

College of Humanities and Sciences

Guidelines for the Internal Distribution of Salary Savings and Indirect Cost Returns (FACR)

The College of Humanities and Sciences recognizes that the research activities of faculty members can attract external funding sources that generate savings or new revenue streams for the College. In an effort to encourage and reward these types of activities, this document establishes guidelines for the distribution of salary savings and indirect cost returns (FACR) for faculty in the College, effective July 1, 2018. These guidelines will supersede all previous internal agreements in the College related to salary savings or FACR allocations.

I. Salary Savings

Salary savings are generated when a portion of a Teaching and Research (T&R) faculty member's 9-month base salary, that would otherwise be funded by Educational and General Programs funds (E&G), is instead replaced by an external funding source. These other funds typically come from federal grant-making agencies or private sources. Employees that are not in a T&R faculty position that is funded by E&G would be ineligible for salary savings. In the context of these guidelines, salary savings do not result from unfilled positions.

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

- 1) If applicable, the College will first retain any amount necessary to cover the cost of hiring replacement faculty to teach a course that is impacted by the action(s) that generated the salary savings;
- 2) The remaining balance will be apportioned as 50% to the College (Dean's Office), 25% to the home department of the Principal Investigator (PI), and 25% to the PI, subject to the availability of funding in the College.

Salary savings are funded from E&G on an annual basis so there are some limitations on the use of these funds. The complete list of allowable and non-allowable expenditures for E&G funds can be found on the VCU Office of Procurement Services website. The following guidelines are also to be followed when using these funds in the College:

- 1) Hiring of permanent positions on these funds is strongly discouraged and must be approved in advance by the Dean;
- 2) One-time costs are the preferred use of these funds; and
- 3) The funds allocated each year will not be carried forward to subsequent fiscal years.

II. Indirect Cost Returns (FACR)

When FACR is generated from grant funds, only a portion of the total amount is made available to the College after cost assessments are first taken by the Office of Research and Innovation. The net FACR funds transferred to the College (i.e., after all assessments are subtracted) will be distributed in the following way:

- 1) 25% to the PI whose grant generated the FACR;
- 2) 25% to the home department of the PI; and
- 3) 50% to the College (Dean's Office)

FACR funds will continue to be linked to PIs and departments via the normal account and sub-account mechanisms.