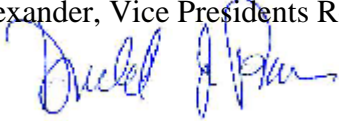




CALIFORNIA STATE UNIVERSITY, LONG BEACH

DIVISION OF ACADEMIC AFFAIRS

July 15, 2011

To: Deans, Associate Deans, and Principal Investigators  
C: President Alexander, Vice Presidents Robinson, Stephens and Taylor  
From: Provost Parra   
Re: New practices and procedures for Grants and Contracts Facilities and Administrative (F&A) funds

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CSULB's academic purpose is to "graduate students with highly valued degrees." In seeking to fulfill CSULB's academic purpose, the University has established two priorities: student success and faculty support. External grants and contracts (G&C) can and do contribute to the high value of our degrees and to our priorities.

Our goals include encouraging the research, scholarly and creative activities of our excellent faculty, maintaining and improving support for G&C activities at CSULB, maintaining excellent customer service for principal investigators, and increasing the number and amount of grants awarded to the campus.

When G&C are awarded, "Facilities and Administration" (F&A) revenues (federal government terminology) are often provided by funding agencies along with direct G&C revenue to defray the costs of administering G&C related activities and maintaining research facilities. Periodically, the federal government negotiates with campuses to establish maximum F&A rates, specific to each campus for on-campus and off-campus federally funded research programs and projects. Some but not all external G&C will bring in revenues with the federal maximum F&A rate. Many non-federal and private funding agencies and fellowships pay less or no F&A at all. The campus mixture of G&C combines to an average "effective" F&A rate, which can be (and currently is for CSULB) far less than the federal maximum rate.

G&C activities generate F&A expenses that must be covered. The Office of Research & Sponsored Programs (ORSP) assists faculty and staff in preparing and submitting grants and in processing G&C transactions; the Foundation provides services for human resources, purchasing, auditing and tax reporting; college and department offices originate transactions; the campus travel office processes claims; Facilities Management maintains buildings and rooms housing research activities. If CSULB's effective F&A rate were to grow to match the maximum federally negotiated rate, it might be possible to cover all costs with F&A revenues. However, many funding agencies do not provide funds with the maximum rate; it is unlikely that F&A revenues will ever be able to fully cover all costs.

In developing our F&A administrative practices & procedures, it has been necessary to balance the following complex parameters:

- Although we do not expect to recover fully all costs of administering G&C, we must deal with drastically shrinking state resources and use our scarce resources in the most strategic ways possible.
- We wish to be able to fully support without disadvantaging external awards for equipment, fellowships and some other awards that provide little or no F&A.
- We wish to streamline services that support G&C principal investigators as much as possible.
- We wish to create incentives to support faculty G&C efforts and to strengthen faculty research and creative activity across the University to contribute to our “highly valued degrees.”
- We wish to strike a fair balance to the distributive justice problem of using revenues for the good of the whole versus rewarding those who generate the highest revenues.
- We must ensure the integrity of our G&C management processes.

These new practices & procedures have been developed based on research and input from the Associate Vice President for Research & Sponsored Programs, discussions with a faculty advisory committee, discussions with the academic deans, and discussions with senior campus leadership. These administrative practices & procedures are established by the Provost and Senior Vice President for Academic Affairs, effective July 1, 2011 and continue indefinitely.

#### Administrative Practices & Procedures

1. These administrative practices & procedures apply to all CSULB externally funded G&C applications and awards. This includes but is not limited to funding agencies that are federal, state, county, city, public, private-non-profit, and private-for-profit. This includes but is not limited to grants, contracts, and fellowships. These administrative practices & procedures typically do not apply to (a) solicitations for scholarships, (b) solicitations for development requests that do not involve sponsored programs or specified products, or (c) funding provided by the CSU system office. If any uncertainty exists about the applicability of these practices & procedures, the AVP for Research and Sponsored Programs should be consulted. These practices & procedures address the F&A revenue that often is provided with externally funded grants, contracts, and sponsored programs and projects. These administrative practices & procedures do not cover all aspects of the submission and management of grants and contracts; other policies apply to many other aspects of the process.
2. All proposals for external funds, including grants submitted to public or private funding agencies, and proposals for contracts with corporate or non-profit funding agencies must include the current CSULB full federally negotiated on-campus F&A rate in proposal budgets unless the funding agency has a written policy that designates a different rate. If the funding agency has a written policy establishing another or zero F&A rate, that rate may be

used in the proposal, subject to the approval of the AVP for Research and Sponsored Programs. The AVP for Research and Sponsored Programs has authority for approving/disapproving F&A rates and proposed budgets in all proposals. The campus will make every effort to support quality research proposals even if F&A rates are low or zero.

3. For G&C bringing full federally negotiated on-campus F&A rate or with rates at or higher than the current off-campus F&A rate, current campus revenue sharing practice will continue unchanged. Sponsoring colleges will receive a share of F&A revenue equal to the award's F&A rate (including the portions formerly distributed by colleges to departments and PIs). Authority to decide the use of these revenues is delegated to deans. Deans may use these returns to defray costs at the college level, for research stimulation, and/or share with departments or principal investigators.
4. For G&C with less than federally negotiated off-campus F&A rate, F&A revenues will be used by ORSP to make it possible to accept equipment grants (usually at 0% F&A rate), fellowships, and other awards with low F&A rates (including 0%). The campus will generally accept these awards without any charge to the college or other administrative unit, subject to the approval of the AVP for Research and Sponsored Programs and subject to availability of funds. The AVP for Research and Sponsored Programs will consult with deans when appropriate.
5. Every effort will be made to reduce the costs of administering G&C. The AVP for Research and Sponsored Programs will work closely with the Foundation and the Division of Administration and Finance to promote efficiencies. The AVP for Research and Sponsored Programs will closely monitor pre-award and post-award staffing and other research operations to create efficiencies.
6. Services needed for administering G&C such as pre-award services, post-award services and Foundation services will be supported by F&A revenues.
7. Residual amounts from fixed price contracts at the end of contract period revert to ORSP, although limited extension may be approved by the AVP for Research and Sponsored Programs. Residual amounts in 17 accounts of retiring and separating faculty revert to ORSP. Balances in 17 accounts with no transaction activity for 12 consecutive months revert to ORSP. Research centers and institutes officially established with the approval of Academic Affairs and Academic Senate will be reviewed case by case. The AVP for Research and Sponsored Programs will consult with deans when appropriate.
8. F&A revenues must only be used on research related activities. The AVP for Research and Sponsored Programs is authorized to scrutinize and approve/disapprove the use of F&A revenues and funds in 17 accounts to avoid inappropriate expenses such as with conflict of

interest. Funds in 17 accounts may not be used to pay account owners stipend or salary without prior approval of the AVP for Research and Sponsored Programs.

9. ORSP will use any remaining F&A revenues for grant matching, encouraging faculty to apply for external funding, and support of faculty research.
10. Pursuant to Executive Order No. 890 (January 7, 2004; Article 3-3.1.3), in general, the University will be the “Recipient of the Contract or Grant” for all externally funded research grants, contracts, and sponsored programs and projects.