

Explanation of the F&A Return Policy at Purdue University

Contribution to Base General Fund Budget

The majority of the facilities and administrative costs (F&A) recovered annually from sponsored programs are built into the university's base general fund budget. In FY 2005-06 this amounted to \$30.2M of the \$36.9M of budgeted F&A. The university's total general fund budget for 2005-06 was \$688M, with the balance coming primarily from student fees, state appropriations and interest income.

Distribution of Incremental Growth in F&A

The university began the research incentive return program in FY 1989-90. From FY 2001-02 through FY 2004-05, the projected annual incremental F&A growth above the previous year's budget amount was allocated half to the university operating budget and half to the Provost. The Provost's share was split equally between the Research Incentive Fund and the Research Investment fund. The Research Incentive funds are returned to the schools and colleges to use at their discretion. The Research Investment fund is used by the Provost to support research-related initiatives and activities.

Funding of Research Repair and Renovation

As of FY 2005-06 half of the new incremental F&A will be targeted to assist in funding the university's repair and renovation needs (R&R). Specifically, the incremental F&A targeted to R&R will be used for research facilities and infrastructure. The incremental F&A recovery is built into the R&R plan for five years, or through FY 2009-10. The recurring base of Research Incentive and Research Investment accumulated through FY 2004-05 remains in place.

Calculation of Research Incentive Fund Return

The proportion of the research incentive allocation provided to each unit is based upon that unit's contribution of F&A recovery to the total F&A recovery from sponsored programs during the prior fiscal year. Only accounts providing full F&A recovery are included in the calculation (for example a project with 10% F&A would be excluded). Only West Lafayette campus accounts are included.

For each included account, the direct cost and indirect cost expenditures for the prior fiscal year are added together to achieve a total sponsor cost figure. The total sponsor cost figures for all included accounts are summed to achieve a total base figure. The total sponsor cost per account is divided by the total base to obtain a percentage distribution for each account. This percentage is applied to the amount of the Research Incentive Fund allocation provided by the Provost to determine a dollar allocation per account. Allocations are summed by department and college/school.

Participation of Discovery Park in the Research Incentive Return

For projects in Discovery Park the home academic department and the Discovery Park center receive the same dollar allocation of research incentive funds. Both Discovery Park and the home department receive credit for the same level of expenditures. The exception to this is the Birck Nanotechnology Center.

Birck Nanotechnology Center

Because of the unique infrastructure requirements for operating the Birck Nanotechnology facility, the University has provided a general fund allocation to Birck for operation of the facility. The amount of F&A recovery associated with the Birck Center was one factor used in the determination of the general fund allocation to Birck. Birck does not participate in the Research Incentive return program.