

OVERHEAD SHARING AGREEMENT
Between UNC-CH Academic Departments
and the
Institute on Aging (IOA)
University of North Carolina

In order to standardize the procedure through which agreements are formulated for the sharing of overhead receipts with the UNC-CH academic departments in which key faculty investigators hold their primary appointments, the UNC Institute on Aging will use, in most cases, the formula described below to calculate these sharing arrangements. After careful review of the Institute's operating costs, and in consultation with other interdisciplinary research centers within the UNC-CH Division of Health Affairs, this standard formula is considered to be both equitable and fair to all concerned.

One key feature of the formula is to recognize all three constituencies having a stake in the distribution and use of research-generated overhead receipts: the primary departments of academic faculty, the center/institute within which the work is performed, and equally important, the individual faculty investigator. Hence, the formula assures that all three stakeholders (department, the Institute on Aging, and faculty investigator) benefit in equal ways.

This arrangement applies to all new project awards after July, 1999 but does not apply to training grants, center/program project grants, grants that do not recover the university's full indirect cost rate (currently 48%), and grants awarded to faculty or programs not on the UNC-CH campus. Because training and center/program grants typically entail substantial administrative support and office space/equipment, the IOA director reserves the right to increase the proportion of overhead receipts allocated to the Institute, or the right to reserve the entire amount of overhead receipts, to cover the additional staff responsibilities and expenses borne by the Institute. Sharing arrangements under these circumstances will be negotiated on a case by case basis. Sharing of overhead receipts with grants processed through the IOA but awarded to faculty or program not on the UNC-CH campus will also be negotiated by the IOA director on a case by case basis. Sharing of overhead receipts for grants that do not receive the university's full indirect cost rate will not normally occur. Exceptions will also be negotiated by the IOA director on a case by case basis.

EXAMPLE #1:

Formula (applied to simple case of a research grant or contract with single faculty investigator):

The base amount of overhead receipts to be shared=

Total overhead receipts returned to the Institute on Aging (currently
19.5% of total indirect funds generated by a grant or contract)

minus

The amount customarily withheld by a Dean’s office of the school within which the Investigator’s primary academic department is located (IOA administrative fee – usually is about 20% of the amount returned)

This figure is referred to as the “Overhead Base” amount, the starting point for the Calculation of the sharing arrangement.

The “Overhead Base” is then divided into three equal portions:

- 1/3 to be shared with the Principal Investigator’s Primary Department
- 1/3 to be shared with the Principal Investigator (but held in escrow within the Institute on Aging)
- 1/3 to be retained by the Institute on Aging

Example:

OVERHEAD BASE

Direct Cost	Indirect Cost	Indirect Funds Received (19.5%)	IOA Admin Fee (20%)	Dept. Share	PI Share	IOA Share
\$150,000	\$69,000	\$13,455	\$2,691	\$3,588	\$3,588	\$3,588

EXAMPLE #2:

Formula (applied to more complex and usual situation where there are multiple faculty investigators):

The “Overhead Base” is then divided into three equal portions:

- 1/3 to be shared with the Principal Investigator’s Primary Department and the Primary Departments of his/her co-investigators*
- 1/3 to be shared with the Principal Investigator and his/her co-investigators*
- 1/3 to be retained by the Institute on Aging

(*The third of the Overhead Base to be divided among the academic departments and the third to be shared with investigators is apportioned in the following way:

Each faculty investigator is given “credit” for that portion of the overhead receipts to be shared with either departments or investigators based on the proportion of the grants’ (or contracts’) total salary and fringe benefits their own salary and fringe benefits represent in the total salary and fringe benefits category of the research proposal budget. Principal Investigators receive “credit” (in the numerator of this fraction) for all remaining salary and fringe benefit dollars other than those of the other faculty investigators, thus making the role of the Principal Investigator

financially significant to both the individual's academic department and to the investigator.)

Example:

OVERHEAD BASE

Direct Cost	Indirect Cost	Indirect Funds Received (19.5%)	IOA Admin Fee (20%)	Dept. Share	PI Share	IOA Share
\$150,000	\$69,000	\$13,455	\$2,691	\$3,588	\$3,588	\$3,588

Principal Invest. (85%)**	\$3050
Co-Investigator A (10% of tot. salary dollars)	\$ 359
Co-Investigator B (5% of tot. salary dollars)	<u>\$ 179</u>
	<u>\$3,588</u>

(**Note that the PI is given credit for the balance of salary and fringe amounts, even though the PI may be on the grant him/herself for 20-30% effort.)

The IOA will establish a separate account (in the Institute) for each investigator within which that investigator's overhead receipts will be deposited. Appropriate expenditures of overhead receipts pertinent to that investigator's program of research will be allowed with these funds at the discretion of the investigator within the year in which they are received (not earned). Individual investigators may allow colleagues in their own or other IOA-based research projects to use the funds in their own accounts, in the year in which they are received, so long as these overhead expenditures are fully appropriate under the rules and regulations governing the expenditures of such funds from these resources. Any unspent funds in PI or investigator accounts revert to the IOA's account at the end of each fiscal year.

Restrictions imposed on the use of overhead receipts by the donors or sources of the funds may in some cases supersede the application of these formulas.