

INDIRECT COST POLICY

STATEMENT OF POLICY

PURPOSE

Winston-Salem State University receives reimbursement of Facilities and Administrative (F&A) costs related to grants and contracts and will allocate these funds according to appropriate state and federal guidelines. This policy outlines how the funds will be used. WSSU will distribute a certain percentage of F&A costs recovered from external grants to those units and investigators, college/schools, departments, and faculty members. ~~who were awarded the grants.~~ Under the policy outlined in this document, funds will be distributed to each principal investigator (PI), the PI's home department, the PI's home college/school/division, ~~select new faculty who are research ready, having an established research agenda, the School of Graduate Studies and Research,~~ the Office of Sponsored Programs ~~and Research,~~ and WSSU administration (Finance & Administration and the Office of the Provost). Indirect cost funds that are earmarked to support the research infrastructure will be allocated to separate accounts based on the indirect cost revenue recovered in the previous fiscal year from sponsored program accounts. Funds will be distributed by ~~September~~November 1, annually.

The cost for operating the project should be charged directly to the grant as direct costs. These direct cost charges may include a percentage of the PI's salary as well as support for postdoctoral associates, consultants, graduate and/or undergraduate assistants, equipment needed for the research, travel, subject payment fees, and other charges directly relating to conducting the project. Under no conditions should a PI receive any monetary compensation for salary or contractual services from indirect cost dollars that are placed in the PI's indirect cost account.

BACKGROUND

The following statements were extracted from Policy 500.5 of The University of North Carolina Board of Governors on "University Research Facilities and Administration Receipts Reporting Policy."

F&A costs (sometimes called indirect or overhead receipts) are calculated for such items as facilities maintenance and renewal, libraries, salaries of technical, compliance and administrative personnel, equipment, scholarly development, and facilities support. F&A rates are set by negotiation between the federal government and each university. Lower rates are often established statutorily or by policy by certain programs and sponsors.

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1 Approved By Cabinet: September 6, 2005
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Under 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ~~federal OMB Circular A-21~~ Uniform Guidance, indirect costs generally reimburse for costs of the grants and contracts operations of the institution and other overhead expenses of the university in a manner consistent with the formulae under which the funds were recovered. The university will institute controls pertaining to the compliance requirements for sponsored project expenditures under 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, OMB Circular A-133.

UNC institutions determine expenditure of F&A receipts. The chancellor of each constituent institution shall expend F&A funds only to support scholarly development of its faculty, staff and students or to ensure that the campus infrastructure is supported to enhance such scholarly activities.

POLICY

Recovery of Indirect (F&A) Costs

Unless restricted by the sponsor, all grant and contract proposal budgets submitted for external funding shall incorporate the full prevailing negotiated F&A rate or the approved university rate for a class of sponsors (e.g. corporate sponsors, state government, school districts, etc.).

When the sponsor limits or prohibits the full recovery of F&A costs, the Principal Investigator must provide a statement from the sponsor concerning the restriction when submitting the proposal for internal review and approval. This statement may be a copy of the applicable policy from the sponsor's website, request for proposal, grant guidelines, or other documents, or a written statement received directly from the sponsor when no other statement of its policy is available. If the sponsor permits the recovery of F&A costs, but does not specify a rate, contact the Office of Sponsored Programs ~~and Research~~ to determine the applicable rate.

When the Principal Investigator wishes to waive part or all of the full amount of F&A costs that could be recovered, the Principal Investigator must provide a written statement justifying the waiver when submitting the proposal for internal review and approval, and this statement must be signed by the Vice Chancellor of Finance and Administration (or Provost if the Vice Chancellor is not available). Any approved waived amounts should be included in the budget in the in-kind cost sharing column.

[Modified from the Western Carolina University policy]

Distribution of F&A Cost

Winston-Salem State University has elected to invest a portion of its recovered F&A costs in the support and stimulation of research and scholarly activities. The total amount for distribution of these funds shall be determined on an annual basis at the discretion of senior management. Consequently, at the beginning of each fiscal year the ~~Budget Office~~ Office of Contracts and Grants will transfer the approved ~~an equivalent~~ amount of recovered F&A funds

from the prior fiscal year from the general fund to designated accounts. The distribution formula for F&A funds is outlined in the table below. The funds available for distribution each year may

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change, since the amounts generated change and any distribution is always at the discretion of senior management, but the distribution formula will remain as outlined in the table until additional changes are approved by the Board of Trustees.

Five Six categories of accounts are listed in the distribution table below. Administrative support for Finance and Administration (2520%) and the Provost (10%) are included to support infrastructure needs relating to sponsored research activities. Funds allocated to Finance and Administration may include payment for leased space, administrative costs for maintaining facilities, providing security, and other services. Funds allocated to the Provost may be used to support administrative costs for scholarly activities, in-kind costs for grant recipients, award recognition, travel, equipment, etc.

Area	Indirect Cost Distribution Formula	% Allocation
Administration		<u>3530%</u>
	- VC for Finance and Administration (25%)	<u>2520%</u>
	- Provost (10%)	10%
Return to Academic Areas		<u>2530%</u>
	- Administrators (e.g., Provosts, Deans, Supervisor etc.)	5%
	- Chairs/Directors/Supervisors	5%
	- Principal Investigators	<u>1520%</u>
Faculty Research Initiation Program		20%
Graduate School (Administrative Costs)		5%
<u>Startup Funds to New Faculty</u>		<u>10%</u>
Research/Technology Transfer		<u>10.5%</u>
	<u>OSP Initiatives</u>	
	<u>Patent Applications</u>	
	Patent Applications	
	OSPR Initiatives	

Reserves 5%

Totals 100%

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Finalize allocations by ~~September~~November 1st

INDIRECT COST POLICY

3 Approved By Cabinet: September 6, 2005

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Eligible principal investigators (PIs) will receive ~~15~~20% of overhead receipts. In order to establish

an incentive account, the amount of receipts to be posted must be at least \$500. In the event that a PI has several sponsored research activities, the total amount of overhead receipts generated from all accounts will be considered and the total amount of receipts to be posted to the PI's incentive account must be at least \$500. To reduce administrative costs, returns of less than \$500 will be allocated to the next higher administrative unit and should be made available for the PI's use at the discretion of his or her supervisor or next higher report.

If faculty members from more than one department are involved in a project, the lead PI and the department of the lead PI will have accounts established. Faculty members are encouraged to determine how indirect costs will be used to support the project prior to submission of the proposal.

In the event that a new PI is assigned to a sponsored program during a fiscal year, the receipts from that year will be assigned to the new PI. Each individual is responsible for managing his or her account. In the event that a PI overspends grant funds, the difference needed to balance the account will be taken from the PI's incentive account and, if needed, the supervisor's account through the level of the dean/director. The funds in the account may be used to support travel, equipment, supplies, student research training, administrative costs not covered by the award, temporary staff, etc.

The immediate supervisor of the PI (e.g., the PI's department chair or center director) will receive 5% of overhead receipts. These funds may be used to support travel, equipment, supplies, student support to conduct research, administrative costs not covered by the award, recognition awards and meetings, professional development for faculty, **non-sponsored research support**, etc.

The supervisor of the PI's immediate supervisor (e.g., deans or heads of administrative units)

will receive 5% of overhead receipts. These funds may be used to support travel, equipment, supplies, student support to conduct research, administrative costs not covered by the award, recognition awards and meetings, professional development for faculty, etc. *If the PI has only one supervisor, and that supervisor happens to be a dean or unit head, then the dean or unit head receive 10%, i.e., the chair's and dean's share added together.*

Twenty percent of the overhead receipts will be allocated to ~~support the Dean of the School of Graduate Studies and Research for the~~ Faculty Research Initiation Program. ~~The Office of Sponsored Programs will have oversight of these funds.~~ These funds will be used to provide seed grants for faculty to conduct preliminary or feasibility studies and/or collect information necessary for the development of a sponsored research proposal. Recipients of these mini-grants will be required to develop a proposal that will be reviewed by a Committee established to administer the Faculty Research Initiation Program. This committee, working with the ~~Director of Sponsored Programs graduate dean,~~ will ~~maintain establish~~ guidelines and criteria for making the awards and will be responsible for selecting the annual faculty awardees. Seed grant awards may range from \$3,000 to ~~\$5,000~~10,000 depending on the scope of the project. These funds should be used for the purposes outlined in the proposed budget for the project. Seed or mini-grant funds may be used to support

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4 Approved By Cabinet: September 6, 2005

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data collection, conduct feasibility studies, hire temporary staff, support travel, purchase equipment, etc., as itemized in the proposed budget in order to assist the awardee in developing a subsequent sponsored research proposal for submission to an external sponsor. All of these funds must be used to support the research of the faculty and cannot be used for refreshments or other items unrelated to research.

~~The Dean of the School of Graduate Studies and Research will receive 5% of the overhead receipts in order to support graduate research experiences, binding of theses, publication expenses, travel to national meetings for student presentations, poster presentation expenses, graduate student research awards, guest research seminar series, travel to conduct research with off-campus alliances, feasibility studies, and related items.~~

~~Ten percent will be allocated to support startup funds to new faculty. The Office of the Provost will have oversight of these funds. The funds will be used as a recruitment tool for research ready faculty to assist with lab setup and/or other costs associated with starting their research agenda.~~

The Office of Sponsored Programs ~~and Research~~ will receive 5% for initiatives relating to research compliance, recognition, professional development, grant writing workshops, etc. These initiatives are covered in the category Research/-Technology Transfer. This office will also provide administrative oversight for patent applications and will ~~split the 5% to support technology transfer when additional funds are needed for technology transfer~~ ~~be eligible to receive an additional 5% in receipts for to support this initiative.~~

Reserves (5%) will be kept on hand and monitored by Finance & Administration to cover

overspending of budgets.

Distribution of Receipts

The Office of Sponsored Programs ~~and Research~~ along with the Office of Grants and Contracts will be responsible for determining the total amount of funds associated with sponsored research that can be recovered from indirect costs from the previous fiscal year. The Office of ~~Sponsored Programs and Research~~ Contracts and Grants will determine the amount of overhead receipts to be distributed per the percentages in the included table and the eligibility of the recipients at the end of each fiscal year. By ~~September~~ November 1 of each year, account recipients will be notified that they are eligible to establish accounts and will be required to submit the Request for a New Banner Fund Form, institutional trust fund form and a Budget Create Form, and an itemized budget by object code as well as a detailed plan outlining how the funds will be spent. Recipients who already have an established incentive account should prepare a Budget Transfer Form Allotment Revision Form, using their existing account number, to add the additional approved allocation in categories allowable for expenditures.

Overhead funds that remain at the end of a fiscal year in individual accounts will be carried forward. These funds are to be managed by the account holder and the supervisor of the account holder.

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