

copy to Jack 08/21/09 **COPY** *copy to JK 11/15/00*

DESCRIPTION OF MODIFIED POLICY FOR DISTRIBUTION OF INDIRECT COST RECOVERY FUNDS BY THE NATIONAL CENTER FOR PHYSICAL ACOUSTICS (NCPA)

1. Objective

The purpose of this document is to reduce to writing an understanding between all parties regarding the distribution of overhead funds generated by NCPA. This policy evolved from several meetings. This document attempts to capture the outcome of those meetings.

2. Distribution of Recovered Indirect Costs

- a. 10% of recovered indirect costs will be returned to the principal investigator.
- b. 90% of the recovered indirect costs will go to offset \$334,670 of the Fund 10 budget (the amount budgeted for FY2000) each year. During March of each year, the Director of NCPA, with the approval of the Vice Chancellor for Research, will submit to the Provost a recommended Fund 10 budget for the following year. That budget will be justified based upon expected income, size of staff, etc.
- c. Once \$334,670 of the Fund 10 budget for the current year is paid from recovered indirect costs, the 90% of recovered indirect costs will be divided as follows:
 - 1) 50% to NCPA to be distributed as follows
 - a) Establishment of a one-year Fund 10 reserve fund by diverting \$50,000, \$150,000, and \$130,000 to that reserve in years 00, 01, and 02, respectively. In future years, this reserve will be increased or decreased to reflect the current year Fund 10 budget.
 - b) Establishment of a one-year Tech. Services reserve by diverting \$100,000 to that reserve in year 00. In future years, this reserve will be increased or decreased to reflect the current year Tech. Services budget.
 - c) Cover the expenses in the Fund 10 budget in excess of \$334,670.
 - d) Remainder will be spent at the discretion of the Director to pay for one-time expenses associated with the operation of NCPA.
 - 2) 37.5% to the Office of Research to be distributed as follows:
 - a) 28.125% to Office of Research Reserve Fund until Reserve Fund goal is met.
 - b) 9.375% or the remainder if Reserve Fund goal has been met to the Office of Research for current expenditures.
 - 3) 12.5% to UM E&G Fund

3. This policy will be reviewed at the end of FY2002 to determine if changes need to be made to ensure the equitable allocation of indirect cost recoveries.

4. Exception to the above applicable only to FY00

In recognition that needed maintenance and equipment upgrades at NCPA have been deferred due to a shortage of funds, for FY00 only, the sum of \$200,000 will be taken from recovered indirect costs after Fund 10 charges have been repaid but prior to any other distributions (except to the PI's) for deferred maintenance. At the end of FY00, this paragraph should be removed from the policy.

The following endorsements reflect agreement that the above accurately describes the agreed upon policy.

Carolyn Staton 8/16/00
 Carolyn Staton Date
 Provost

Ronald F. Borne 8/18/00
 Ronald F. Borne Date
 Interim Vice Chancellor for Research

Johnny M. Williams 8/16/00
 Johnny M. Williams Date
 Vice Chancellor for
 Administration and Finance

Henry E. Bass 8/18/00
 Henry E. Bass Date
 Director, NCPA

INCOME DISTRIBUTION

| | DEAN'S SHARE | DEPT'S SHARE | P.I.'S SHARE | UM'S SHARE | OTHER'S SHARE |
|---------------------------------------|-------------------------|-------------------------|-------------------------|-----------------------|--------------------------|
| <u>COLLEGE OF LIBERAL ARTS</u> | | | | | |
| GENERAL | 10% | 35% | 10% | 45% | 0% |
| BIOLOGICAL FIELD STATION | 10% | 35% | 10% | 0% | 45% |
| PSYCHOLOGY | 10% | 17.5% | 27.5% | 45% | 0% |
| SOCIAL SCIENCE RESEARCH LAB | 10% | 0% | 0% | 45% | 45% |
| SCHOOL OF ACCOUNTANCY | 0% | 45% | 10% | 45% | 0% |
| SCHOOL OF BUSINESS | 0% | 45% | 10% | 45% | 0% |
| SCHOOL OF EDUCATION | 11.25% | 33.75% | 10% | 45% | 0% |
| SCHOOL OF ENGINEERING | 30% | 15% | 10% | 45% | 0% |
| <u>SCHOOL OF PHARMACY</u> | | | | | |
| GENERAL | 10% | 35% | 10% | 45% | 0% |
| CLINICAL PHARMACY | 10% | 45% | 0% | 45% | 0% |
| MEDICINAL CHEMISTRY | 10% | 22.5% | 22.5% | 45% | 0% |
| RIPS | 10% | 35% | 10% | 45% | 0% |
| NATURAL PRODUCTS CENTER | 10% | 35% | 10% | 45% | 0% |
| LAW SCHOOL | 0% | 55% | 0% | 45% | 0% |
| NCPA | 0% | 100% | 0% | 0% | 0% |
| SOUTHERN CULTURE | 0% | 55% | 0% | 45% | 0% |
| NFSMI | 0% | 100% | 0% | 0% | 0% |
| MMRI | 30% | 25% | 0% | 45% | 0% |

UNIVERSITY OF MISSISSIPPI

NCPA F&A Distribution Procedures:

- Facilities and administrative (F&A) costs are charged to sponsored projects each month in accordance with the agreement for the project. Normally, 90% of the revenue is distributed to NCPA's general fund (100212111A) while 10% is distributed to the principal investigator.
- At year-end, all revenue that exceeds actual expenses in the general fund account is distributed. Encumbrances are excluded from the calculation. This excess is distributed by giving 50% to NCPA and 50% to the University.
- The portion distributed to NCPA is transferred to bring the balances in their reserve accounts to the required reserve amounts and to the NCPA overhead account (250210468A), respectively.
- NCPA is required to maintain the following reserve accounts which aren't available for expenditures:
 1. 250210786A - Balance must be sufficient to cover the current year budgeted amount in their general fund (FY08 balance is \$392,993)
 2. 250210785A - Balance must be sufficient to cover the budget of their technical services area (FY08 balance is \$450,606)
- The portion distributed to the University is divided between ORSP and UM as follows:

| | |
|-------------------|-----|
| ORSP (250220548A) | 75% |
| UM (250630708A) | 25% |