

Shepherd University Indirect Cost Reallocation Policy

A solid program of research and faculty scholarship that aligns with the mission should be at the heart of any institution. Scholarly activity and research not only enhance an institution's academic reputation but also yield benefits for both faculty members and students. In fact research and scholarly activity are required of all graduate faculty and are expected of faculty as part of the promotion and tenure as well as merit pay processes.

Many externally funded grants and contracts have provisions that allow for indirect costs to be recovered by colleges and universities that receive funding. In 2010, Shepherd University adopted this policy whereby indirect costs from sponsored projects are shared with university stakeholders. This policy was adopted with the intention of stimulating faculty research and scholarship while at the same time continuing to fund SURC. It is believed that this reallocation process will provide added incentive for members of the faculty, staff, and administration to apply for externally funded research. This policy also establishes a mechanism by which start up funds for new faculty members, seed grants, and research stipends for undergraduate and/or graduate students could be secured over time.

This policy is in keeping with the practice in many colleges and universities across the nation that allow the indirect costs associated with different grants to be distributed to different academic areas. The expressed intent of such a policy is the support of on-going research and scholarship efforts and to stimulate new research and/or scholarly activities. A positive benefit of this practice is that it can stimulate research activities (increase publications and other indicators of scholarly activity) and increase the amount of funding for research obtained from external sources. Shepherd's current negotiated indirect cost rate is 44 percent, although this amount varies by funding source and can sometimes be as little as zero, depending on the specific grant opportunity announcement. The following allocation is recommended for grants and contracts originating from the academic areas that generate indirect costs in excess of \$5,000.

Allocations for academic grants/contracts generating >\$5,000 in indirect costs:

- ❖ 50% to SURC
- ❖ 12.5% to Unit VP
- ❖ 12.5% to PD/PI School (Dean)
- ❖ 10% to PD/PI
- ❖ 10% to President
- ❖ 5% to VPA&F

For non-academic areas the unit manager/supervisor will receive the allocation designated for the PD/PI School Dean.

For grants that generate indirect costs at or below \$5,000 the allocation identified above would not provide funds that would allow for meaningful funding for any one area. For those grants where indirect costs generated are less than or equal to \$5,000 the following allocation will be used.

Allocations for academic grants/contracts generating \leq \$5,000 in indirect costs:

- ❖ \$500 to the PD/PI
- ❖ 50% of remaining indirect cost to PD/PI School Dean
- ❖ 50% of remaining indirect cost to the Unit VP

A similar type of distribution could be determined for grants and contracts originating in non-academic areas.

Rationale for Allocation

SURC

The majority of indirect costs generated from grants will be needed to continue to fund SURC. This will allow for SURC to serve as an independent office that helps in developing grants and a culture of grant activity at Shepherd University. In addition this will allow for adequate funding for SURC activities that support grant activities (duplication, telephone, travel related to compliance and funding, etc.). It is anticipated that the majority of the indirect costs will be used to directly support research. This will be done by both establishing a fund balance that can be used to fund research activities or that support grant development (see appendix 1). Regarding SURC activities, there is not presently a budget that will allow the SURC Co-Directors or faculty to attend grant workshops, become members of relevant organizations (i.e. NCURA, CUR), provide honoraria and/or travel to bring in external consultants or to fund stipends for faculty to prepare grants. A portion of the indirect cost reallocation would be used to fund these items. An annual SURC budget will be prepared to indicate the costs used to support the activities of the office and the amounts allocated for activities supporting grant activities.

VPAA

Providing funds from indirect costs would allow the VPAA to support research and/or scholarly projects that might otherwise not be funded through the annual budget process (see appendix 1). This would also allow the VPAA to support faculty at all stages of their careers (see appendix 2). The VPAA could also opt to use these funds as a means to support undergraduate and/or graduate research. This could be done either through providing funding for specific research projects or for stipends for undergraduate and/or graduate students.

PD/PI School (Dean)

Ensuring that the School of the PD/PI receives a portion of the indirect costs will provide the Dean opportunities within the School afforded to the VPAA as described above. This will allow the Dean to help fund research and/or scholarly activities for faculty members at various stages of their careers (see appendices 1 and 2). While this could also be accomplished by providing funds to individual departments, the School Dean would be in the best position to determine the overall needs of the School and to use the funds for the greatest potential within the School. It is anticipated, but not required, that some of these funds would be made available to the department of the PD/PI securing the external funding. It is the responsibility of the School Dean to determine the best use of these funds based on both School and departmental planning documents and needs.

PD/PI

Providing additional funds to the PD/PI in excess of what is provided by the grant will enable the PD/PI to offset some costs that could not be included in the grant. It is not uncommon for a researcher to require additional funds due to restrictions placed on allowable expenses or the maximum amount of funding that can be requested. These funds could also provide the PD/PI with a mechanism to provide financial support for students (undergraduate or graduate) assisting with the research project/scholarly activity. Finally, returning some funds to the PD/PI will help to incentivize the process of pursuing external funding across campus. The funds provided to the PD/PI could *not* be used to supplement the PD/PI's academic year or summer salary but could be designated for professional development of that faculty member (i.e. travel, reassign time).

President

While individual faculty or staff members are designated as the PD/PI for a given grant or contract it is actually the President that is committing Shepherd University resources and providing surety that the activities described in the proposal will be completed. The President also bears the responsibility of ensuring, either directly or through a designee, that all conditions of award are met. Providing a portion of the indirect costs for use by the President will help ensure that matching funds for research proposals can be secured by faculty members when worthy proposals are brought forward regardless of department. The President would also have the ability to specifically target any of the other activities identified in appendix 1.

VPA&F

The task of managing budgets for the grants falls to the Vice President for Administration and Finance. One of the reasons for indirect costs is to ensure that the costs associated with managing grants do not place an undue burden on the personnel charged with management of institutional and grant budgets. Ensuring that some of the funds received from indirect costs will allow the VPA&F to hire additional staff, potentially on a part time or temporary basis, to alleviate some of the burden placed on the full-time staff. The individuals hired could either directly work to manage the grants or to assume duties of other office staff more familiar with grant management.

Accountability

This model for reallocation of indirect costs serves a number of purposes and goals. The first is to aid all schools and departments in advancing and increasing research activities across campus. Given that this is also one of the main goals of SURC it is the belief of the Co-Directors that to be effective the indirect cost recovery must be used as a means to both reward those who secure external grants/contracts and to incentivize this process for both grant recipients and other faculty members. With that in mind a system of accountability must be established to ensure that the funds are used for the intended purposes – stimulation of faculty research and scholarship. Individuals receiving indirect costs will be required to use their appropriations in a manner that fosters, supports, and stimulates faculty research and/or scholarly activity as identified in appendix 1. In the case of the SURC Co-Directors this also includes the budgeted costs associated with the functioning of the research corporation. To verify that funds were used in an appropriate manner, each year each individual receiving indirect costs will be

required to submit a written report at the end of the fiscal year that details the expenditures and/or carry-over of the indirect costs received that year.

Summary

This model provides a starting point by which research infrastructure and capacity can be increased. Both of these goals support the mission of Shepherd University. Additionally, this also supports the needs of faculty regarding promotion and tenure and merit pay. Indirectly a strong campus research culture will positively impact teaching and facilitate undergraduate and graduate student research. As Shepherd University is just beginning to develop a culture of grantsmanship it will take time for this or any similar policy to produce a measurable impact. With that in mind, the SURC Co-Directors recommend that a review of this policy be conducted five years after implementation to assess the effects and to institute any needed modifications (i.e. altering the redistribution and/or allowable expenses).

Appendix 1. Allowed Expenses for Indirect Costs

- ❖ Provide matching funds for grants
- ❖ Purchase of equipment and supplies
- ❖ Provide funds for student research stipends
- ❖ Provide funds for reassign time for faculty to conduct research or write grant proposals
- ❖ Provide funds for travel to technical workshops
- ❖ Provide funds for travel to present results of sponsored projects
- ❖ Provide funds for publication of peer-reviewed manuscripts where page costs are charged
- ❖ Provide seed money (mini-grants) to generate preliminary data in support of future grant applications
- ❖ Provide start up funds at the time of faculty hire
- ❖ Provide funds for other grant related activities not explicitly identified upon approval of SURC Co-Directors

Appendix 2. Research/Scholarship Life Cycles and Associated Funding Needs

Support for Faculty Research

A distinct “research life cycle” of faculty members from the time they enter the university as novice or junior faculty members through senior faculty status exists in which each stage presents distinct opportunities and challenges. The research needs at these three stages (new faculty, mid-career faculty, senior faculty) are outlined below.

Research Needs of Faculty at Key Stages

New Faculty

- Research Seed Money – a set amount for new faculty, a part of the Start-up package
- Proposal development fund – faculty travel and/or participation in training for a specific grant program, working with a consultant/reviewer
- Summer stipends/reassigned time for grant writing

Mid-Career Faculty

- Reassigned time, summer stipends for grant writing
- Travel fund for preliminary research, working with consultant/mentor
- Fund for consultants and reviewers for grant proposals

Senior Faculty

- Transition funding – seed money for paradigm shift or start up
- Fund for consultants, reviewers, travel for research proposal purposes