**Policies and Procedures**

**Research Incentive Fund**

**May 2014**

**Background**

The Research Incentive Fund was established to provide a monetary research incentive to Purdue’s colleges, schools, departments and faculty. The Research Incentive Fund distribution is determined by the support received from externally sponsored programs garnered by faculty investigators and scholars. These funds are distributed to colleges and other similar units through a system linked to unrecovered F&A rates and the total sponsored programs expenditures attributed to each unit.

The University began the Research Incentive Return Program in FY90. Since FY02, the projected annual incremental growth above the previous year’s budget amount was allocated to the university operating budget and to the Provost. The Provost’s share was split equally between the Research Incentive Fund (in OVPR) and the Research Investment Fund (in the Office of the Provost). The Research Incentive Funds are returned to the schools, colleges and faculty to use at their discretion. The Research Investment Fund is used by the Provost to support research-related initiatives and activities.

**Principles**

The Research Incentive Funds are returned to the colleges, schools, departments and faculty to incentivize sponsored research program activity. Recipients are to use the funds, at their discretion, to enhance Purdue’s research enterprise. To this end, funds should be expended in a timely manner.

**Basis of the Determination of the Research Incentive Fund Allocation**

Accounts included in the distribution of the Fund are those where the account’s expenditures were incurred in support of sponsored programs for West Lafayette-campus programs. All such accounts are incorporated including those that generate a reduced F&A rate.

In FY15, $5.0 million will be dispersed. This will serve as a baseline year to calculate and fix a percentage connected to sponsored program expenditures. The Research Incentive Fund will be a percent of the modified sponsored programs expenditures in FY15 and into the future. The percent will be determined after the FY15 expenditures are completed, and the value will be:

 $5.0M

Percent = ——————————————— x 100

 Total FY15 modified expenditures

**Allocation Elements of the Research Incentive Fund Return**

The proportion of the research incentive allocation provided to each unit is based upon the investigator’s contribution from sponsored programs during the prior fiscal year. The unit's allocation is the sum of the allocations from all the investigators in the unit.

The allocation is based on the following formula:

 modified expenditures for the account

Allocation = ————————————————— x total research incentive budget

 modified expenditures for **all** accounts

where “modified expenditures” include total expenditures minus the unrecovered F&A expenses. Total expenditures equal the sum of direct cost and indirect cost expenditures excluding subcontract payments greater than $25,000. Internal Purdue University and Purdue Research Foundation grants are also excluded from the total expenditures.

Research incentives occur at all levels. A fraction returned to the investigator provides positive incentive to individual investigators adding practical value to the advancement of an investigator’s research or scholarship. The funds pooled at the college or department level can support strategic initiatives or collective needs such as shared equipment or research support staff. Therefore,

* Allocations will be made to the college-level unit.
* Of the college-level unit allocations, a minimum of 25 percent of the allocation for each account will be assigned to the investigator.
* College-level units have flexibility and responsibility for distribution of the remainder of the funds with the understanding that they will be directed towards research incentives.
* Unless explicitly indicated for inclusion in the allocation, centers and institutes are not eligible to receive allocations.

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