College of Education & Human Development
Indirect Cost Returns, Salary Savings, and Course Buy-Outs
Accrued from Grant and Contracts

This document addresses the allocation of indirect cost returns to the College as well as salary savings generated from grants and contracts. The document is intended to assist faculty members and Department Heads in preparing grant and contract budgets. Specifically, it helps faculty members reach decisions that best match their goals with respect to course “buyout”, extended contract, and/or funds to support their research program, and it helps Department Heads ensure the integrity of academic programs.

These proposed policies are intended to promote fiscal accountability, enhance the ability of Colleges and Departments to support the extramural activities of its faculty and staff, and empower faculty to make informed decisions about how they develop budgets. A portion of salary savings and indirect cost returns are used to support administrative and other expenses associated with the management of grants.

Salary Savings from Grants and Contracts

Definition of Salary Savings. Salary savings refer to the replacement of E&G funds with other sources. Salary savings are generated when external funding replaces E&G (state) funding. When faculty or staff members are expected to expend a significant amount of effort on a grant or contract, this percent effort needs to be reflected in the budget.

This policy is to be followed by each CEHD department in formulating its individual course buy-out policy and how salary savings are to be distributed:

1. Any salary savings generated by external funding returned to the College will be distributed as follows:

    a. the Dean’s Office will retain 20%; the remaining 80% will be sent to the PI’s department to be distributed by i and ii below;
        i. if any expenditure by the department is required to hire faculty to teach course(s) that grant-funded faculty wish to buy out (course replacement costs), this amount will be subtracted from the 80% of salary savings left after the Dean’s office share;
        ii. from the funds remaining after the Dean’s 20% and any course replacement costs are subtracted, 33% will be awarded to the PI and may be awarded as possible one time merit or for other state approved uses and 67% to the PI’s department.

2. Grant-funded faculty, particularly junior faculty, are encouraged to discuss with their department head any proposed exceptions to departmental course buy-out policy in order to accomplish the work scope of the project within budget limitations.

3. Each department’s policy (on dollars required on grant budgets for course buyout and the manner in which salary savings will be distributed) should be clearly articulated, accompanied by a

numerical example illustrating the policy, and available for all faculty to read on a departmental website.

Indirect (F&A) Cost Returns

Indirect Cost Return (F&A) distribution. Only a portion of the total F&A costs are returned to the College. It is recommended that the portion that comes to the College is distributed as follows:

- .33 to the PI.
- .34 to the Department of PI
- .33 to the College

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