Policy *813* Version 1 *5/10/17*

**Policy Change Cover Sheet**

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| **This form must be attached to each policy presented. All areas in red, including the header, must be completed; if not, it will be sent back to you for completion.** | | |
|  | *I****f the changes you are requesting include housekeeping, please submit those changes to*** [***ndsu.policy.manual@ndsu.edu***](mailto:ndsu.policy.manual@ndsu.edu) ***first so that a clean policy can be presented to the committees.*** | |
| **SECTION**: | 813 Facilities and Administrative Costs | |
| 1. **Effect of policy addition or change (explain the important changes in the policy or effect of this policy). Briefly describe the changes that are being made to the policy and the reasoning behind the requested change(s).** | | |
| * Is this a federal or state mandate?  Yes  No * Describe change: Housekeeping change -The F&A rate agreement has changed, and in Policy 813 the first part of subsection 2 has the old values from 2014 in it, so technically we are out of compliance. I deleted the first part of the current subsection 2 and simply replaced it with a link to the current information, which will alleviate a lot of confusion and bring NDSU back in to compliance with our own policy. | | |
| 1. **This policy change was originated by (individual, office or committee/organization):** | | |
| * Office/Department/Name and the date submitted: Sponsored Programs 5/10/17 * Email address of the person who should be contacted with revisions: val.kettner@ndsu.edu | | |
| ***This portion will be completed by Mary Asheim.***  Note: Items routed as information by SCC will have date that policy was routed listed below. | | |
| 1. **This policy has been reviewed/passed by the following (include dates of official action):** | | |
| **Senate Coordinating Committee:** | | 9/2017 |
| **Faculty Senate:** | |  |
| **Staff Senate:** | |  |
| **Student Government:** | |  |
| **President’s Cabinet:** | |  |

The formatting of this policy will be updated on the website once the **content** has final approval. Please do not make formatting changes on this copy. If you have suggestions on formatting, please route them to [ndsu.policy.manual@ndsu.edu](mailto:ndsu.policy.manual@ndsu.edu). All suggestions will be considered, however due to policy format guidelines, they may not be possible. Thank you for your understanding!

**North Dakota State University**

**Policy Manual** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**SECTION 813**

**FACILITIES AND ADMINISTRATIVE COSTS**

SOURCE: NDSU President

1. The University has established indirect cost rates with the cognizant federal audit agency. The rate charged to a sponsored agreement depends upon the function of the work performed. Before deciding which rate applies to each program, carefully review the definitions of research, instruction, and other sponsored activity as defined below.

1.1 ORGANIZED RESEARCH. Organized Research means the critical and exhaustive investigation or experimentation having for its aim the discovery of new facts and their correct interpretation; the revision of accepted conclusions, theories, or laws, in light of newly discovered facts; or the practical applications of such new or revised conclusions. This category includes all activities specifically organized to produce research outcomes, whether commissioned by an external agency or separately budgeted by the institution. It also includes activities involving the training of individuals in research techniques.

1.2 ORGANIZED RESEARCH-CNSE. This category is for organized research to be carried out at the NDSU Center for Nanoscale Science and Engineering.

1.3 INSTRUCTION. Instruction means the teaching and training activities of an institution. Except for research training, this term includes all teaching and training activities, whether they are offered for credits toward a degree or certificate or on a non-credit basis, and whether they are offered through a regular academic session, summer school division, an extension division, or a continuing education division.

1.4 OTHER SPONSORED ACTIVITY. Other sponsored activities mean programs and projects financed by federal and non-federal agencies and organizations which involve the performance of work other than instruction and organized research. Examples of such programs and projects are health service projects, and community service programs.

1. The current approved indirect cost rates can be found in the Colleges and Universities Rate Agreement found on Sponsored Programs Administration’s (SPA) website under the “Forms” section at: https://www.ndsu.edu/research/sponsored\_programs\_admin/forms/.



Indirect cost is calculated as follows:

Indirect Cost = Modified Total Direct Cost x Rate from the Rate Agreement.

Modified Total Direct Cost consists of all salaries and wages, fringe benefits, materials, supplies, services, travel and subgrants and subcontracts up to the first $25,000 of each subgrant or subcontract (regardless of the period covered by the subgrant or subcontract).

Modified Total Direct Costs shall exclude equipment, capital expenditures, charges for patient care, student tuition remission, rental costs of off-site facilities, scholarships, and fellowships as well as the portion of each subgrant and subcontract in excess of $25,000.

1. In most cases the activities of the University will be considered to be on-campus activities. Off-campus rates for indirect cost will be used only if the project will be conducted in a remote location for an extended period of time. A project that would qualify for off-campus rates would be one that would not be using University facilities for any of the work performed.
2. If the indirect cost rate assigned to a particular project is scheduled to change during the life of the project, the indirect cost rate should remain at the rate of the initially funded budget period.
3. Unless specifically prohibited by the Sponsoring Agency, the inclusion of indirect costs is required in every grant and contract budget. If a proposal is submitted without the inclusion of indirect cost, the Office of Sponsored Programs Administration reserves the right to renegotiate the agreement for the inclusion of indirect cost, either by an increase in the award amount or by reallocating the award amount to cover both direct and indirect costs.
4. INDIRECT COST ALLOCATIONS. In order to provide an additional incentive for faculty and staff participation in sponsored activities at NDSU, it is the University's policy to directly support such activity with a portion of the indirect cost payments received by the University under all sponsored agreements.

Of the indirect costs drawn, 42.0% will be allocated back to the generating colleges or units; 16% will be allocated back to the Office of the President (for Research); and 42.0% to the Office of the President. Allocation exceptions must be approved by the President.

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HISTORY:

New July 1990   
Amended April 1992  
Amended December 1996   
Amended August 1997   
Amended January 2000   
Amended October 2004   
Amended August 2007   
Amended February 16, 2011   
Housekeeping July 12, 2013