

Bemidji State University

Procedures concerning grant approval and allocation of indirect costs.

Grants can have a very positive effect on the University, community, and region, but the University needs to ensure that grants the University agrees to undertake meet certain criteria. Factors to consider prior to the development of a grant proposal include:

- Does the proposal serve Bemidji State University's mission?
- Is it in the best interest of the University, College, and Department to pursue the proposal?
- Does the University possess the necessary resources that will allow it to effectively carry out the grant or agreement (staff, faculty, facilities)?
- Can the obligations the University will have during and following the life of the grant be met?

If the responses to the above questions are all positive, proposer submits the current *Review for External Funding Requests* (Green Sheet) and the full proposal at least 10 business days in advance of the date the grant needs to be submitted. Late submissions may not be reviewed.

Indirect Costs Requests in Grant Applications:

I. GRANTS AND CONTRACTS - FEDERAL

All grant and contract applications to and awards from Federal agencies must include indirect costs at the agreed upon rate as set forth in the University/DHHS Negotiation Agreement, except as provided otherwise by Federal regulations. The rate will be provided to the applicant.

II. GRANTS AND CONTRACTS - NONFEDERAL

A. Nonfederal grants and contracts from for-profit entities:

All grant and contract applications to and awards from Nonfederal for-profit entities must include indirect costs at the agreed upon Federal rate as set forth in the University/DHHS Negotiation Agreement. Awards that do not include the full indirect cost rate will not be accepted. The only exceptions will be for grants and contracts from for-profit entities of \$5,000 or less.

B. Nonfederal grants and contracts from non-profit entities:

All grant and contract applications to Nonfederal non-profit entities must include indirect costs at the agreed upon Federal rate as set forth in the University/DHHS Negotiation Agreement. If the sponsoring non-profit agency has a policy that it will not pay indirect costs, or has an indirect cost rate that is less than the Federal rate, the University will review the policy only upon receipt of correspondence or other documentation from the sponsor certifying:

1. That it is an agency-wide policy; and
2. That the policy is consistently applied by that organization to all of its outside grants and contracts with educational institutions.

This document must be attached to the *Review for External Funding Requests* (Green Sheet).

III. GIFTS

Extramural funds received by the University that meet all of the following criteria will qualify as "gifts" and are not subject to indirect costs:

- A. Provide general or unrestricted support for broadly defined activities in one or more program areas, such as research, public service, instruction, fellowships, etc.;
- B. No detailed fiscal or technical reports are required--either periodic or final. The principal investigator may provide the donor with a brief statement that the expenditures were in accord with the intent of the gift or a brief summary of the results of the supported activities;
- C. No patents, copyrights, or other intellectual property rights that result from the gift are claimed by the donor;
- D. No provisions (e.g., delays, advance notice) are imposed by the donor concerning publication or dissemination of data and information derived from the activity;
- E. There is no specific time limit on the expenditure of funds;
- F. The donor's gift is irrevocable.

Extramurally funded activities that do not meet all of these criteria for designation as a gift will be treated as a Nonfederal grant or contract, subject to assessment of indirect costs as provided in this policy. Information documenting that funds are a gift must be attached to the *Review for External Funding Requests* (Green Sheet).

IV. UNRESTRICTED GRANTS

When a for-profit sponsor wishes to give an unrestricted grant, indirect costs will be assessed unless all of the following conditions exist:

- A. The award is prepaid, or a payment schedule is provided at the time of award. Scheduled payments cannot be conditional on receipt of any report or deliverable by the principal investigator or the University. Awards for \$10,000 or less must be prepaid;
- B. No detailed fiscal or technical reports are required--either periodic or final. The principal investigator may provide the donor with a brief statement that the expenditures were in accord with the intent of the gift or a brief summary of the results of the supported activities;
- C. No patents, copyrights, or other intellectual property rights that result from the gift are claimed by the donor;
- D. No provisions (e.g., delays, advance notice) are imposed by the donor concerning publication or dissemination of data and information derived from the activity;
- E. There is no time limit on the expenditure of funds, and the grant is irrevocable. Acknowledgement of the above items by the sponsor must be obtained and be attached to the *Review for External Funding Requests* (Green Sheet).

V. GRANTS AND CONTRACTS - FROM OTHER GOVERNMENTAL UNITS

A. Minnesota State Agencies, Counties, or Local Municipalities:

1. Indirect costs on all new, renewal, and continuing applications to Minnesota governmental units shall be requested at 8% of total direct costs.
2. At the time an award is made, if the governmental unit provides verification that the project will be funded from Nonfederal funds that do not provide indirect costs, the award will be accepted without indirect costs.

B. Other Foreign or Domestic Governmental Units (countries, states, counties, or local municipalities):

1. All grant and contract applications to other governmental units must include indirect costs at the agreed upon Federal rate as set forth in the University/DHHS Negotiation Agreement, except as provided otherwise by Federal regulations.

2. At the time of award, if the other governmental unit has a policy that it will not pay indirect costs or will provide indirect costs at a rate less than the Federal rate, the University will review the policy only upon receipt of correspondence or other documentation certifying the following:

- a. That it is an agency-wide policy; and
- b. That the policy is consistently applied by that governmental unit to all of its outside grants and contracts with educational institutions

This document must be attached to the *Review for External Funding Requests* (Green Sheet).

(This set of procedures is based on documents from UW-Madison and Northwestern Oklahoma State University.)

Disbursement of Indirect Costs:

For grants at or above a 25% indirect rate, the split for indirect costs is 50% to the University, 25% to the College, and 25% to the PI to support the current grant and to enhance efforts to compete for additional grants. (If the PI leaves the University, the funds would revert to the department.) This policy begins with grants that are awarded on or after July 1, 2012. For grants with a lower indirect cost rate, the entire balance of indirect costs will go to the University.

One exception to this policy would be in a case where the college/department has a large source of grant or other external funding that does not cover indirect costs. In those cases, the indirect cost monies would be divided, based on the net indirect cost funds, defined as the indirect cost funds from the grant, less the cost of unfunded indirect costs, based on the federal indirect rate.

Encouraging Grant Applications:

For every new (non-renewal) grant application that requests \$5000 or more in indirect costs, the faculty PI will be paid one-half of an extra duty day for each application that is approved for submission with the granting agency, if the final grant proposal is submitted to the College Dean at least ten days in advance of the submission date. Grants submitted less than ten days in advance will not be eligible for this initiative. For grants with multiple PIs, this incentive will be divided, based on effort of each Bemidji State University PI as listed in the grant. If a grant is funded by the granting agency, the faculty PI will again receive one half extra duty day (or that duty day will be divided appropriately if the grant has multiple Bemidji State PIs). Staff would not receive additional compensation for applying for grants if writing grant applications falls within the scope of their normal duties.

Other Recommendations:

Work toward implementing an electronic process for grant submission and tracking. Email, a shared folder on the server, or a web-based processed could all be considered

Work toward developing a grant office:

- define key roles for the person or people who are involved
- consider faculty reassigned time or a new hire
- test the concept for four years to see if it can become self-sustaining

Work with the CPD to provide faculty with information about the new process and other grant-related information.