



Academic Affairs

Indirect Cost Recovery (ICR) Distribution Framework Change Overview

As part of ongoing work to strengthen MSU Denver's fiscal sustainability, and informed by an external review and recommendation by the American Association of State Colleges and Universities, the Provost & Executive Vice President for Academic Affairs, in partnership with the Vice President for Administration and Finance/Chief Financial Officer, have jointly developed an update to the Indirect Cost Recovery (ICR) Distribution Framework effective July 1, 2026. The updated framework better aligns resources with the real costs of supporting sponsored activity, strengthens the systems that support faculty scholarship, and expands equitable access to faculty and student support, while preserving flexibility for faculty work and maintaining meaningful support for faculty research and creative activity.

Purpose and Core Principles

The ICR framework is designed to ensure the long-term sustainability of sponsored activity at MSU Denver by aligning resources with institutional responsibility, faculty support, and student impact. The goal is to deliver faculty support in ways that are intentional, equitable, and durable, while strengthening the institutional systems that make sponsored work possible.

Why We are Changing the Framework

Sponsored activity requires significant compliance, financial oversight, and administrative infrastructure. When these costs are not funded appropriately, the burden shifts to faculty time, staff capacity, and institutional risk. This challenge is structural, and the University is updating the systems that support this work to better sustain faculty scholarship and institutional capacity. The updated framework ensures the University can responsibly manage sponsored awards while continuing to support and expand faculty scholarship.

Previous ICR Distribution

Under the prior approach, indirect cost recovery was distributed automatically, with percentages flowing as follows:

- 25% to the institution (to be managed by the Vice President for Administration & Finance/Chief Financial Officer and typically used to offset costs for Sponsored Project Accounting and Fiscal Compliance- SPAC)
- 25% to the Principal Investigator
- 20% to the Office of Sponsored Research and Programs (OSRP)
- 15% to the Supervising VP Area/President
- 15% to the Dean/AVP

While this model provided predictability, it offered limited flexibility to respond to current institutional costs, workload realities, and emerging academic priorities.

New ICR Distribution Formula

Under the new framework, ICR will be allocated as follows:

- 40% to the Office of Sponsored Research and Programs (OSRP) to support proposal development, research administration and compliance
- 35% to Sponsored Programs Accounting and Compliance (SPAC) to support financial management, compliance, reporting, and audit readiness
- 12.5% to the Principal Investigator
Beginning June 30, 2027, PI fund balances will be reviewed alongside simple, forward-looking spend plans. When balances are not aligned with an approved plan, funds will roll up to the Provost's ICR fund for strategic reinvestment. Existing fund balances will not be affected as of June 30, 2026.
Note: Grants situated outside of the Academic Affairs Branch may route this portion of ICR funds to the corresponding Branch Vice President.
- 12.5% to the Office of the Provost and stewarded through a collaborative, request based process in partnership with deans, chairs, and PIs.
Note: Grants situated outside of the Academic Affairs Branch will route this portion of ICR funds to the corresponding Branch Vice President.

This allocation reflects the primary cost drivers associated with sponsored activity and strengthens the systems that support faculty work. The Provost allocation, after the distribution to Principal Investigators, may be directed to colleges, departments, principal investigators, and/or faculty through a request-based process grounded in demonstrated need, potential impact, and alignment with academic priorities.

How the Provost's ICR Will Be Used in the New Framework

Rather than automatic distributions without clear spending plans at the forefront, ICR will be strategically reinvested to support sponsored activity, including but not limited to:

- Course releases or reassigned time to support proposal development, early-stage research, creative work, or community-engaged scholarship, particularly for faculty with heavy teaching loads.
- Bridge funding to sustain faculty research or scholarly activity between grants, including short-term support when external funding lapses or is delayed.
- Summer salary support, where appropriate and allowable, to enable faculty to advance sponsored projects, develop new proposals, or complete research milestones outside the academic year.
- Start-up or seed funding for new lines of inquiry, pilot projects, or interdisciplinary collaborations that strengthen future grant competitiveness.
- Targeted support for first-time principal investigators, including proposal development assistance, workload relief, and access to shared research resources.
- Graduate or undergraduate student research support, including stipends, wages, or programmatic support that directly advances faculty-led scholarship and student success.
- Shared research infrastructure and administrative support, such as grant writing assistance, compliance support, data management, or reporting capacity that reduces administrative burden on faculty.

- Strategic investments aligned with departmental or college priorities, identified collaboratively with Deans and Chairs, that strengthen faculty capacity for sustained scholarly activity.
- Administrative and fiscal support for areas with complex or high-volume grant portfolios, including budgeting, financial tracking, compliance coordination, reporting, and post-award management, to reduce administrative burden and support effective stewardship of sponsored funds.

This approach expands access to ICR funded support and allows the University to invest intentionally in both current and future sponsored activity. OSRP will continue working with faculty to optimize grant funded activities and resources, while ICR will be used more broadly to support students, faculty, and the infrastructure that sustains sponsored work. ICR funds will be allocated through an open application process with clear review criteria and oversight.

Supporting Faculty Engagement in Sponsored Projects

MSU Denver aims to broaden faculty engagement in sponsored projects by ensuring faculty have the time, infrastructure, and support to pursue grant activity. Recognizing the demands of a teaching-focused institution, this framework focuses on reducing workload and infrastructure barriers, strengthening support systems, and expanding access to resources so more faculty can participate in sponsored scholarship.

Equity and Access

The previous ICR framework relied on automatic distributions that tended to reward prior success without consistently supporting future participation.

The new framework prioritizes strategic reinvestment to expand access and support future success, particularly for first-time principal investigators, faculty with heavy teaching loads, and student-centered or community-engaged scholarship.

Stewardship and Governance

The Provost will steward the Provost allocation of ICR through a transparent, request-based process in partnership with Deans and Chairs, while continuing to dedicate a portion of funds directly to Principal Investigators to sustain and grow faculty scholarship and sponsored activity.

Beginning in June 2027, the Provost's Office will review PI fund balances alongside simple, forward-looking spend plans designed to support thoughtful and timely use of resources. The intent of this process is to support thoughtful planning, encourage timely use of resources, and ensure funds continue to advance faculty scholarship, grant activity, and academic priorities.

It is important to note that having funds roll up is not viewed negatively. When this occurs, resources will be intentionally and strategically reinvested to strengthen faculty grant infrastructure, expand research and administrative support, and support student success initiatives connected to sponsored activity, ultimately benefiting the broader faculty community.

To ensure clarity and consistency, the Provost's Office will develop and share the application process and standard spend-plan format no later than June 30, 2026.

Low Indirect Cost Rate Grants

MSU Denver's expectation is that the University's federally negotiated indirect cost rate (NICRA) of 33% will be applied to sponsored projects whenever allowed by the sponsor. The University recognizes that some sponsors restrict or prohibit indirect cost recovery. Such projects will continue to be pursued and supported when they provide clear student, community, or strategic value, however any proposal with less than a 33% rate will require Provost approval to support broad grant portfolio efforts and goals. Likewise, should a principal investigator request an ICR rate lower than 33% when a sponsor permits the higher NICRA rate, Provost approval will be required and will only be considered on an exception basis where projects demonstrate a clear, documented justification for the associated institutional subsidy. In all cases, the University will manage sponsored activity with an awareness of the full institutional costs involved and with the goal of maintaining balance across the overall sponsored portfolio.

Ongoing stewardship and review

The ICR framework will be reviewed annually to assess sustainability, reinvestment outcomes, and alignment with academic priorities. This ongoing review supports transparency, shared accountability, and the ability to adjust as conditions evolve.

This decision reflects our collective effort to safeguard the University's financial future while supporting the academic work that matters most. Thank you for your continued engagement and commitment to MSU Denver and our students.

Additional Resources

Visit the [Office of Sponsored Research and Programs website](#)