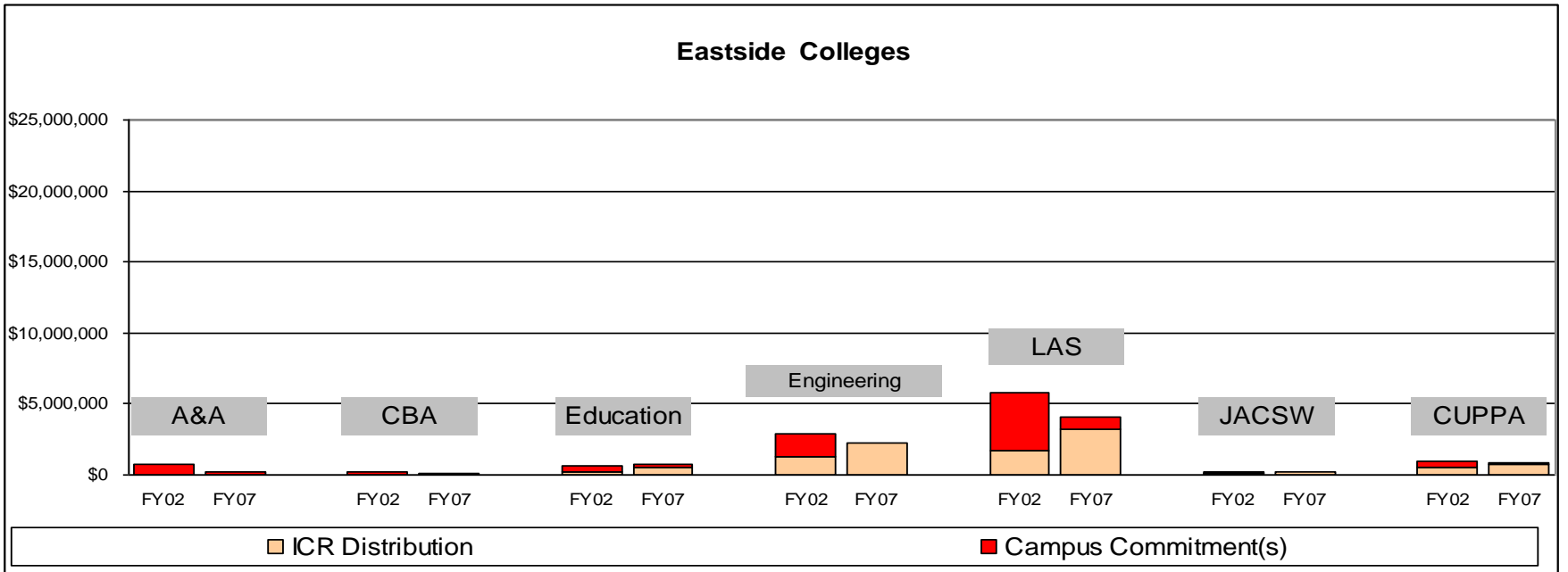
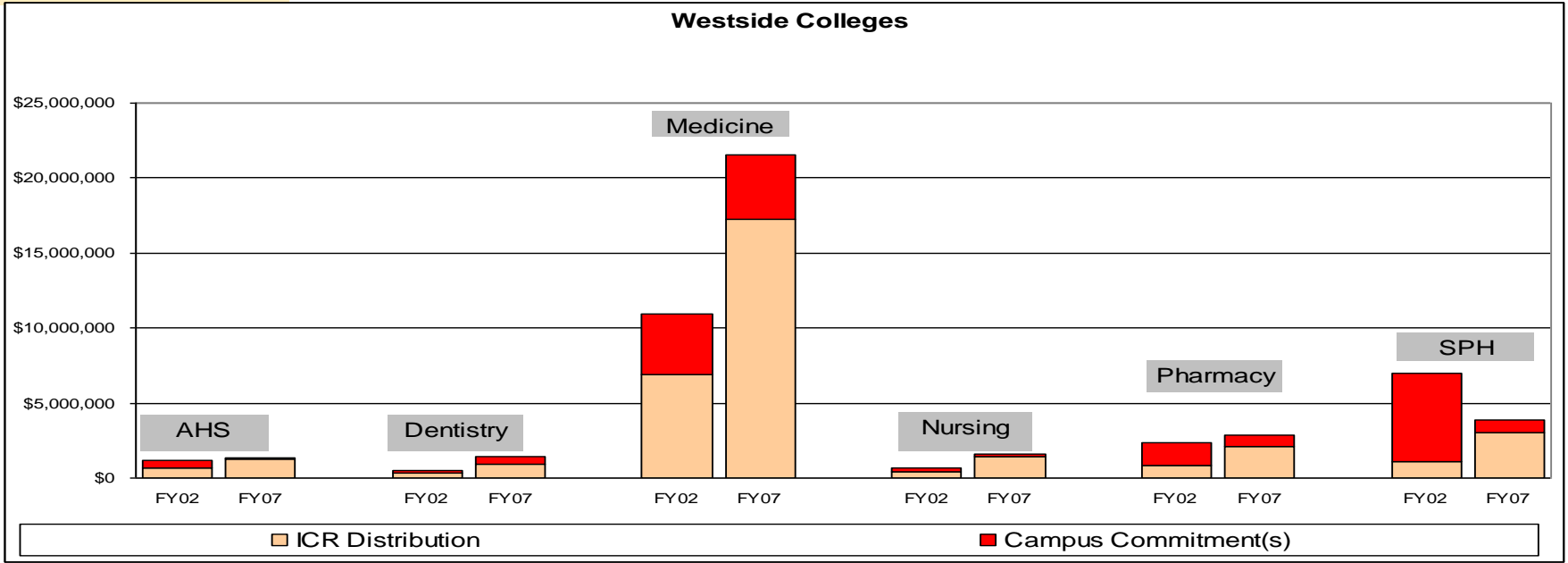


# ICR Budgeting – 3

## Year-end Revenue Realization Budget Adjustments

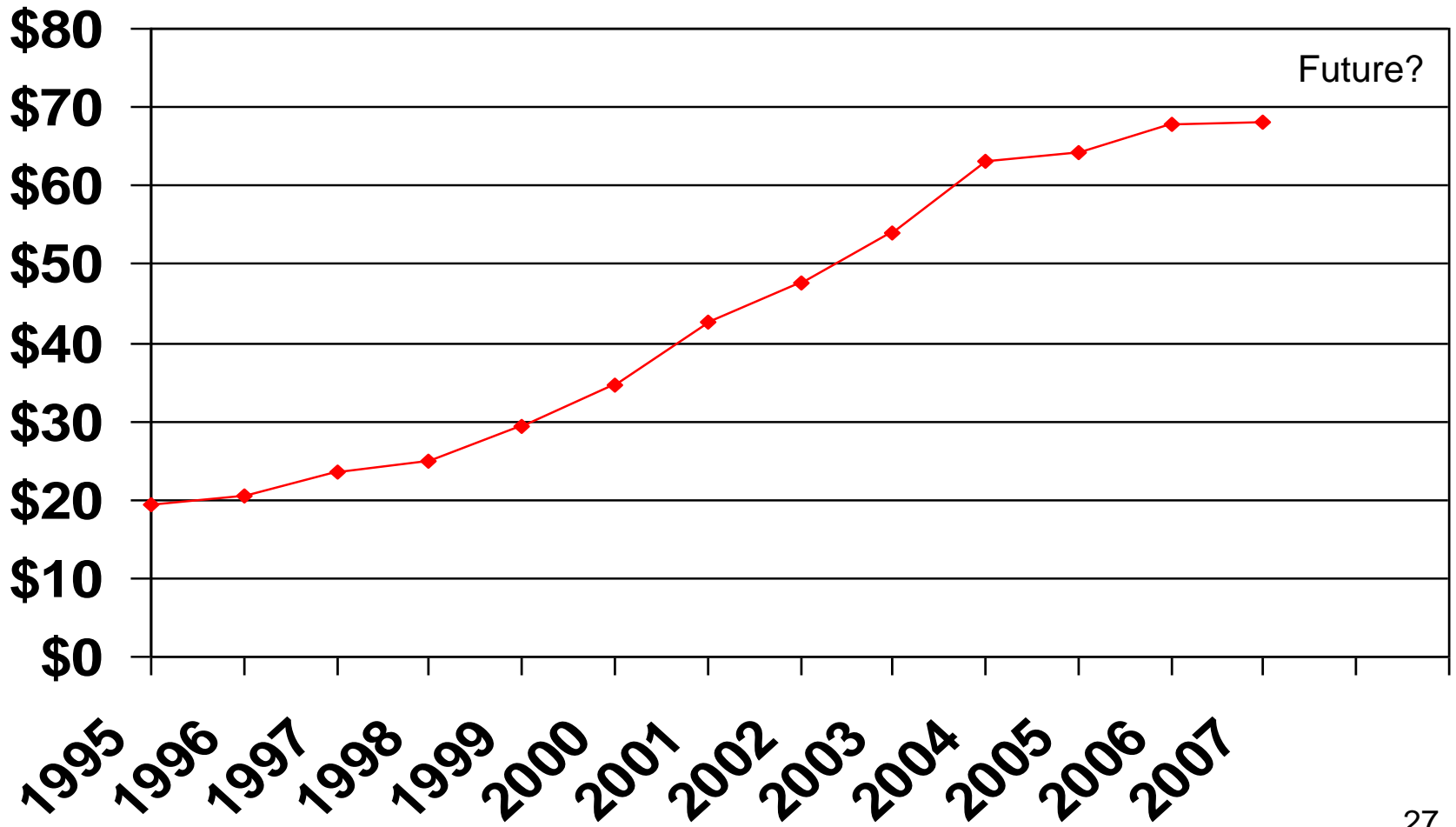
- Adopted ICR revenue budget and the actual revenue earnings for the 30% share are compared
  - departmental earnings c-fop expenditure budget authority is adjusted either upward or downward by the OBFS Budget Office to reflect the actual revenue earned in account code 308800
- Adjustments are also made to the estimated 20% share
  - budgeted amount is matched with the actual indirect costs (account codes 1981XX) generated by all grants with organization codes rolling up to Banner level 3 and mapping to the college

# ICR Distribution – FY 2002 / FY 2007



# UIC Total ICR Revenue

(\$ in millions)



# Questions / Concerns?