SOUTH DAKOTA BOARD OF REGENTS

Policy Manual

SUBJECT: Externally-Sponsored Programs

NUMBER: 5:2

1. Information Relative to Grants

All grant applications and acceptances must be approved by the Executive Director unless the grantor expressly requires approval by the Board of Regents as a condition of acceptance. The application and award information shall be reported by all institutions in a standard format approved by the Executive Director.

2. Grant Overhead Funds

All grant and contract indirect cost recovery funds shall be under the direct supervision of the president of the institution. An annual report shall be included in the Supplemental Budget Information submitted as part of the budget request cycle. The annual report shall include a breakdown of personal services and O & M expenditures within NACUBO program. Grant overhead funds shall be included in the Operating Budgets submitted during each budget cycle.

Research grants overhead shall be utilized as follows:

A. Directly in matching support of organized research or distributed on a departmental basis to promote research-related activities;

B. For administrative and audit costs related to research undertakings;

C. For physical plant costs;

D. For graduate research assistants in developing new and needed research areas; or

E. To support research in departments where outside grant funding is not available.

3. Indirect Cost Definition

A. Indirect costs are real and defensible costs of conducting sponsored projects and activities. These costs represent incremental expenses which should be recognized by all agencies that do business with colleges and universities.

B. The most defensible posture for the institutions to assume is to base the indirect cost rates applied to grants and contracts with State agencies on each institution's federally-approved indirect cost rate. The cognizant audit agency for all of the institutions under the supervision of the South Dakota Board of Regents is the U.S. Department of Health and Human Services Audit Agency.

4. Recovery of Indirect Cost from State Agencies

A. In order to recognize the State of South Dakota's monetary contribution to higher education and higher education's desire to serve the State of South Dakota, indirect cost rates charged to State agencies shall be limited to 60% of each institution's Federally-approved indirect cost rate. This rate adjustment for State agencies does not apply to grants and contracts that involve Federal or other non-state funds.

B. Each institution must be allowed the flexibility to negotiate indirect cost recovery on individual grants or contracts based on the potential benefit of that sponsored project to the institution. Where the actual level of indirect cost recovery is less than the amount dictated by the federally approved cost rate, the difference shall be shown as an institutional contribution to the project.

SOURCE: BOR, 1965; BOR, 1968, P. 293; BOR, May, 1991; and BOR, May, 1993