



RALPH J. HEXTER
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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