TO: All Chairs and Faculty  
FROM: Glen Gaulton Ph.D., Executive Vice Dean and Chief Scientific Officer  
Chris Kops, Vice Dean Administration and Finance  
RE: Modified SoM Indirect Cost/F&A Subvention Policy  
DATE: April 11, 2011

As you know, the University has a well-defined, federally negotiated rate to receive Facilities and Administration (F&A) funds in support of research conducted in our facilities. These funds are also known as the “Indirect Cost” (IDC). Recognizing the competitive demands on our faculty for research funding, and that certain non-profit foundations set a non-negotiable IDC rate below that is set by Penn, in 2006 we established a non-profit IDC Subvention Policy (http://www.med.upenn.edu/policy/docs/SOP-FA.pdf) for standing faculty. This policy enabled junior faculty to apply for an unlimited number of awards with lower IDC, and for senior faculty to apply or hold one such award.

In view of prospective NIH funding concerns, we are writing to inform you that we are expanding the scope of our current policy to enhance the opportunity for faculty to compete for these awards in an unrestricted fashion. Effective immediately, all faculty regardless of track and without limit on the number of submissions or pre-existing awards, may at their discretion apply to foundations and other non-profit organizations for grants that have a lower IDC rate than that established by Penn for federal grants. This policy will be in effect for the next 24 months, after which time we will review the need for continuation. Please note, however, that this policy does not apply to industry or other for-profit sponsors: federal guidelines indicate that these sponsors must pay, at minimum, the negotiated federal IDC rate.

Lastly, we wish to remind you that our existing policy requires that all faculty request salary commensurate with the level of effort devoted to the project regardless of the IDC rate. This requirement is maintained in our new policy. Given that the institutional costs to support our research infrastructure have not changed, and that several non-profit organizations have more relaxed standards for allowable direct costs than the federal government, we also ask that you work closely with your departmental business administrator and Ms. Marianne Achenbach (Executive Director, Office of Research Support Services (ORSS)) to incorporate, where appropriate and allowable by the sponsor, items such as administrative salaries, administrative supplies and rental costs in the direct costs category.

Please feel free to contact us if you have any questions and continued success with your submissions!

cc: Marianne Achenbach, Executive Director, Research Support Services  
Department Business Administrators