

SAM HOUSTON STATE UNIVERSITY

Research and Sponsored Programs & Research Administration Pre-Award & Post-Award Policies & Procedures

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Research and Sponsored Programs
Dr. Jerry L. Cook
Associate Vice President
Roy Adams House
Phone: 936-294-3621

Research Administration and Technology Commercialization
Mr. Dan Davis
Associate Vice President
Roy Adams House
Phone: 936-294-1014

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INTRODUCTION

*Research is formalized
curiosity. It is poking and
prying with a purpose.
- Zora Neale Hurston*

Faculty and authorized professional staff are encouraged to seek external financial support for specific projects undertaken to further the mission of Sam Houston State University (the University) in teaching, research and public service. Sponsored projects enhance and expand the educational opportunities available to undergraduate and graduate students at the University; permit research, scholarly inquiry, and the development of new knowledge; contribute to the academic achievements and stature of the institution; and assist the University in fulfilling its responsibilities to the state and to the nation.

The university encourages faculty and staff to pursue sponsored program activities in their areas of expertise. Because scholarly activities augment teaching, faculty are encouraged and expected to participate in meetings, conventions, and other activities that promote scholarship and creative work. The primary responsibility for the origination, development and preparation of proposals rests with the Principal Investigator (PI). All proposals are expected to be germane to the interests and expertise of the PI and shall be consistent with and contribute to the mission of the University. While awards for successful projects are made to the University, the Principal Investigator is responsible for the management, execution, and completion of the project, including submissions of all required reports. Information, assistance and technical support are provided to the Principal Investigator during the pre-award process by the Office of Research and Sponsored Programs (ORSP) and during the post-award phase by the Office of Contract and Grant Administration (ORA).

As a public institution, the University can conduct proprietary research or develop exclusive or proprietary data for a federal sponsor. It cannot conduct any industry sponsored proprietary research activities whereby the sponsor directs or controls research on campus.

The University's policies apply to all sponsored programs unless the granting agency establishes exceptions. Grant applications that SHSU approves must clearly identify these exceptions. These exceptions may not conflict with federal or state law or with the Regents' Rules.

DEFINITIONS

Sponsored Program Definition - Sponsored programs are defined as those activities, sponsored whole or in part, by sources external to the University for which there is an expectation (implied or specifically stated) on the part of the sponsor for performance, deliverable or outcome. Sponsored programs are generally conducted by faculty, but may be conducted by staff or members of the University administration. Sponsored programs are awarded through various mechanisms - grants, contracts, non-teaching consulting services, and cooperative agreements, or other legally binding means of transfer.

Sponsored Programs may support instruction, research and public service activities. They are identifiable by the following characteristics. A program does not need to include all elements to be considered to be "sponsored."

- a. Inclusion/allowance of Indirect Costs/Administrative Costs
- b. Percentage of faculty time on project (may or may not be compensated by the sponsor)
- c. Expectation of performance or outcome by the sponsor
- d. Statement or expectation of a "quid pro quo" relationship between the University and the sponsor
- e. Specific description of the activity or work to be conducted (proposal or contract) sometimes known as a Scope of Work
- f. A Line Item budget is involved
- g. A financial report is required, and the budget/performance is subject to audit
- h. All government funds, exclusive of financial aid
- i. All corporate research contracts, subcontracts or agreements
- j. Defined time period for the work to be conducted
- k. Definition of how the funds may be spent and what conditions may apply to residual funds
- l. Use of University resources – equipment, space, students – mandate processing through OSP to determine classification, i. e., does the activity qualify as a sponsored program and who must approve the use of these resources.

The following further clarifies definitions relating to sponsored activities:

Grant – A type of financial assistance awarded to an organization for the conduct of research or other program as specified in an approved proposal. The proposal typically defines a scope of work or performance. The sponsor makes an award, which may be based upon a competitive review, and establishes terms and conditions for performance. These terms may be generally stated, as in many federal awards, or may specifically describe allowable and unallowable activities and costs. Unless prohibited by sponsor regulations, performance under grant awards may be modified to adjust to project conditions. Such modifications may be approved internally by the University or may require sponsor authorization. Grants may be awarded through simple contractual agreements, letters of authorization, payments of fees, or other similar mechanism. Their defining feature is that they are governed by

specific rules and regulations pre-established by the sponsor, and that they provide for some flexibility in the conduct of the activity.

Contract – A legally binding arrangement or performance agreement for carrying out a specific service or procuring a product that entails specific obligations for both sponsor and recipient. Contracts are a more restrictive mechanism for securing services than grants, and may specify penalties for non-performance. A Fixed Cost or Fee for Service Agreement is one in which one party pays the other party a predetermined price, regardless of actual costs, for services rendered. A Cost-Reimbursement Agreement is one in which the sponsor pays for the full costs incurred in the conduct of the work up to an agreed-upon amount, and for which invoices containing back-up information of costs incurred are generally required. A Percent Completion contract is one in which the sponsor contracts for completion of specific tasks, and payment is made upon receipt and approval of a report or other deliverable.

Contracts may be awarded for research, assessment, specific work performance, instruction, training, or similar activities. Generally, contracts will define specific details of the legal relationship between the participating entities and will incorporate the description and cost of the work to be performed either as a legally binding attachment or embedded in the contract document. A purchase order may be a form of contract.

Matching Grant – Some sponsors require the applicant to demonstrate commitment to the proposed activity by providing funds in support of the overall project costs. Matching funds may be derived from institutional resources, either in-kind (donated time, space, equipment use, etc.) or cash, or may be generated from other entities (third party). Sometimes the Principle Investigator (PI) (faculty submitting the proposal who will do the work if funded) will include matching or cost sharing to enhance chances of being funded, even if the sponsor does not require matching.

Cost-sharing has become a major issue in federal awards. Recently, the federal government issued specific guidance on matching funds and the responsibilities of recipients in accounting for these funds. Failure to comply may result in loss of revenue associated with the specifically funded project, or in general sanctions against the institution. The following are the three types of cost-sharing:

- 1) **Mandatory** – Required by the sponsor and specifically referenced in the proposal, budget or other submitted document. Must be accounted for in the institution's accounting system.
- 2) **Voluntary Committed** – Committed by the institution in the proposal, budget or other submitted document to enhance possibility of funding, but NOT required by the sponsor. Must be accounted for in the institution's accounting system. (Note: if a proposal is submitted with voluntary cost-sharing, and is subsequently awarded, the status of the cost-sharing converts to Mandatory.)
- 3) **Voluntary Uncommitted** – After the award is received, the University/PI provides more cost sharing than is promised or required. For example, a PI spends more time on the project than originally projected. Must be tracked and verified, but IS NOT entered into the institution's cost-sharing system.

Funds promised or provided by third parties to a sponsored program must meet the same reporting requirements imposed on the institution. The recipient (University) is responsible for acquiring and maintaining third party matching documentation.

Challenge Grant – A grant that provides monies in response to monies from other sources, usually according to a formula. A challenge grant may, for example, offer two dollars for every one that is obtained from a fund drive. The grant usually has a fixed upper limit, and may have a challenge minimum below which no grant will be

made. This form of grant is fairly common in the arts, humanities, and some other fields, but is less common in the sciences. A challenge grant differs from a matching grant in at least one important respect: The amount of money that the recipient organization realizes from a challenge grant may vary widely, depending upon how successful that organization is in meeting the challenge. Matching grants usually award a clearly defined amount and require that a specified sum be obtained before any award is made.

Cooperative Agreement – an award similar to a grant, but in which the sponsor’s staff may be actively involved in proposal preparation, and anticipates having substantial involvement in research activities once the award has been made.

Non-teaching Consulting Services – Consulting as an agent of the University is defined as additional activity beyond duties assigned by the institution, professional in nature and based in the appropriate discipline for which the individual receives additional compensation during the contract year. Consultancy services include addressing the technical and professional needs of communities, groups, agencies, businesses and other entities outside the University. Consulting services are NOT sponsored programs unless the University is the direct recipient of funds, and liable for the conduct of the activity performed by the University employee. In this instance, it is essential that these contracts are managed as sponsored programs, in that they involve coordination of faculty time and effort reporting, and determination of appropriate overload policy interpretation.

Training/Workshops/Non-Credit Teaching – Proposals for conducting training/workshops/non-credit teaching functions are considered to be “sponsored programs” if they meet any of the above-stated criteria.

Gift – A flexible, irrevocable award of money, equipment, or other property provided by a donor with few or no conditions specified. Gifts may be provided to establish an endowment or to provide direct support for existing programs. Frequently, gifts are used to support developing programs for which other funding is not available. Gifts meet the determination of having no “quid pro quo” relationship with the University, and as such are handled by University Advancement.

A gift to an organization implies no responsibility to provide the donor a product, service, technical or scientific report or intellectual property rights. The donor may specify the use of the funds (as in to a specific scholarship fund) or the gift may be unrestricted for use in meeting the needs identified by the recipient organization.

Research gift – A gift for research generally must meet the following conditions:

- 1) Funds are awarded irrevocably;
- 2) The donor does not impose restrictive contractual obligations;
- 3) There is no commitment of direct project personnel effort to accomplish the research; and
- 4) The funds are designated for scholarly endeavors

A research gift may be considered a sponsored project pending discussions with University Advancement.

Endowment – A fund usually in the form of an income-generating investment, established to provide long-term support for faculty or research positions (e. g., Endowed Chair). Endowments are not considered to be “sponsored activity.”

Internships – An externally supported opportunity for an individual (student or faculty member) to engage in an extended learning activity. If the University is the recipient

of internship funds and the funding mechanism contains specific details concerning the obligation of the institution or the intern, the activity is treated as a sponsored program and must be internally approved and submitted as such.

Congressional/Legislative Allocations – In certain circumstances, federal or state governing bodies may directly appropriate funds to the University for specific purposes. It is important that the purpose of these funds represents the intent of the funding entity. In the case of most federal and state appropriations, the most common conveyance mechanism is to attach these funds to an existing agency program, and to request a proposal describing how the University will utilize these in keeping with the general intent of that specific program's mandate. An award is then made to the University by the agency. In this circumstance, the federal or state regulations and restrictions applied to all recipients of funds under that agency program apply to the use of funds awarded to the University. For this reason, proposals requesting support under direct appropriations become sponsored programs so that they may be accounted for and managed properly.

Principal Investigators or co-Principal Investigators

When the University accepts a grant or contract from an external sponsor, the University assumes responsibility for the proper performance of the stated project, for the fiscal management of the funds received, and for accountability to the sponsor. Because the institutional responsibility for meeting these obligations is vested in the Principal Investigator, only individuals in the categories shown below are authorized to be Principal Investigators or Co-Principal Investigators for sponsored projects:

- Tenure or tenure-track faculty (Professor, Associate Professor, and Assistant Professor);
- Research Faculty;
- Directors, Research Scientists, Research Associates, and certain Research Staff
- Individuals who have been authorized by written permission of the Associate Vice President.

In rare instances others may be authorized, but only with the prior written approval of the ORSP.

RESEARCH INTEGRITY

Scholars and research personnel of the University are expected to adhere to the highest ethical standards for all research and scholarly work. It is the responsibility of every research investigator to maintain the integrity of research projects by keeping accurate, permanent and auditable records of all experimental protocols, data and findings. Misconduct in science and other scholarly activities is absolutely incompatible with the standards of the University and all allegations of such behavior will be handled promptly. See SHSU's Academic Policy Statement 920808, Ethical Conduct in Academic Research.

RESEARCH OBJECTIVITY

This policy is established to comply with Federal regulations and the responsibility of the University to promote objectivity in research. It requires that an employee of the University, who submits a proposal for sponsored research funding from any entity, ensures that there is no reasonable expectation that the design, conduct, and reporting of the research will be biased by any significant financial interest of an investigator. A SHSU faculty/staff member who is submitting a proposal for external funding must submit a conflict of interest statement to the ORSP every time he or she submits an external proposal. See SHSU's Academic Policy Statement 950809, Conflict of Interest Policy.

**OFFICE OF RESEARCH AND SPONSORED PROGRAMS
(PRE-AWARD OFFICE)**

The Office of Research and Sponsored Programs (ORSP) serves as the coordinating office for externally funded research projects submitted by Sam Houston State University. The goal of the ORSP is to assist faculty and staff in their efforts to secure external funding.

The ORSP staff provides technical assistance to PIs during proposal preparation (budget, special instructions, etc.), serves as an information source for the University, and sponsors policies related to compliance. ORSP reviews proposals before submission to the sponsor and advises the Principal Investigators of any omissions, necessary corrections, or other items that might strengthen the presentation to the funding agency. The ORSP maintains an electronic home page with website information on potential research sponsors and their programs, policies, and guidelines at www.shsu.edu/ORSP.

The ORSP will assist PIs in the following areas.

AREAS OF ASSISTANCE

- Proposal Content Strategy
- Proposal Development
- Collaborations
- Application kits, material and program and proposal submission guidelines;
- Research opportunity announcements and potential sponsor directories;
- Special programs, such as:
 - The Welch Foundation
 - National Science Foundation programs
 - Department of Education programs
 - Department of Justice programs
 - Department of Defense Programs
 - Advanced Research Program (ARP) and Advanced Technology Program (ATP) administered by the Texas Higher Coordinating Board
 - Private and public foundations

RESOURCES AVAILABLE

- Electronic databases of funding opportunities;
- Daily e-mail notification of new funding sources from SMARTS database based on individual faculty profiles;
- SHSU internal proposal routing and approval forms, and other required certifications;
- Information about and interpretation of special procedures or policies related to sponsor requirements;
- Faculty Liaisons for Animal Welfare, Human Subjects, Biohazardous Materials and Radioactive Isotopes, and Recombinant DNA requirements;
- Cover letters and special sponsor-required Letters of Support, Assurance and Certifications;

In order to successfully expedite proposal submissions, there are specific procedures that need to be followed. The ORSP requests a lead-time of at least ten working days to fully process proposals.

- I. PIs considering submitting any proposal or request for funding should begin the internal approval process well in advance with ORSP.
 - a. Scheduling the grant/contract proposal submission.

- b. Budget preparation (ensuring the proper salaries, fringes, indirect costs, etc. are included). At least a two (2) week period is requested prior to submission date for ORSP budget review and internal approvals.
 - c. Formatting the budget to conform to categories consistent with the grant accounting system.
 - d. Determining which forms/approvals should be completed prior to an award being made.
 - e. Submitting the proposal. PIs should not submit proposals independently.
- II. Each proposal will require a proposal routing sheet and a conflict of interest form with the proper signatures prior to submission and/or an award being accepted. All Co-PIs identified in the proposal must be identified on the proposal routing sheet each must sign the face page and Conflict of Interest form.
 - III. Each proposal must include a detailed budget, budget justification narrative and statement of work.
 - IV. For any proposal with a reduced or waived indirect cost percentage, either a copy of written program guidelines stating Indirect Cost Rate limits or a completed Indirect Costs Waiver Form with appropriate signatures must be attached to the budget for ORSP's review.
 - V. Proposals involving human subjects, animal subjects, hazardous materials, bio-safety or radioactive materials will require the proper approval prior to account establishment. (IRB, IACUC, Safety Coordinator, etc.).
 - VI. If matching/in-kind or cost sharing is proposed, the PI must discuss this option with ORSP and, if approved, a matching/in kind form with account numbers identified will be required before approval is granted.
 - I. All contract/grant award documents must be reviewed by ORA prior to an authorized signature being obtained. PIs are prohibited from negotiating and signing any sponsored award on the University's behalf.

ADMINISTRATIVE REVIEW AND APPROVAL OF PROPOSAL

Before transmittal to the sponsor, the proposal must be approved sequentially by the following SHSU administrative levels:

- Department Chair (or Unit Director)
- Dean of College
- Associate Vice President for Research and Sponsored Programs
- Associate Vice President for Research Administration and Technology Commercialization
- Vice President for Academic Affairs (if matching funds are needed)
- President (required if total amount exceeds \$750,000)

The Contract / Proposal Routing and Approval Form, Faculty / Staff Disclosure Statement and Matching / In-Kind Form (if necessary) must accompany all proposals and contracts. The summary information contained on the completed form facilitates administrative review and approval, and thus helps to expedite processing. These forms can be obtained from the ORSP or downloaded from their home page.

For each sponsor, a Proposal Routing and Approval Form, Faculty / Staff Disclosure Statement and Matching / In-Kind Form (if necessary) and original proposal should be delivered to the ORSP office. Once the proposal is complete and properly approved, Research Administration will formerly submit the proposal on behalf of SHSU and the PI.

Following notification of award, the Office of Research Administration will handle the contract negotiation and the post-award administration of projects. Completing the items identified above will greatly reduce

any unnecessary delays in account establishment and financial administration and make for a more effective process

If you are interested in submitting a proposal to a foundation, see OTHER GIFTS section.

RESEARCH AND SPONSORED PROGRAMS CONTACT INFORMATION

| OFFICE CONTACT INFORMATION | |
|-----------------------------------|--|
| Main Office | 936-294-3621 |
| Fax | 936-294-3622 |
| SHSU Box | 2448 |
| Website | www.shsu.edu/~rgs_www/ |

| ORSP STAFF | | | |
|--|--------------|--|--|
| Dr. Jerry L. Cook, Associate Vice President | 936-294-3621 | jcook@shsu.edu | Dr. Cook oversees all ORSP functions |
| Delia Gallinaro, Director | 936-294-3760 | rgs_dxg@shsu.edu | Ms. Gallinaro seeks external funding opportunities for the university community and assists faculty in all aspects of proposal development |
| Megan Cress Staff Associate | 936-294-3621 | megancress@shsu.edu | Ms. Cress serves as the receptionist for the office and is responsible for facilitating meetings. |
| Sharla Miles Administrative Assistant | 936-294-4875 | sharla_miles@shsu.edu | Ms. Miles is responsible for assisting faculty with proposal development and submissions. She works on the Website and produces the ORSP newsletter. She provides assistance to the Committee on Animal Welfare for all IACUC applications. She also provides assistance to the Committee for the Protection of Human Subjects for all IRB applications. |
| Eva Strickler, Staff Associate | 936-294-3866 | strickler@shsu.edu | Ms. Strickler is responsible for internal grants accounts, reports and supports the Faculty Research Council. |
| Christi Walters | 936-294-1708 | clw027@shsu.edu | Ms. Walters is responsible for seeking funding opportunities. |

**OFFICE OF RESEARCH ADMINISTRATION
(POST-AWARD OFFICE)**

The Office of Research Administration (ORA) serves as the financial management and compliance coordinator for externally funded research, public service and instructional projects. The mission of ORA is to provide Principal Investigators with assistance in managing proposal and grant budgets and complying with proposal and grant reporting requirements.

The ORA staff provides assistance in preparing financial budgets to Principal Investigators during proposal preparation, serves as an information source for and monitors compliance with applicable University and sponsor policies and requirements, handles all administrative matters with sponsors, including contract negotiations, and serves as a liaison with the ORSP after grants are awarded and funded. The ORA maintains an electronic home page with website information on post award policies and procedure, potential research sponsors and their programs, policies and guidelines. See website.

The staff also has the following duties and responsibilities:

- Proposal processing (including electronic proposal submission);
- Review and approval of final proposal budgets before submission to the sponsor
- Industrial negotiations, model contracts;
- Intellectual property policies;
- Award notices and processing;
- Negotiates and prepares subcontract / sub-recipient agreements,
- Negotiation of grant and contract awards, terms and conditions,
- Sets up funded grants in the University accounting system,
- Reviews and approves all personnel actions and purchases of goods and services on sponsored programs,
- Financial management and billing for awarded grants and contracts,
- Compliance Reporting,
- Review of personnel and purchases

OFFICE CONTACT INFORMATION

| | |
|-------------|---|
| Main Office | 936-294-1014 |
| Fax | 936-294-1095 |
| SHSU Box | 2392 |
| Website | http://www.shsu.edu/~rcg_www/ |

ORA Staff

| | | | |
|---|--------------|--|--|
| Dan Davis, Associate Vice President of Research Administration and Technology Commercialization | 936-294-1092 | dandavis@shsu.edu | Mr. Davis is responsible for administrative issues, expenditure approvals, and proposal and post award administration |
| Dee Myall, Accountant | 936-294-4032 | dee@shsu.edu | Mr. Myall is responsible for assisting faculty with grant budget preparation and proposal submissions. |
| Denise Ballard, Contract Administrator | 936-294-3833 | dbb007@shsu.edu | Ms. Ballard is responsible for contract negotiations, preparation of agreements, account establishment and is the Liaison between the PI and the Sponsor |

| | | | |
|------------------------------------|--------------|--|---|
| Maribeth Start, Accountant | 936-294-1015 | mxs043@shsu.edu | Ms. Start is responsible for management of manually billed accounts |
| Martha Wilson, Accountant | 936-294-4566 | mlw025@shsu.edu | Ms. Hewitt is responsible for management of electronically billed accounts |
| Angela Fazarro, Accountant | 936-294-4862 | afazarro@shsu.edu | Ms. Fazarro is responsible for time and effort reporting and grant closeout |
| Jackie Peters, Accounting Clerk | 936-294-1014 | jlp061@shsu.edu | Ms. Peters is responsible for voucher compliance and coding |

PUBLICATIONS

Publication of new knowledge developed under sponsored projects is a fundamental responsibility of the University. The University retains the right to publish all work done under sponsored projects and Principal Investigators are encouraged to use all appropriate channels to disseminate the results of their work.

COST OF RESEARCH

The University expects external sponsors to pay the actual costs of conducting the sponsored project. These costs include both the direct and the indirect cost obligations incurred by the University in the conduct of a project. The direct costs, those costs that are clearly identified with and benefit a specific research project, include salaries, fringe benefits equipment, supplies, travel and other expenses. The indirect costs are those institutional research infrastructure costs that cannot be readily attributed to an individual project and include facilities and administrative costs such as building and equipment use, operations, maintenance and utilities, general, departmental and sponsored projects administration, library, and capital improvements. Each sponsored project is expected to pay a proportional share of these research infrastructure costs. This payment is based on the indirect cost rate that is negotiated between the University and the U.S. Department of Health and Human Services. Since the indirect cost rate is based on the level of existing indirect costs associated with the research, the indirect cost income received by the University (and all other institutions of higher education) is a reimbursement for actual costs incurred. All research project budgets should include indirect costs as determined by this federally negotiated indirect cost rate. Exceptions to this policy are not generally considered unless the sponsoring agency has an established, written policy applicable to all potential proposals that deviates from these rates. All deviations are subject to Sam Houston State University administrative approval in advance. See Appendix A for more information.

INTELLECTUAL PROPERTY

The development, ownership, management, use and marketing of intellectual property developed at the University are governed by *The Intellectual Property Policy Revisions, Copyright and Patent Policies* of the Texas State University System.

Intellectual property is any invention, creation, discovery, scientific or technological development, computer software, or other forms of expression of an idea arising from the activities of personnel covered by System policy. The System policy does not apply to faculty-authored written or visual work (except computer software) produced in the author's professional field, and the creator owns such faculty-authored work.

When intellectual property results from work at the University that the creator believes may be of value, the creator must disclose such intellectual property using the University's Intellectual Property Disclosure Form. Additional information regarding the process of invention disclosure is available through the ORA.

The ORA handles technology licensing and other technology transfer issues in coordination with the appropriate Texas State University System officials.

RESEARCH COMPLIANCE

Projects involving any of the issues listed below are subject to approvals and reviews Animal Welfare, Human Subjects, Biohazardous Materials, Radioactive Isotopes and Recombinant DNA by the appropriate committee to assure compliance with federal, state and/or university and to ensure the health and safety of those involved in the project. During the preparation of the proposal, the PI shall notify the ORSP if the research will involved the following compliance areas prior to proposal submissions. Compliance issues for principal investigators on collaborative proposals may require special evaluation.

Human Subjects in Research:

Sam Houston State University faculty, staff, students or employees who propose to engage in any research demonstration, development, or other activity involving the use of human subjects must have prior review and approval of that activity by their departmental review committee (if applicable) and the Institutional Review Board (IRB) before any funds will be released for the proposed research. It is SHSU policy that all protocols involving the use of human subjects be reviewed by the IRB. The IRB is responsible for safeguarding the rights and welfare of subjects who may be at risk through participation in such activities. These requirements apply to both funded and non-funded research.

At the time your proposal is processed by the ORSP, please indicate on the proposal Routing and Approval Form whether or not human subjects are involved. *If so, the Chair of the IRB should be contacted concerning any questions the Principal Investigator may have and all necessary forms should be submitted to the IRB at least two weeks prior to submission of the RFP. Information about the review process, required forms, agenda deadlines and meeting dates are available from the IRB liaison in ORSP.*

Animal Welfare:

Sam Houston State University has the responsibility to ensure that experimentation with all animals conducted under its auspices (warm/cold-blooded and vertebrates/invertebrates), except human subjects, follows the regulations and guidelines as established by the Animal Welfare Act, P.L. 89-544 and its amendments, and NIH Publication 85-23. *The Chair of the Institutional Animal Care and Use Committee (IACUC) should be contacted prior to preparing and submitting any proposal in which animals will be used as part of the research.*

Proposals involving the use of animals must be reviewed and given preliminary approval for submission for funding before the proposal will be mailed to the funding agency. These requirements apply to both funded and non-funded research.

Recombinant DNA:

Projects involving the use of recombinant DNA molecules require initial and subsequent annual review. Questions about the review process should be directed to the ORSP.

Biohazardous Materials and Radioactive Isotopes:

Researchers who are planning projects involving biohazardous materials that will result in the generation of biohazardous waste should contact the ORSP and the University Safety Office. The University Safety Office is responsible for picking up and disposing of biohazardous waste and will assist researchers in developing proper disposal and inventory records, posting requirements, and will work with Principals Investigators to develop and implement waste minimization procedures. These requirements apply to both funded and non-funded research.


If your research involves radioactive isotopes, contact the ORSP. The ORSP will put you in contact with the appropriate radiation safety officer for the University. These requirements apply to both funded and non-funded research.



ORSP Services
Application Preparation
Funding Opportunities
Award Notices
Sponsored Programs
Proposal Processing
Internal Grants

PROPOSAL PREPARATION

In the event that the Principal Investigator plans to respond with a proposal to a sponsor's one-time program opportunity – Request for Proposal (RFP), Requests for Quotations (RFQ), Broad Agency Announcements (BAA), etc. – a complete copy of the sponsor's document should be sent to the ORSP upon receipt by the Principal Investigator.



PROPOSAL FORMAT

Many agencies have prescribed formats for proposal preparation, including the required forms for text, biographical data and budget. Many agencies also have page and type size and character per inch (cpi) limitations for the body (text) of the proposal.

For agencies that do not have specific formats, the ORSP suggests that the Principal Investigator organize the proposal as follows:

- Transmittal Letter
- Title Page
- Technical Abstract
- Table of Contents
- Statement of the Proposed Research Project
- Review of Relevant Literature
- Brief Description of Proposed Activities or Objectives
- Project Design or Procedures
- Project Evaluation
- Project Management
- Personnel Resources
- Institutional Equipment and Facilities
- Project Budget
- Budget Justification
- Curricula Vitae
- References (literature cited)
- Appendices

PREPARING THE BUDGET AND BUDGET JUSTIFICATION NARRATIVE

Preparation of the budget is, for many researchers, the most difficult section of the proposal. Granting agencies see hundreds of proposals annually and are proficient at comparing level of funding requested to the research work proposed. Therefore, it is important that the budget section of the proposal reflect, as accurately as possible, the funding needed to carry out the proposed research. The investigator should neither overestimate the funds required nor underestimate budgetary needs. Either of these strategies may lead to proposal rejection. A budget, accurately detailing the funds necessary to carry out the technical statement of the work, can strengthen the total proposal and increase the likelihood of funding.

Furthermore, a carefully prepared budget can often identify weak areas in the proposal narrative and result in improvement of the technical proposal.

The budget justification narrative is an important part of the grant application and can be a critical component in the overall competitiveness of a proposal. The budget justification narrative allows the applicant to explain fully the raw budget numbers by category, requested, and proportional importance to the project in a way that guides the program officers and reviewers in understanding the overall scope of the budget request and its relationship to the proposed scope of work over the performance period. Moreover, the budget justification provides an excellent complement to the proposal text by giving the applicant an additional opportunity to explain in more detail the operation and management of the proposed project and how the various funding categories and funding allocations meld to support the overall research objectives. The budget justification narrative may not be required for all proposals; however, the ORA requires a budget justification be completed for documenting the need for budgeted items.

Personnel in the ORA are experienced in budget preparation, and encourage investigators to contact them in developing a draft of the budget and budget justification narrative. The ORSP staff can provide expertise in completing a budget request for direct costs and applicable indirect cost rates, documenting subcontracts / sub-recipient agreements, matching funds and cost sharing. In the case of more complicated proposal requirements, the ORSP will complete sponsor assurances and certifications and, will assist the investigator in interpreting RFP guidelines.

BUDGET NEGOTIATIONS WITH THE SPONSOR

After an award has been made, the sponsor agency may request the budget to be amended or reduced. Preliminary budget negotiations are often conducted between the Principal Investigator and the technical contact for the sponsor in order to determine an appropriate level of funding for the program proposed by the Investigator. Such preliminary discussions are encouraged. The Principal Investigator should contact the ORA, however, for established rates for fringe benefits, indirect costs or other budgetary matters that may impact the total support required for the project.

The Principal Investigator should not attempt to negotiate rates for indirect costs (or fringe benefits) that are different from the federally approved rates for the University, nor should it be implied that a reduction in the approved rates would be acceptable to the University. Indirect costs represent substantial, real expenditures incurred by the institution to support each research program, and if these costs are not fully paid by each sponsor, the University must subsidize them from other institutional resources. In the event that a sponsor indicates to the Principal Investigator that it does not wish to pay these costs in full, the ORA should be contacted so that the University may negotiate this issue further.

If formal budget negotiations are required, the ORA will conduct the negotiations, including the confirmation of approved salary, benefits, and indirect cost rates. The ORA will seek the Principal Investigator's input and concurrence for any modifications proposed by the sponsor.

DIRECT COSTS

Salaries and Wages

To determine total salaries and wages, list the amount of time to be spent by each person, including secretaries and clerical assistants, who will be working on the project. Time should normally be shown in terms of person-months and a percent of full-time effort. Show breakdown between summer and regular academic years for faculty, as teaching loads vary.

No employee may be scheduled for activities in excess of 100% of effort in any given month.

Sponsored activities may not result in any employees receiving compensation at a rate in excess of their authorized salary or academic rate (except as described in Academic Policy Statement 940202, Payments to University Employees for Services). For multiple-year projects, the budget

should take into consideration any possible salary increases. Please consult with the ORSP for a recommended yearly rate of increase.

Due to revisions of OMB A-21 relevant to secretarial and other clerical support, the Principal Investigator needs to justify the need for administrative support to perform the project, and should state that it is the Investigator's judgment that this is the best way to spend the funds.

Fringe Benefits

Fringe benefits are a direct cost to a sponsored project, are clearly related to the salaries and wages to be paid and are shown as a separate entry in the budget. The actual costs for fringe benefits are charged to the sponsored project at the time the costs are incurred; the amount charged is based on salary, selected benefit package, and other variables applicable to the individual employee. The ORA can provide the fringe benefits rates to be applied to various personnel positions requested in a grant or contract.

If the actual fringe benefit expenses for a project exceed the projected amount included in the budget, it is the responsibility of the Principal Investigator to pay these actual costs from the direct award funds provided by the sponsor. The ORA can provide advice in the preparation of budgets.

Consultants

It is customary for consultants to be paid a consulting fee plus travel. There may be limits to such payments however by the sponsor agency. If in doubt as to the support of consultants or rates paid to consultants, refer to the sponsor's program literature or contact the ORA. Whenever possible, identify the proposed consultant by name, indicate the number of days of work, daily rate and provide curriculum vitae for the consultant in the proposal.

The participation of paid consultants in a sponsored project for periods longer than two weeks should be discussed with the ORA prior to submission of the proposal. Normally, SHSU employees may not be used as consultants on a project. Any requests for an exception must be submitted to the ORA in advance for approval.

Capital Equipment

The value of the equipment item (per federal guidelines) must be greater than \$5,000, have at least a two-year useful life, and generally cannot include software. Components used to fabricate an item of capital equipment may be considered as capital equipment for budgeting purposes and should be identified for inventory purposes. These rules may vary by granting agencies, be sure to check with the agency you are applying to.

Expendable Equipment and Supplies

These are items (per federal guidelines) costing less than \$5,000 or with a useful life of less than two years. Normally, a research project will consume expendable supplies such as laboratory items, teaching aids, computer software, and office supplies. A reasonable amount should be budgeted for these items. These rules may vary by granting agencies, be sure to check with the agency you are applying to.

Faculty who anticipate the use of a large number of research animals or animals requiring special care should be certain to include sufficient funds to cover all costs associated with the use of the animals.

Publication Costs

Budget the anticipated cost of publishing the results of the research, keeping in mind that page charges may vary from journal to journal. Consider both page charges and reprint costs.

Travel

If foreign travel is anticipated, it must be specified. Travel costs expected to exceed institutional guidelines must be specified. For travel rates, refer to the current Texas State Travel Directory website at www.window.state.tx.us/comptrol/texastra.html. Federal funds cannot be used to make

trips to secure new or additional research support or funds. For travel rates outside the state of Texas, refer to the current Other State per diem rate website at <http://www.gsa.gov>

Computer Time

Computer time costs should be included as SHSU matching funds in proposals that require a substantial amount of the University's computer processor time. Please contact the ORA for help in determining and documenting University computer usage costs.

Subcontracts / Sub-recipient Agreements

When a proposal contemplated a subcontract / sub-recipient agreement to a named subcontractor, the subcontractor's statement of work, detailed budget, and a budget justification narrative signed by the subcontractor's authorized institutional representative, must be provided with the proposal routing and approval form. In the event that the total amount to be subcontracted represents a substantial portion (>40%) of the proposed direct costs, the Principal Investigator should contact the ORA for guidance.

Other Direct Costs

Consider, as appropriate, costs for copying, long-distance telephone calls, postage, reference books and materials, tuition and required fees for participating graduate students, equipment maintenance, and contracted services. Due to revisions of OMB A-21 relevant to office supplies, postage, local telephone costs, and memberships, the Principal Investigator needs to justify the need for these items in relation to the project, and to state that it is the Principal Investigator's judgment that this is the best way to spend the funds.

All Direct Costs for federal grants must coincide with federal guidelines according to OMB Circular A-21. See the quick reference table below for budget cost allowed and un-allowed

While State agencies may have their own guidelines, they typically follow principles that are similar to those established in the federal guidelines. If the State guidelines do allow for costs that are normally treated as indirect costs to be charged as direct costs, it is necessary to provide documentation that the grant funds are solely from state money, and not from a federal source.

Other sponsors typically have their own guidelines on what costs are allowable. Please read the guidelines carefully as they may allow some costs that federal grants typically would not or for certain costs that would be allowable on federal grants. Please note that if the sponsor is using federal fund received from a federal agency (such as Federal Flow Through), the grant is subject to the federal guidelines regardless of the sponsor's policies.

INDIRECT COSTS

Indirect costs must be included using SHSU's federally negotiated rate unless the sponsor has a written policy applicable to all potential proposals that deviates from these rates. All deviations are subject to SHSU administrative approval. Sponsor guidelines limiting indirect costs must be provided with your proposal.

To calculate the indirect costs (IDC) for a project:

1. Determine the correct salary and/or wage for each person to be paid from the grant or contract. Apply the appropriate fringe benefit rate to each salary or wage. (rates can be obtained from the ORSP or ORA).
2. Apply the IDC rate (rate can be obtained from the ORSP or ORA) against the total salaries, wages and fringe benefits to calculate the total indirect costs for the project.

3. Calculate the Total Direct Costs (TDC) by summing all costs (personnel, fringe benefits, travel, equipment, consultants, supplies, etc.)
4. Add the TDC to the IDC to calculate the Total Project Cost.

Please note that since the federally negotiated indirect cost rates are subject to change, Principal Investigators should be prepared to make adjustments in budgets for such changes. Contact the ORA for specific information.

MATCHING FUNDS / COST SHARING

If sponsor guidelines require cost sharing or matching funds (cash contribution or donation of in-kind services such as contributed time and effort by the Principal Investigator and research group members), provide appropriate documentation of commitment from each SHSU or third party source for cost sharing. All matching funds or cost sharing commitments based on the faculty member's academic time and effort must be approved in advance by the Principal Investigator's department chair and dean and be documented by appropriate signatures on the Contract/Proposal Routing and Approval Form – Part 3.

ALLOWABLE & UNALLOWABLE BUDGET COSTS

The federal government has established what costs may be charged as direct costs and what costs are considered included in the F &A cost that is charged. Indirect costs are currently only charged on salaries, wages, and fringe benefits. The following summary gives a brief description of costs and whether they should be charged as direct or whether they should be included in the indirect costs. This is a summary list. A comprehensive list can be found on the Office of Management and Budget Circular (OMB) A-21 website.

| DIRECT COSTS (ALLOWABLE) | F&A (INDIRECT COSTS) UNALLOWED |
|---|--|
| SALARIES, WAGES & FRINGE BENEFITS: Faculty members acting as Principal Investigators and Co-Principal Investigators graduate & undergraduate students, post doc associates, research associates, and other key professionals who will conduct work and directly related to the program. See exceptions below | SALARIES, WAGES & FRINGE BENEFITS: Clerical and administrative assistants, fiscal managers, secretarial staff members and/or individuals not directly associated with the research. See exceptions below |
| MATERIALS & SUPPLIES: Project related research and scientific supplies. Any equipment or software that does not qualify as capital equipment. | MATERIALS & SUPPLIES: General office material and supplies such as pens, pencils, paper, staples, transparencies, toner, cartridges, diskettes, printer paper, work processing and spreadsheet programs. |
| EQUIPMENT: Equipment used for scientific, technical and research purposes that cost greater than \$5,000 and has a useful life of at least one year. | EQUIPMENT: General office equipment such as copiers, printers, computers, and fax machines. |
| FACILITIES: Project specific space rental for office-campus facilities from a third party | FACILITIES: Utilities, building use, grounds maintenance, renovations, and alterations of University Property whether on or off campus. |
| TRAVEL: Transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the institution. | TRAVEL: Cost of entertainment, including amusement diversion, and social activities and any costs directly associated with such cost (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities). |
| TELEPHONE: | TELEPHONE: |

| | |
|---|--|
| Long distance calls, phone surveys or calls to project participants. | Local calls, cell phones, installation and maintenance. |
| MAINTENANCE & REPAIRS: Requires justification that expenditures are required and directly related to the specific award (i.e. less expensive than buying new). | MAINTENANCE & REPAIRS: Maintenance and repairs to general purpose equipment, buildings, and grounds. |
| ADVERTISING: Recruitment of research subjects or for job openings approved for a specific project. | ADVERTISING: Public relations to promote unit/department/college |
| PUBLICATIONS: Project specific and research related. | PUBICATIONS: General printing and copying. |
| MEMBERSHIPS, SUBSCRIPTIONS AND PROFESSIONAL ACTIVITY: Membership and subscriptions in business, technical and professional organizations; must be related to and supportive of the project. | MEMBERSHIPS, SUBSCRIPTIONS AND PROFESSIONAL ACTIVITY: Membership in any civic or community organization. Membership in any country club or social/dining club or organization. |
| FREIGHT/EXPRESS DELIVERIES, AND POSTAGE: Justification required that cost was needed to transport project material in a timely manner. | FREIGHT/EXPRESS DELIVERIES, AND POSTAGE: Routine or internal courier. |
| CONSULTING: Project specific research (i.e. evaluators). | CONSULTING: General, management or financial |
| MISCELLAENEOUS COSTS: Subcontract costs, and training costs | MISCELLAENEOUS COSTS: Computer network charges and utilities |

PROPOSAL PROCESS CHECKLIST

The following is a checklist of information the Principal Investigator should provide to the ORSP when submitting a proposal for University administrative review and approval.

- Completed, signed original proposal
- Completed, signed (through Dean of College) proposal routing and approval form–Part 1
- SHSU Faculty / Staff Disclosure Statement (Conflict of Interest Policy)-Part 2
- Budget and Budget Justification Narrative
- Matching funds / cost share commitment as applicable-Part 3
- RFP, RFQ or special solicitation guidelines
- Animal Welfare documentation as applicable
- Human Subjects documentation as applicable
- Recombinant DNA/Biohazardous Materials documentation as applicable
- Subcontracts / Sub-recipient Agreements documentation as applicable

ELECTRONIC PROPOSAL SUBMISSION

Currently, most federal agencies have an electronic submission website. For example, the National Science Foundation has *Fastlane*, and the Department of Justice has the *Grants Management System*. These electronic submission sites vary in format, budget detail, and compliance requirements.

Grants.gov

The federal government has mandated that a central electronic submission site be established. Although most agencies continue to offer a submission option through their agency site, the *grants.gov* website is becoming the main submission site for all federal applications.

Preparation, upload, and submission of electronic proposals require the joint effort of ORSP and the Principal Investigator. ORSP and ORA should be contacted as early in the application process as

possible. Because there may be problems associated with accessing the website for submission, and other internet issues, a lead time of 3-5 days for proposal upload and submission is required.

A HARD COPY OF THE PROPOSAL AND BUDGET MUST BE ROUTED AND APPROVED BEFORE COMPLETING THE ELECTRONIC SUBMISSION PROCESS.

POST-PROPOSAL ADMINISTRATION

SUBMITTING A REVISED BUDGET

During the course of project negotiations it often becomes necessary to reduce or adjust the budget initially proposed. If this is the case, the Principal Investigator should send the revised budget and any other pertinent information (a revised budget explanation or revised statement of work or project duration may be appropriate) to the ORA for processing prior to sending the revision to the sponsor. A new proposal routing and approval form may be required if the budget changes are significant (i.e. matching funds, faculty release time, etc.)

BUSINESS NEGOTIATIONS

The ORA reviews the terms and conditions of every award received. Terms and Conditions are negotiated in accordance with SHSU policies and *The Intellectual Property Policy Revisions* of the Texas State University System.

FEDERAL AWARDS

Terms and Conditions are usually predetermined; however, negotiations may be required.

NON-FEDERAL AWARDS

Normally, most non-Federal projects require negotiations, especially those agreements with industrial sponsors. Such topics as inventions, publication rights, liability, and ownership of research results are usually the subject of negotiation. The negotiations are coordinated between the ORSP personnel, the sponsor, the Principal Investigator and, as appropriate, the Texas State University System office and the ORA.

THE AWARD PROCESS

AWARD ACCEPTANCE AND POST-AWARD ADMINISTRATION

Award documents take many forms depending upon the type of sponsor and project. These documents require review and signature by the official institutional representative authorized to sign on behalf of the institution. The ORA is responsible for award document processing. The Principal Investigators are notified of each new award and its terms and conditions and is asked to accept the award and responsibility for complying with all award requirements.

A fully executed awarded is defined as signed by at least two parties of an agreement/contract, the grantor/contractor/collaborator and the recipient. Once the Principal Investigator receives notification of the project account number from the ORA, funds may be encumbered or expended against the project.

The ORA manages all post-award administration including financial issues regarding compliance and budgetary spending. ORA also prepares and submits all financial reports, and manages compliance with deliverables including technical reports. Principal Investigators will be responsible for submission of all required reports in a timely fashion.

If the award documentation is delayed, procedures are available for SHSU to provide a limited amount of start-up credit with the application of a guarantee account form. Contact the ORA with information regarding the amount of credit needed. After a representative of the sponsoring agency with the authority to commit funds verifies the award information, limited overdraft approval may be given. Many Federal

agencies allow pre-award costs up to 90 days prior to the start date of a grant. If pre-award costs are required, the above procedures for verification will be followed and pre-award costs may be approved.

SUBCONTRACT/ SUB-RECIPIENT AGREEMENT AWARD DEVELOPMENT

The ORA has the overall responsibility for issuing and monitoring subcontracts / sub-recipient agreements under sponsored project awards. The ORA will maintain documentation relative to subcontract / sub-recipient agreement placement and any modification thereof. The accounting and payment function is performed by the ORA.

Any subcontract / sub-recipient agreement issued will be negotiated using standard business practice, including completion of a negotiation memorandum as described in FAR 52.244-2, and will conform to applicable requirements (i.e., OMB Circulars A-21, A-110, and A-128).

These agreements will comply with all standard and special provisions of individual awards.

INTERNAL EQUIPMENT SCREENING AND INVENTORY PROCEDURES.

Federal regulations require that universities adopt and utilize a formal internal equipment screening and inventory system. The objective of the system is to ensure maximum use of available, existing research equipment prior to acquiring additional research equipment with Federal funds. When equipment is acquired for use in federally funded projects, these Federal regulations require the University to demonstrate that an auditable means of determining the non-availability of the required equipment has been employed.

The Principal Investigator is responsible for conducting equipment screening for all proposed equipment acquisitions with a unit cost of \$10,000 or more that are fully or partially funded from Federal funds. Equipment with a unit cost of less than \$10,000 is exempt from these screening requirements. These procedures are to be completed prior to submitting a purchase order for the desired equipment. The University Property Office has the responsibility for maintaining an inventory of all capital equipment purchased with State, federal or private funds.

FEDERAL/ STATE EXCESS PROPERTY PROGRAMS

The University Property Office also manages the Federal Excess Property Program (as obtained in National Science Foundation regulations) and the Texas Surplus Property Program, and obtains equipment from these external sources in support of other Federal agency contracts and grants. The procurement process consists of Federal Excess Property storage facilities, initiating and processing all necessary documentation, and coordinating pick up and shipment of acquired equipment with Principal Investigators and Federal agencies. Principal Investigators interested in exploring these sources of research equipment should contact the University Property Office at extension 1908.

APPENDIX A – INDIRECT COST DISTRIBUTION

Sam Houston State University
Academic Policy Statement 950818
Distribution of Recovered Indirect Cost Policy
Revised March 22, 2006

1. PURPOSE

The Texas Education Code, Chapter 145 provides that recovered indirect (IDC) can be retained by state universities. In accordance with The Texas State University System *Rules and Regulations*, Chapter III, Section 6 (16), 50% of the earned revenue (IDC) is to be included as local E&G income and must be used in support of the E&G functions for which indirect cost is earned. No less than 50% of the remaining 50% (i.e. 25%) shall be expended for projects encouraging further research. This portion goes back to the unit, agency, or department which generated the original cost recoveries. The residual (25% or less) will be used to support research. This may include pre- and post-award support offices.

2. RATIONALE

The state of Texas encourages incentives to increase research activities through the dedication of a portion of the recovered indirect costs to the unit responsible for generating the IDC. Distribution at the college/school, department, and principal investigator level meets this objective.

3. DEFINITION OF INDIRECT COST

3.01 The term indirect cost, as used in this policy statement, refers to those costs that cannot be charged to a grant or contract as a direct cost. These costs include, but are not limited to:

- a. Depreciation and use allowances
- b. General administration and general expenses
- c. Sponsored project's administration expenses
- d. Operation and maintenance expenses
- e. Library expenses, departmental administration expenses, and student administration expenses

3.02 Sam Houston State University must, on a periodic basis, negotiate an indirect cost rate with the federal government. This rate allows the university to collect a predetermined percentage (currently 49 percent) of the salaries and wages requested in a grant or contract, including fringe benefits, to offset the cost of conducting the proposed research. The term recovered indirect cost (RIDC) refers to those indirect costs that have actually been recovered to date from a funded grant or contract.

4. USE OF DISTRIBUTED INDIRECT COSTS

Distributed Indirect Cost Funds are to be expended to enhance the university's research efforts and include, but are not necessarily limited to, the following purposes:

- Conducting pre-grant feasibility studies
- Preparing competitive proposals for sponsored programs
- Providing carry over funding for research efforts to provide continuity between externally funded projects
- Supporting new researchers pending external funding
- Purchasing capital equipment directly related to expanding the research capability of the institution

- Research or project administrative costs

5. INSTITUTES AND CENTERS

5.01 Institutes or centers may be established at the department/school, college, or university level in accordance with Academic Policy Statement 950609, *Establishment and Review of Centers and Institutes at Sam Houston State University*.

5.02 No indirect cost distribution will be made to institutes or centers operating at the department level.

5.03 For a center or institute to participate in indirect cost recovery, the steps listed below must be followed:

- a. The center or institute must be formally established and approved by current policy.
- b. Proposals for external funding will require the signature of the appropriate department/school chair(s), dean(s), and center or institute director(s) before processing. If a faculty member identified with a center or institute submits a proposal which is not connected with the center or institute and for which the center or institute should not receive credit, such indication must be made on the proposal transmittal form and be acknowledged by both the dean(s) and the center or institute director.

6. DISTRIBUTION OF INDIRECT COSTS

6.01 Fifty percent (50%) of the total indirect costs recovered during the fiscal year (September 1 through August 31) will be distributed in September of the following fiscal year to the SHSU units that generated the IDC as follows:

- a. 30 percent to the college
- b. 35 percent to the department/school
- c. 35 percent to the principal investigator (PI)

The above percentages apply when a single investigator, department/school, and college are involved.

6.02 When a university recognized center or institute is the generating unit, fifty percent (50%) of the total IDC recovered will be distributed as follows:

- a. 35 percent to the center or institute
- b. 35 percent to the principal investigator (PI)
- c. 15 percent to college, if applicable; if not, distributed equally to PI and center or institute
- d. 15 percent to department, if applicable; if not, distributed equally to PI and center or institute.

6.03 The fifty percent (50%) of recovered indirect cost that can be used for general institutional purposes will be used to support research. Each year, the Associate Vice President for Research and Sponsored Programs and the Associate Vice President for Research Administration, in consultation with and with the approval of the Provost and Vice President for Academic Affairs, will determine how these funds can best be used to support research activities.

6.04 Records of recovered indirect costs and distribution thereof will be kept on an annual basis by the Office of Research Administration. No distributions will be made if fifty percent (50%) of the total indirect

costs recovered falls below \$180,000. This baseline amount is subject to change on a yearly basis. IDC funds distributed during the fiscal year to any generating unit will be counted a part of the total distribution due that unit at the end of the fiscal year.

7. REPORTS

7.01 A written report to the Associate Vice President for Research and Sponsored Programs will be made annually (due September 15, one year after receipt of funds) from each unit that received recovered IDC. The report will describe how funds were used and how this funding has benefited research at SHSU.

7.02 An annual written report will be provided to the university community by the ORA as to how all recovered indirect cost funds are being used to support research activities. The purpose of this report will be to highlight the research activities of the faculty at SHSU.

APPENDIX B – PAYMENTS TO UNIVERSITY EMPLOYEES

Sam Houston State University
Academic Policy Statement 940202
Payments to University Employees
for Services
Revised September 9, 1994

1. PURPOSE

The purpose of this policy is to provide guidelines and procedures for the payment of compensation for services rendered to Sam Houston State University by the faculty and staff of the university outside their regular employment and duties.

2. DEFINITIONS

2.01 Professional Services: services requiring unique knowledge or expertise not generally available from the average person, usually, but not always, associated with particular specialties. The definition as generally used here does not include services within the scope of practice, as defined by state law, of: accounting, architecture, land surveying, medicine, optometry, or professional engineering. Accordingly, professional services (as the term is herein used) should be, but not necessarily are, exempt from regulation by the Professional Services Procurement Act (Government Code & 2254.001).

2.02 Correspondence Course: a method of providing instruction for academic credit through the systematic exchange of written course materials between student and teacher.

2.03 Correspondence Course Grader: the teacher or faculty member paid by the university to take charge of the written work of the correspondence course student, grade lessons, prepare and grade a final examination and submit a course grade.

2.04 Continuing Education: generally non-academic credit courses, but used for continuing accreditation or maintenance of a particular expertise.

2.05 Consulting Service: the service of studying or advising a state agency under a contract that does not involve the traditional relationship of employer and employee (Government Code 2254.021). As the term is used here, consulting services are provided to the university by university employees providing "consulting" limited to a particular fact pattern or situation calling for obvious specialized knowledge and expertise, usually requiring a written report/evaluation with specific recommendations for change or improvement.

University personnel, all of whom fall within this umbrella policy statement, are not totally independent to pursue contracting with the university or its managed grants/contracts. The personnel must work around and are subject to existing university duties; they must be paid through personnel action forms instead of direct "gross" payments; they must have payroll taxes withheld, and they still generally report to the same persons as they do on a day-to-day basis, albeit perhaps on a different "level." Since there are residual elements of an employer/employee relationship that destroy an independent contractor status, university personnel performing functions for the university or an activity under management by the university are, by definition, not independent contractors. It is impossible to consider university personnel performing any university activity not being subservient to the university in some fashion, and thus these types of university activities do not fall within the Government Code definition. While certain elements of an independent activity exist, the complete mix does not exist, and thus, for legal/tax purposes, the personnel are employees for the purposes of this policy and university payroll activities. Since the personnel are employees, the attendant statutory requirements do not apply.

2.06 Extended Learning: Same definitions as paragraph 2.04.

2.07 Internal Funding Sources: funds originating within or received and/or managed by the university, including, but not limited to, research grants and other funds which may be managed by the Office of Contracts and Grants.

2.08 Lecturing: the process of imparting knowledge via speech and materials developed for such speech, herein defined as speeches and presentations for non-academic credit classes or groups.

2.09 Professional Activities: activities related to the individual's professional status, such as, but not limited to: professional affiliations, speeches, lectures, publications, and similar activities.

2.10 Faculty-staff temporarily not on payroll: employees not currently under contract with the university, such as, but not limited to: a nine-month employee on summer leave, an employee taking voluntary unpaid leave, etc.

3. COMPENSATION AND ACTIVITY LIMITATIONS:

Compensation shall be paid in accordance with the following guidelines:

3.01 The maximum total professional compensation per fiscal year from all internal sources of the university for the providing faculty/staff member shall be the sum of the individual's twelve month full-time stipend (salary) or wage, plus not more than twenty-five percent of the nine month average salary of full professors at Sam Houston State University (based on non-administrative positions) as calculated by the Office of the Vice President for Academic Affairs as of September 1 each year.

3.02 Each fall semester shall begin a new base period for computation of the maximum total professional compensation.

3.03 All such consulting, lecturing, correspondence course grading or other professional activities shall not conflict with any regularly scheduled university work, activity or organized classes.

3.04 The maximum professional compensation a university employee may receive in any one month shall be governed by the following:

a. Continuing Education, Extended Learning, and/or Correspondence Course Grading

1. Independent sources of funding: no monthly limit, subject to an overall aggregate maximum which shall not exceed the sum of the individual's twelve month full-time stipend (salary) or wage, plus not more than twenty-five percent of the nine month average salary of full professors at Sam Houston State University (based on non-administrative positions) as calculated by the Office of Vice President for Academic Affairs as of September 1 each year.

2. Federally supported funding: as per federal guidelines, which generally requires pro rata sharing of regular salary and benefits on percentage of effort basis. Federal rules prohibit compensation in excess of the regular salary of an employee and impose a shared cost based on a percentage of effort for the task, unless specific written authorization from the appropriate government agency is received.

3.05 All other activities

a. Federally supported funding as per federal guidelines, which generally requires pro rata sharing of regular salary and benefits on percentage of effort basis. Federal rules prohibit compensation in excess of the regular salary of an employee and impose a shared cost based on a percentage of effort for the task, unless specific written authorization from the appropriate government agency is received. If permitted in writing by the federal granting agency, the university may allow compensation in excess of the regular salary of an employee up to the limit established by the granting agency, or as described in this procedure, whichever is lesser.

b. State of Texas funding: compensation in excess of regular salary of an employee is generally prohibited. Exceptions may apply, such as those statutorily allowed for the College of Criminal Justice. If permitted by the state granting agency the university may allow compensation in excess of the regular salary of an employee up to the limit established by the granting agency, or as described in this procedure, whichever is lesser.

c. Independent sources of funding: no monthly limit, subject to an overall maximum which shall not exceed the sum of the individual's twelve month full-time stipend salary or wage, plus not more than twenty-five percent of the nine month average salary of full professors at Sam Houston State University (based on non-administrative positions) as calculated by the Office of the Vice President for Academic Affairs and Student Services as of September 1 of each year, in aggregate from funding via internal sources.

4. PROCEDURAL REQUIREMENTS

4.01 Payments for professional services will be, as required by law, treated as payroll items and accordingly as salary payments, and are therefore to be submitted on the appropriate payroll action form. Such funding sources will be fully liable for appropriate payroll taxes and fringe benefits. Full-time employees may not be reimbursed for professional services from any state account (fund group 10).

5. COMPLIANCE

Adherence to this policy is the responsibility of the initiating party, and authorization must be approved by the President through appropriate channels using the appropriate approval form, generally a Payroll Action Form. Further, the person must have had approvals for such activities documented as per Sections 4.11 and 5.4, *Rules and Regulations* of the Texas State University System.

6. SUPERSEDING LAW

6.01 This policy shall be subordinate to any overriding state or federal law, and may only be incorporated to the legal extent allowable for payment of professional services by university faculty/staff.

7. PUBLICATION/ BID REQUIREMENTS

7.01 Any potential contract in excess of \$10,000 per fiscal year and not falling within this policy's guidelines (i.e., non university employee, etc.) must be published via appropriate professional services announcements in the Texas Register. Such professional services may, in some cases, require bidding procedures in compliance with the Professional Services Act.

8. BENEFITS

8.01 Dual employment with the state regulations shall apply so that duplicated benefits shall not result.

9. This policy is in effect with the fall semester of 1994.