

Adopted: August 16, 1995

ACADEMIC SENATE
OF
CALIFORNIA POLYTECHNIC STATE UNIVERSITY
San Luis Obispo, California

AS-444-95/RC
RESOLUTION TO
APPROVE INDIRECT COST DISTRIBUTION POLICY

RESOLVED: That the Academic Senate of Cal Poly approve the attached Indirect Cost Distribution Policy; and, be it further

RESOLVED: That the attached Indirect Cost Distribution Policy be forwarded to President Baker and the Vice President for Academic Affairs for approval and implementation.

Proposed by the Academic Senate Research
Committee
April 25, 1995

INDIRECT COST DISTRIBUTION POLICY

Whereas indirect costs recovered on grants and contracts are reimbursements by the sponsor to the University for real costs that the University has incurred;

and whereas the University is committed to furthering the development of faculty and student research, creative activity, and instructional support activities (e.g. fellowships, curriculum development, student services) on the campus;

the following indirect cost distribution policy is proposed:

1. A fixed percentage of the indirect costs (IDC) recovered on all grants and contracts will be returned to the project investigators and their administrative units (academic administrative units or research centers/institutes that have received senate approval). These funds will be restricted in their use as outlined subsequently in the policy.
2. To qualify for a return of IDC to either a project investigator or an administrative unit the grant or contract must have earned full indirect cost income.
3. If a grant/contract qualifies for a return of IDC, 15% of the recovered indirect costs will be returned to the project investigator(s) and 15% to the administrative unit.
4. Distribution of the indirect cost returns computed as above will be made on a quarterly basis. Eighty percent of the 30% to be returned will be distributed at that time. The remainder will be held in reserve until the end of the fiscal year. Direct cost overruns on a project will be covered from the portion of indirect cost income remaining for distribution to that project. Should the overruns exceed the funds available, they will be covered from the indirect cost allocation due to the project in the next fiscal year, before any subsequent distributions are made. Amounts less than \$100 for a fiscal year will not be distributed.
5. The remaining indirect costs will be pooled with those recovered on sponsored projects that did not qualify for a return of IDC, and used to support the Department of Sponsored Programs in the Foundation and the University Grants Development Office. Any funds remaining after the justifiable expenses of these two units have been met, will be transferred to the Dean for Research and Graduate Programs, to be used in support of the development of research on the campus.
6. The amount transferred to Research and Graduate Programs will not exceed the total amount returned to project investigators and administrative units in a given fiscal year. Should this occur, additional amounts will be returned to the project investigators and administrative units in proportion to their IDC earnings, so that the total amount of IDC distributed to them is equal to the amount assigned to Research and Graduate Programs.

7. If insufficient funds remain after the distribution to project directors and administrative units to cover the legitimate expenses of the Grants Development and Sponsored Programs offices, the deficit will be covered from the General Fund of the University. Approval of this allocation will be the responsibility of the Vice President for Academic Affairs.
8. All sponsored projects are expected to recover full indirect costs (for FY '93-'94, approximately 22% of total direct costs) from the sponsor. Project investigators will make every reasonable effort to assure this.
9. Funds that are returned to project investigators may be used for professional development activities and research expenses. They may not be used to pay additional salary of any kind to the project investigator. Examples of appropriate uses of these funds are:
 - Professional travel
 - Books, journals, office supplies
 - Telephone, postage, photocopy, photographic expenses
 - Secretarial services
 - Student assistant expenses
 - Dues for professional organizations
 - Publication costs
 - Additional released time
10. Funds that are returned to administrative units may be used for any appropriate purpose except to provide additional salary of any kind to project investigators.
11. Sharing of indirect cost returns among several investigators on a single project will be based on the percent effort devoted to the project by each investigator. Only principal and co-investigators will share in the return. The same parameter will be used to determine the sharing of indirect cost returns among administrative units on projects that involve more than one such unit.
12. The Academic Senate Research Committee will develop criteria to assess the impact of the provisions of this policy. The Committee will review the policy at the end of each fiscal year and make recommendations for changes, as appropriate, in a written report to the Executive Committee of the Academic Senate.

Impact of the Application of this Policy to the '93-'94 Fiscal Year

If this policy had been applied in 1993-1994, 43 project investigators in six colleges, and 20 administrative units in six colleges, would have received returns of indirect cost income, ranging from \$130 to \$13,248 for individual project investigators (total: \$75,291), and \$130 to \$30,297 for individual administrative units (total: \$75,291). A total of \$150,582 would have been returned to project investigators and administrative units. The operating expenses of the Sponsored Programs and Grants Development Offices would have been met fully and * \$5,047 would have remained for the Office of Research and Graduate Programs.

- It should be noted that the Grants Development Office drew on reserves to cover part of their expenses. If GDO expenses had been fully covered, an additional \$18,000 would have been used, resulting in a deficit of \$12,953 rather than a surplus. The deficit would have had to be covered from University funds and no funds would have been transferred to the Research and Graduate Programs Office.

8/16/95

State of California
Memorandum

To: Harvey Greenwald
Chair, Academic Senate

Date: December 13, 1995

From: Warren J. Baker
President

Copies: P. Zingg

Subject: AS-444-95/RC Resolution to Approve Indirect Cost Distribution Policy

Paul Zingg and I have reviewed Academic Senate Resolution 444-95/RC, regarding the distribution of indirect costs earned on sponsored projects. It is clear that considerable effort and time went into the development of the resolution, and would like to commend the Senate for taking the initiative in the formulation of policy on this matter.

After extended discussion of the resolution, we have concluded that the principles outlined in the policy are sound, and we will work toward its gradual implementation. Unfortunately, we do not have the resources available to fully implement the policy for fiscal year 1995-96, nor to apply it retroactively to 1994-95. You have our assurance that the eventual implementation of a policy essentially similar to that proposed by the Senate will be one of our priorities as the budget situation improves.

Once again, thank you for your efforts. We look forward to continued dialogue on this important issue.