**APR 28: Distribution of indirect funds generated from external grants**

**Effective January 1st, 2012**

**Background**

At the start of the 2011-2012 academic year, Chancellor Belcher committed to change Western’s practices on the distribution of indirect funds generated from external grants. Scott Higgins and Mark Lord, supported by Beth Lofquist, worked with the Chancellor’s Office to develop a new model of indirect distribution. This model, described below, has now been approved by Chancellor Belcher. The model was based on the suggestions of internal and external reviews of our practices as well as comparison to other research offices in the UNC system and across the country.

**Purpose & Overview**

This is a trial model of indirect fund distribution for a period of 3 years. The primary purpose is to increase the amount of external funding in support of our mission of Western. Broadly, the use of the indirect funds will be to **reward** success in obtaining external funds and **stimulate** more external grant proposal submissions and awards. The indirect funds are to be used to directly or indirectly lead to further external grant activity. Given this primary goal, the actual use of the funds will be diverse for things such as research infrastructure support, research seed money, travel support (ex. agencies visits, research site visits, and conferences), student wages to support grant and research activities, etc.

**Indirect Distribution General Model**

Academic Affairs\*: Chancellor’s Office: 50%, Provost’s Office: 15 %, College: 10%, Department: 15%, \*\*Principal Investigator (PI): 10%.

Student Affairs\*: Chancellor’s Office: 50%, Division: 15 %, Department: 25%,

Principal Investigator: 10%.

\*In cases of multiple PIs, where grants may cross organizational boundaries, the distribution percentages will be agreed upon at time of receipt of the grant in keeping with the general model.

\*\*In cases where the PI leaves the institution the indirects allocated to that PI will roll up to the Department.

**Reporting and Assessment**

All recipients of indirect funds will be required to produce an annual report that provides a summary of funds use, objectives, and outcomes related to external grant activity. The Director of Academic Resources and Business Operations in the Provost Office will compile the report and submit it to the Provost by July 1. The Council of Deans will review the report to make any suggestions for improvement of the model. The report will be submitted to the Chancellor by August 1.

**Facilities and Administration Receipts Reporting (UNC Policy 500.5)**

1. UNC institutions determine expenditures of indirect receipts. The chancellor of each constituent institution shall expend indirect funds only to support scholarly development of its faculty, staff and students or to ensure that the campus infrastructure is supported to enhance such scholarly activities.
2. In a format to be provided by the Office of the President, each campus will report by December 1, the amount of indirect funds received, amount expended by purpose, and uncommitted balance. A report will be made to the Board of Governors at the February board meeting.
3. Chancellors shall formulate and submit a copy of an administrative procedure for the use and reporting of indirect funds to the President, consistent with Board of Governors’ guidelines for the expenditure of indirect funds.

**Distribution Time Frame**

The processing and distribution of indirect funds occurs quarterly, 3 months after the close of the quarter. Indirect funds are not dispersed in one lump sum upon receipt of an external grant, but rather are distributed through time proportional with grant account expenditures. In effect, this means all grants active as of Jan. 1st, 2012 and new grants will now operate under this APR.