

Infrastructure Charges

Authority This Guide Memo was approved by the Provost and the Vice President for Business Affairs and Chief Financial Officer (CFO).

Applicability This policy applies to restricted funds and designated funds effective September 1, 2005.

Summary The Board of Trustees of Stanford University approved a revised infrastructure policy in October 2004. The revised policy, effective September 1, 2005, increases the infrastructure charge (ISC) from 6% to 8% for both new and existing funds. For designated funds, the infrastructure charge will be applied at the time funds are received from all external revenue sources. For restricted funds (expendable gift funds, endowment income funds and sponsored project funds that carry an F&A rate of 0%), the infrastructure charge will be applied at the time funds are expended or transferred.

Gifts for building projects are exempt from the infrastructure charge.

The infrastructure charge collected from funds owned by non formula schools will be credited 75% to a central University PFOO (project/fund/object code/org code) (controlled by the budget office) and 25% to a central PFOO owned by the budget unit involved in the transaction. The infrastructure charge collected from funds owned by formula schools and auxiliaries will be credited directly to a central PFOO belonging to the formula school or auxiliary.

Any exceptions to the policy require approval of both the Provost and the CFO and are to occur rarely, if at all.

Section headings are:

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2. ASSESSMENT ON DESIGNATED REVENUE
3. ASSESSMENT ON RESTRICTED EXPENDABLE FUNDS (GIFTS)
4. ASSESSMENT ON RESTRICTED ENDOWMENT INCOME
5. ASSESSMENT ON SPONSORED PROJECTS
6. EXCEPTIONS TO THE POLICY
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1. PURPOSE

If Stanford is to maintain long-term financial stability, restricted and designated funds must contribute to the cost of the University's infrastructure. Activities supported by designated and restricted funds represent a significant percentage of the University's total activity. General funds, alone, cannot bear the full burden of the infrastructure and administrative costs required to support these activities. The purpose of this policy is to recover a portion of these costs.

2. ASSESSMENT ON DESIGNATED REVENUE

The infrastructure charge is applied to all external designated revenue at the time it is received. Once the designated revenue is deposited in a fund, no infrastructure charge will be applied to either expenditures against the fund or transfers out of the fund.

3. ASSESSMENT ON RESTRICTED EXPENDABLE FUNDS (GIFTS)

The infrastructure charge is applied at the time the funds are expended or transferred. All expenditure types are subject to the charge.

4. ASSESSMENT ON RESTRICTED ENDOWMENT INCOME

The infrastructure charge is applied at the time the funds are expended or transferred. Endowment funds whose purpose is restricted by the donor to academic-year tenure line salaries (professorships), undergraduate and graduate student financial aid, or undergraduate research opportunities are not subject to the infrastructure charge. Restricted endowments that are not specifically restricted to these purposes but are used to support these activities will incur the charge.

5. ASSESSMENT ON SPONSORED PROJECTS

Sponsored project awards that carry an F&A rate (indirect cost rate) of 0% are subject to the infrastructure charge as follows:

- a. Sponsored project awards with start dates prior to September 1, 2005, are subject to the previous infrastructure policy and rate of 6%. Sponsored project awards with start dates on or after September 1, 2005, are subject to the revised policy unless they meet the exception in 5.d (2) below.
- b. Sponsored project awards made in response to proposals submitted using the previous infrastructure policy and rate of 6% will be subject to the previous policy and rate until the end of their competitive segment. A new competitive segment will be subject to the revised infrastructure policy.
- c. Proposals submitted on or after September 1, 2005, are subject to the revised infrastructure policy.
- d. The revised infrastructure policy applies to sponsored projects as follows:
 - (1) No sponsored project award is assessed the infrastructure charge if the award is already paying indirect costs (IDC). Awards paying less than 8% indirect costs are not charged ISC but instead are charged their applicable IDC rates.
 - (2) The infrastructure charge is assessed on non-government sponsored project awards and awards sponsored by foreign governments. U.S. Government awards (federal, state and local government agencies) are excluded from infrastructure.
 - (3) The infrastructure charge is automatically exempted, but not waived (an alternate PTA must be provided by the principal investigator/ department to pay the infrastructure charge) on all non-government and foreign government awards where the sponsor has a written policy stating it does not pay indirects and the sponsor/program is on OSR's (Office of Sponsored Research) pre-approved IDC waiver list. A request to exempt the award from the infrastructure charge is not required.

For all other sponsors who will not pay indirect costs, a request to exempt the award from the infrastructure charge must be submitted and approved by the Provost and the CFO before an institutional official approves the proposal for submission to the funding agency.
- e. All cost-sharing is exempt.
- f. Institutional allowances for federally-sponsored projects are exempt.

6. EXCEPTIONS TO THE POLICY

Any exceptions to the policy require approval of both the Provost and the CFO and are to occur rarely, if at all. If a donor/sponsor will not allow the infrastructure charge to be applied to a restricted fund, then either the gift/award will have to be refused or the Provost and the CFO may grant an exemption. If an exemption is granted, then the unit receiving the funds must identify an alternative source of funding to pay the infrastructure charge. To request an exemption, complete the "Request for Infrastructure Exemption" form, following the guidelines posted with the form. The form can be found at http://ora.stanford.edu/supporting_files/EXEMPTION_REQ.doc.

7. ISC IMPLEMENTATION GUIDE

The ISC Implementation Guide provides additional detail about how the revised ISC policy is implemented. The guide can be found at http://ora.stanford.edu/rates/infraRev_05.asp.

8. ADDITIONAL SOURCES OF INFORMATION.

A list of expenditure types subject to infrastructure can be found on the Burden Expenditure Type Mapping Schedule at https://orasecurestanford.stanford.edu/supporting_files/burdenmap.xls.

For sponsored project awards subject to the previous infrastructure policy, the prior implementation guideline can be found at http://ora.stanford.edu/rates/infraRev_4.asp.

For policy clarification contact:

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- Jean DeMartini in the Controller's Office Fund Accounting (723-3013 or jeand@stanford.edu), or
- Pamela Webb in the Office of Sponsored Projects (724-6613 or pwebb@stanford.edu).