

POLICY FOR RETURN ON GRANT OVERHEAD (September 2010)

THE RETURN POLICY AND THE CALCULATION OF THE OVERHEAD

The calculation of the return to the PI is to be the responsibility of PI and has been implemented according to the following procedure.

- 1- The PI will print out information contained in the on-line financial reports provided by the Research Foundation. For example to prepare the material to calculate the return on overhead for FY 2010 on a specific grant, the PI will sometime after June 30, 2010 print out the RF financial report ending June 30, 2009 and the financial report ending June 30, 2010. From these two reports which are 12 months apart, the PI (as well as the Office of Research and Sponsored Programs) can determine the total spending on the grant in FY 2010 and the amount of direct and indirect costs charged for FY 2010.
- 2- The return of overhead to the PI will be determined as follows:
 - a. If the ratio of the indirect cost recovery to the direct cost is below 20%, no return is given to the researcher or to the Office of Research and Sponsored Programs.
 - b. If the ratio of the indirect cost recovery to the direct cost is above 20%, then from the President's RF earnings account, (1/4th) of the base amount above 20% is returned to the PI, (1/10th) of the amount above 20% returned to the Office of Research and Sponsored Programs. The remaining funds stay in the President's earnings account.

The three examples below illustrate the return of overhead proposal distribution for different indirect cost rates.

Example 1: Direct Cost in FY 2010 is \$100,000; indirect cost recovered is (15%) \$15,000.

The ratio of indirect cost to direct cost is 15% and there is no return to the PI or Office of Research and Sponsored Programs. In this case the President's earnings account receives the difference between the \$15,000 in indirect cost recovery minus the RF fee (estimated at \$8,000).

Example 2: Direct Cost in FY 2010 is \$100,000; indirect cost recovered is (30%) \$30,000.

The ratio of indirect cost to direct cost is 30% and there is a return to the PI and the Office of Research and Sponsored Programs. The base amount above 20% is \$30,000-\$20,000=**\$10,000**; \$2,500 (1/4th) is returned to the PI, \$1,000 (1/10th) to the Office of Research and Sponsored Programs and the remainder \$6,500 to the President's earnings account. Note the President's earnings account also receives the difference between the first \$20,000 in indirect cost recovery minus the RF fee (estimated at \$8,000).

Example 3: Direct Cost in FY 2010 is \$100,000; indirect cost recovered is (50%) \$50,000.

The ratio of indirect cost to direct cost is 50% and there is a return to the PI and the Office of Research and Sponsored Programs. The base amount above 20% is \$50,000-\$20,000=**\$30,000**; \$7,500 (1/4th) is returned to the PI, \$3,000(1/10th) to the Office of Research and Sponsored

Programs and the remainder \$19,500 to the President's earnings account. Note the President's earnings account also receives the difference between the first \$20,000 in indirect cost recovery minus the RF fee (estimated at \$8,000).

THE RETURN POLICY FOR INSTITUTIONAL GRANTS

There are three cases where the return on overhead to the PI will be reduced. The key element in all three cases is that the grants are not research grants but are designed to foster institutional development in different ways.

- 1) Institution-building grants. These could include, for example, grants designed to enhance student recruitment and retention. The grant is not designed to help the PI answer a research question but to support a broad institutional objective.
- 2) Institutional training grants. These are grants offered to promote the academic development and training of students in particular fields or programs.
- 3) Grants for institutional research. These are grants that support data collection and/or analysis to address issues of institutional functioning.

The return of overhead to the Office of the PI for any of the three types of institutional grants listed above will be determined as follows:

- a- If the ratio of the indirect cost recovery to the direct cost is below 20%, no return is given to the researcher or to the Office of Research and Sponsored Programs.
- b- If the ratio of the indirect cost recovery to the direct cost is above 20%, then (1/8th) of the base amount above 20% is returned to the PI, (1/10th) of the amount above 20% returned to the Office of Research and Sponsored Programs. The remaining funds stay in the President's earnings account.

ADDITIONAL INFORMATION FOR FY 10

There is an 8% RF fee on all return on overhead accounts. This charge will be applied to the return on overhead on the WORKSHEET and deducted before the funds are placed into the PI's return on overhead account. The 8% charge will not apply to past funds returned to PIs in previous years.

POLICY IMPLEMENTATION

The Office of Research and Sponsored Programs implemented the return on overhead policy for the 06-07 academic year. By all accounts the policy has been a success. Included with this note is a WORKSHEET which in a series of steps simplifies the calculation the PI needs to complete in order to determine the return on overhead from his or her grant for FY 10. The filled in WORKSHEET is then submitted to the Office of Research and Sponsored Programs for verification and the distribution of the return. The Office of Research and Sponsored Programs will then coordinate with the business office for the disbursement of the return on overhead into an account accessible by the PI. For each fiscal year the **WORKSHEET must be submitted by December 31 following the end of that fiscal year, i.e. December 31, 2010 for the past (FY 10) fiscal year.** The policy for return on grant overhead will be reviewed periodically to determine its operational design and effectiveness.

WORKSHEET FOR RETURN ON OVERHEAD FOR FY 10

Period #4: July 1, 2009 – June 30, 2010

Please attach printouts of your *Project Budget and Expense Detail Report* from the Research Foundation for each grant during the periods ending June 30, 2010 and June 30, 2009. If the grant began in FY 2010 use zero for the amounts for June 30, 2009 in Steps 2 and 5 below. In all cases use the numbers in the **PTD Activity** column.

PI Name _____
Program _____
Phone _____
Email _____

RF Account number _____ Date form filled out _____
Program Title _____

Using the RF *Project Budget and Expense Detail Reports* and **PTD Activity** column fill in the steps below:

Step 1 – Total Direct Cost **PTD Activity**, June 30, 2010 \$ _____

Step 2 – Total Direct Cost **PTD Activity**, June 30, 2009 \$ _____

Step 3 – Subtract Amount in Step 2 from Step 1 \$ _____

Step 4 – Facilities & Admin. **PTD Activity**, June 30, 2010 \$ _____

Step 5 – Facilities & Admin. **PTD Activity**, June 30, 2009 \$ _____

Step 6 – Subtract Amount in Step 5 from Step 4 \$ _____

Step 7 – Divide Amount in Step 6 by Amount in Step 3 _____

If less than 0.2 then the grant does not qualify for a Return on Overhead

Step 8 – If Step 7 is Greater than 0.2, Multiply Step 3 by 0.2 \$ _____

Step 9 – Subtract Amount in Step 8 from Step 6 \$ _____

Step 10 – Multiply Amount in Step 9 by 0.25 \$ _____

Step 11 – If the Grant is Institutional then Multiply Step 10 by 0.5.

If not, then Put the Same Dollar Amount for Step 10 in Step 11 \$ _____

Step 12 – Multiply number in Step 11 by 0.92 \$ _____

Please submit this completed form no later than Nov. 30, 2010 to:

Edith Gonzalez, Executive Director, Research and Sponsored Programs
Room 8309, Phone (212) 817-7530; Email egonzalez@gc.cuny.edu

Remember to include the printouts of the Research Foundation *Project Budget and Expense Detail Reports* for 6/30/09 and 6/30/10. After reviewing the submission, you will be notified as to the exact amount of your return and the account number at the Research Foundation.