

**Austin Peay State
University**

Indirect Cost and Salary Recovery

Issued: March 25, 2017

Responsible Official: Provost and Senior Vice President for Academic Affairs

Responsible Office: Office of Research and Sponsored Programs

POLICIES

Policy Statement

Higher education has faced increasing pressure to measure teaching commitments, scholarly activities, service activities, and advising. Thus far, the most common tool is the Work Load Credit, WLC. Within the same standard, the National Science Foundation, National Institutes of Health, and other funding agencies have similarly requested for their grant-recipients to dedicate a percentage of their time in pursuit of the goals within awarded grants. To this end, monies from grants often allow for ~~the grant-recipients~~ to buyout ~~their~~ ~~his/her~~ work responsibilities to meet the goals of ~~the grants~~ and therefore it is necessary for ~~the grant-recipients~~ to not exceed workload policies and ensure *quid pro quo* for all stakeholders. Therefore, the spirit of this policy is to establish ethical guidelines for university employees conducting grant-funded activities so that ~~the granting-agency~~ies, ~~the grant-recipients~~, and the ~~u~~University are treated equitably.

Purpose

Employees using this policy are under ethical obligations to uphold the goals of ~~the granting-agency~~ies, support the mission of the University, follow THEC policies, and Tennessee and Federal Law statutes concerning workload and compensation. Failure to comply with this policy may result in penalties levied by the University, the state of Tennessee and Federal agencies.

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Definitions

Indirect Costs

Indirect costs (IDC) are those institutional costs, often referred to as facilities and administrative (F & A) costs, which are not readily identifiable with a particular project or activity but nevertheless are necessary for the general operation of the institution and the conduct of its activities. The cost of operating and maintaining buildings and equipment, depreciation, general and departmental administrative salaries and expenses, and library costs are types of expenses usually considered as indirect costs. Office of Management and Budget (OMB), Uniform Guidance for Federal Rewards (OMB Super Circular) defines indirect costs as those that are incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity.

An indirect cost rate is a device for fairly and expeditiously determining (within boundaries of sound administrative principles, subject to governmental regulations) that proportion of an institution's costs that should be borne by each of its projects or activities.

To recover its allowable indirect cost pool of expenses, an institution must collect its proportionate share from every project being performed by the institution if allowed by the funding agency.

Austin Peay State University has a federally negotiated rate with the U.S. Department of Health and Human Services (DHHS) which is an agreement to charge no more or less of the negotiated rate. This is to ensure that research projects that incur new expenses outside of the university's annual budget can recover the costs incurred by those projects that were not otherwise budgeted.

F&A waivers will be examined on a case by case basis. Waivers are not normally granted given that APSU has already agreed with DHHS to charge the federally negotiated rate. Waivers can be granted by request in writing to the Associate Provost for Research (APR), or in consultation with the APR and the Controller and/or the Chief Financial officer or their designees.

Salary Recovery

When the effort of a faculty or staff member in a sponsored program is an activity expected as part of that individual's academic responsibilities, such participation should not reflect an increased cost to the University. That portion of a faculty or staff salary representing time devoted to the project may be considered the University's contribution to a project of mutual interest and cost shared.

Salary recovery is the recovery of the direct costs of sponsored programs to the extent possible and consistent with sponsor policies. In instances when faculty or professional responsibilities to the University are reduced to fulfill the goal(s) within a sponsored-program, then the University is entitled to financial reciprocity from the sponsor; in this way, the University does not incur additional costs while faculty or staff participate in sponsored programs. Therefore, the University will recover salary, and/or in-kind services, from every sponsored program that impacts faculty or staff workload credit (WLC).

Fulltime Status/Workload

University faculty, ~~who~~ are measured by traditional WLC metrics, ~~per Policy 2:046. are considered working fulltime at 15 WLC per traditional Fall/Spring semesters (i.e., either two consecutive 8-week terms or one 16-week semester).~~ University staff are considered working fulltime at 37.5 hours per week. ~~For faculty, a fulltime commitment for the summer is 10.66 WLC.~~

Procedures

This policy also sets ethical guidelines for all stakeholders allowing for equitable treatment of time and funding. In general, this policy applies to new grants submitted by Austin Peay State University

University employees, who are measured by traditional WLC metrics, are considered working fulltime at 15 WLC (i.e., 37.5 hours per week). Often, grant-recipients must allocate a percentage of time in pursuit of the goals within awarded grants which must be converted into WLC metrics to conform with APSU's workload policy and the limitations herein.

For example, a grant-recipient is required to dedicate 30% of time in the fall semester in pursuit of the goals within an awarded grant. The 30 percent of time dedication is equivalent to 4.5 WLC (15 WLC x 0.3 grant-time = 4.5 WLC).

It is expected that the grant-recipient is to find appropriate funding to cover his/her release time either by way of the grant's support or an in-kind contract agreement by the University. Only under extreme circumstances shall a university employee exceed fulltime workload status and only the Provost may grant such an exception. University employees wishing to exceed fulltime workload status must gain approval by every supervisor at all tiers and gain final approval by the Provost in writing in advance of the activity. It is considered a violation of University policy to exceed a maximum workload and failure to comply could incur penalties levied by the University, the state of Tennessee and/or Federal agencies.

For example, faculty could use grant-funding to secure release-time in the summer months in lieu of teaching courses; up to 10.66566 WLC can be secured in this way. The compensation rate for WLCs earned during the summer months (i.e., commonly referred to as "off-contract" for faculty) is described in ~~Faculty Workload Policy~~ 2:046. It is required for faculty to work with the Office of Research and Sponsored Programs to determine the correct compensation written into grant applications.

Policy Compliance

To comply with federal cost principles in OMB Super Circular, the cost to the external sponsor must remain unchanged as a result of the University's policy. In general, federal grants do not allow extra compensation to be directly charged. Most federal grant programs provide for facilities and administrative costs (generally referred to as indirect costs) to be recovered. Once the University receives indirect costs funds from a federal sponsor, the funds are incorporated into the University's budget and then are considered general operating funds which can be dispersed at the discretion of the University.

In alignment with the University mission to promote future external funding and innovation ~~and described in more detail in Policy 2:059 Sponsored Research Incentive Program~~, indirect costs recovered from sponsored programs will be distributed ~~into the following areas: 15 percent of indirect costs will be deposited into a professional development account* for the grant-recipient(s), 10 percent will be awarded to the grant recipient's department(s)/unit(s), 10 percent will be awarded to the grant-recipient's academic college(s)/unit(s), 35 percent will be assigned to the Office of Research and Sponsored Programs, and 30 percent will go to the general fund of APSU~~ as detailed in [Policy 2:059 Sponsored Research Incentive Program](#). Any

exceptions will be recommended by the Office of Research and Sponsored Programs for approval by the Provost.

See ~~Sponsored Research Incentive Program~~ Policy 2:059 for procedures concerning how professional development funds are awarded and used by grant-recipients.

Revision Dates

APSU Policy 2:060 (previously 7:006) – Rev.: March 25, 2017

APSU Policy 2:060– Rev.: May 8, 2014

APSU Policy 2:060 – Issued: August 5, 2011

Subject Areas:

Academic	Finance	General	Human Resources	Information Technology	Student Affairs
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Approved

President: signature on file