



RALPH J. HEXTER  
Provost and Executive Vice Chancellor

OFFICE OF THE PROVOST AND EXECUTIVE VICE CHANCELLOR  
ONE SHIELDS AVENUE  
DAVIS, CA 95616  
TEL: (530) 752-4964  
FAX: (530) 752-2400  
INTERNET: <http://provost.ucdavis.edu>

February 14, 2012

COUNCIL OF DEANS AND VICE CHANCELLORS

RE: 2011-12 Indirect Cost Return (ICR) Allocations

Dear Colleagues:

I am writing to provide information about the allocation of indirect cost return funds for 2011-12. The allocations have been delayed this year so that we could evaluate the impact of the new UC Funding Streams initiative as well as consider alternative approaches as part of the new incentive based budget model. We will soon provide the first draft of white papers on each of these topics, but in the meantime, we do not want to further delay the allocation of funds for this year.

2011-12 Campus Allocations of ICR funds

A summary of the sources and uses of indirect cost funds generated by the campus is provided in Attachment 1 and the 2011-12 ICR return program allocations are provided in Attachment 2. The allocations this year incorporate two important changes:

1. Total funds being returned directly to support research activities will increase from \$10.1 million to \$14.6 million. This increase can be deployed, or held in reserve, at your discretion to meet the highest priority needs for your unit.
2. Allocations are being provided to the dean (or the vice chancellor—research in the case of organized research units). In the past, a portion of the allocations were provided directly to departments; however, as we transition to the new budget model it is more appropriate for the central campus to allocate funds at the dean/vice chancellor level and ask each of you to transparently manage the funds, with transitional strategies as appropriate, within your school and college.

The methodology for allocating the \$14.6 million is a pro-rata distribution based on the total ICR generated by each school, college, division or central research unit net of any Garamendi or specialized F&A rates. The Budget and Institutional Analysis Office will provide a detailed accounting of the programs and amounts attributable to each dean or vice chancellor. Indirect cost return allocations for research infrastructure and services will be provided separately and will reflect a 7% increase over prior years to offset fixed cost increases. The allocation to the library will increase 10%. In addition, the campus is making some targeted investments in the Office of Research and Extramural Accounting to begin implementing

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many of the recommendations that we received through the internal and external reviews of these activities.

As noted above, there will be much more to discuss in the coming weeks about the approaches we will take starting in 2012-13. In the meantime, I hope that this information is useful.

Sincerely,

A handwritten signature in cursive script, appearing to read "Ralph J. Héxter".

Ralph J. Héxter  
Provost and Executive Vice Chancellor

c: Chancellor Katehi  
Vice Chancellor Lewin  
Associate Vice Chancellor Kiel  
Associate Vice Chancellor Ratliff

## UC Davis Indirect Cost Recovery Funds

SOURCES OF FUNDS		2010-11	2011-12	
1	INDIRECT COST FUNDS GENERATED	ACTUAL	BUDGETED	
2	Federal	\$82,078	\$88,552	
3	Private	\$23,339	\$25,894	
4	State	<u>\$7,269</u>	<u>\$7,852</u>	
5				
6	<b>TOTAL ICR GENERATED</b>	<b>\$112,686</b>	<b>\$122,297</b>	
7	<b>CATEGORICAL AND OTHER SET-ASIDES</b>			
8	Funds retained by OP/Funding Streams transition	\$24,699	\$25,000	
9	Federal ARRA (separate allocation process)	\$7,488	\$10,851	
10	Garamendi Federal, FFT (CCM, GBSF)	\$13,289	\$13,988	
11	Specialized F&A Rates	\$3,243	\$4,469	
12	Lease and other offsets (programs using full rate)	<u>\$663</u>	<u>\$884</u>	
13	sub-total	\$49,382	\$55,192	
14				
15	<b>NET ICR AVAILABLE FOR ALLOCATION</b>	<b>\$63,305</b>	<b>\$67,105</b>	
16				
17	<b>USES OF FUNDS AVAILABLE FOR ALLOCATION</b>	<b>2010-11 % of Net</b>	<b>2011-12 % of Net</b>	
18	<b>CAMPUS ICR RETURNS TO UNITS</b>			
19	Departments (academic, ORUs, centers, etc)	\$8,221		
20	Deans	<u>\$1,831</u>		
21	sub-total	\$10,052	16%	\$14,623 22%
22	Research programs with base budgets	\$1,276	2%	\$1,100 2%
23	Central Benefits	\$2,595	4%	\$2,595 4%
24	Funds to offset UC funding streams tax for research	n/a	n/a	n/a n/a
25	sub-total	\$13,923	22%	\$18,318 27%
26	Transition			
27	Total Direct Returns			
28				
29	<b>ICR FUNDS ALLOCATED THROUGH OTHER PROCESSES</b>	<b>\$19,411</b>	<b>31%</b>	<b>\$20,148 30%</b>
30	VC-R (matching, strategic, bridge)	\$2,391	4%	\$3,193 5%
31	Graduate student support (buy-down, various)	\$6,078	10%	\$6,100 9%
32	Committee on Research grants (19920)	\$942	1%	\$855 1%
33	Provost (Faculty Start-Up and Retentions)	\$10,000	16%	\$10,000 15%
34				
35	<b>RESEARCH SUPPORT SERVICES</b>	<b>\$10,439</b>	<b>16%</b>	<b>\$13,000 19%</b>
36	VC-R (SPO, IRS, research support)	\$4,566	7%	\$5,098 8%
37	Investments for Research support	n/a		\$1,500 2%
38	VC-ARM (Vet/IACUC, EH&S, Extramural, facilities)	\$3,623	6%	\$3,749 6%
39	Investments for Extramural Accounting	n/a		\$355 1%
40	Other	\$202	0%	\$229 0%
41	Library	\$203	0%	\$223 0%
42	Central Benefits	\$1,845		\$1,845
43				
44				
45	<b>FACILITY, DEBT SERVICE AND OTHER INVESTMENTS</b>	<b>\$19,532</b>	<b>31%</b>	<b>\$15,638 23%</b>
46				
47	<b>TOTAL USES</b>	<b>\$63,305</b>	<b>100%</b>	<b>\$67,105 100%</b>

**Indirect Cost Recovery  
Summary of Return Program Allocations**

	ALLOCATIONS					
	FY 10-11		FY 11-12		\$ Change	% Change
	Total	%	Total	%		
<b>Academic Programs</b>						
College of Agricultural and Environmental Sciences	\$1,655,161	16%	\$2,092,000	14%	\$436,839	26%
College of Biological Sciences	\$1,166,952	12%	\$1,740,000	12%	\$573,048	49%
College of Engineering	\$1,106,731	11%	\$1,395,000	10%	\$288,269	26%
Division of Humanities, Arts and Cultural Studies	\$28,906	0%	\$59,000	0%	\$30,094	106%
Division of Mathematical and Physical Sciences	\$846,798	8%	\$1,117,000	8%	\$270,202	32%
Division of Social Sciences	\$274,709	3%	\$394,000	3%	\$119,291	43%
School of Education	\$61,719	1%	\$86,000	1%	\$24,281	40%
School of Medicine	\$3,255,561	32%	\$5,206,000	36%	\$1,950,439	60%
School of Veterinary Medicine	\$730,552	7%	\$1,103,000	8%	\$372,448	51%
Office of Research (ORUs, campuswide research)	\$924,936	9%	\$1,431,000	10%	\$506,064	55%
Total	<b>\$10,052,025</b>	<b>100%</b>	<b>14,623,000</b>	<b>100%</b>	<b>4,570,975</b>	<b>45%</b>
<b>Research Infrastructure and Support Services</b>						
Administrative & Resource Managementt	\$572,991		\$613,000		\$40,009	7%
Library	\$202,532		\$223,000		\$20,468	10%
Office of Research	\$1,178,581		\$1,261,000		\$82,419	7%
Total	<b>\$1,954,104</b>		<b>2,097,000</b>		<b>420,896</b>	<b>22%</b>