

Indirect Cost Return Pilot Program Description

School of Education

The School of Education has established a two-year pilot program that returns a percentage of indirect costs to Principal Investigators (PIs) within the School of Education (SoE), enhancing their financial flexibility and fostering further research development.

Background: SoE receives a portion of indirect costs assessed by campus on sponsored projects in two distinct ways.

1. Capital Exercise (CapEx) formula managed by the Madison Budget Office - Allocations to schools and colleges are distributed according to a formula from campus based on a two-year average of direct expenditures and overhead generated. Overhead generated and direct expenditures as categories are given equal weight in the formula, and the most recent year is given twice the weight of the previous year. Grant expenditures on fund 133 and 144 projects outside of WCER are included in the Capital Exercise and funds are distributed once a year to the SoE Deans Office. In recent years these funds have supported the School's IT infrastructure, research admin support, and Kinesiology capital equipment and renovation needs.
2. WCER Indirect Cost Assessment Formula – under a special arrangement with the University, overhead generated by the Wisconsin Center for Education Research (WCER) is not part of the Capital Exercise. Instead, Research and Sponsored Programs (RSP) transfers 47.422% of actual overhead costs incurred (account code 3930) to WCER accounts monthly. Funds accrued support WCER's Research Admin Services, Creative Services, Research IT, and Client Services.

Pilot Program Details: To offer transparency and equity, indirect costs will be returned to all SoE PIs using the same calculation regardless of whether the project is subject to the Capital Exercise or the WCER campus return mechanism. SoE anticipates distributing between \$400-\$450k in each year of the pilot program.

- **Pilot Program Duration:** The program will run from FY25 through FY26, with the final distribution being paid out in the fall of FY27
- **Eligibility:** All SoE PIs, regardless of appointment type, who head SoE-administered extramural research projects incurring more than \$100,000 in research-related direct costs across a single fiscal year
- **Calculation of IDC Returns:** The IDC return will be calculated using a summation of direct costs across a PI's extramural award portfolio during a single fiscal year.
 - The return will be two percent of all direct expenses coded "4" (Research) incurred on non-federal (133) and federal (144) awards.
 - Expenses on internal grants, such as those funded by Office of the Vice Chancellor for Research and the UW Foundation, will not be included in the calculation

Funding Distribution and Availability:

- IDC returns will be processed and distributed in the fall of the subsequent fiscal year (FY26 and FY27)
- Funds will be transferred to a designated discretionary account for each eligible PI.
- Funds will accrue in PI's discretionary account and must be spent within twelve months of the final distribution. Any remaining funds will be pooled in a single account and be used to benefit SoE research at the Dean's discretion.

Usage of Funds: Returned IDC funds are to be used at the PIs' discretion for purposes that support their research activities, including but not limited to:

- Research and computing equipment
- Conference travel
- Publication fees
- Research assistant stipends

Program Evaluation: The pilot program will be evaluated after its initial two-year cycle to assess its impact on research productivity, School-wide financial implications, and viability under UW's transition to a new budget approach (anticipated FY26).

Contact Information: For questions regarding the IDC Return Pilot Program, please contact Lauren Meyers; lauren.meyers@wisc.edu