

Auburn University
College of Agriculture

Industry Funding Guidelines

Overview of Guidelines

- The College of Agriculture, in collaboration with the Office of Sponsored Programs (OSP), has established a streamlined process for research award negotiations with industry stakeholders. OSP has four approved agreement types that can accommodate a large proportion of the research conducted in the college: i) Fixed Price Technical Assistance Agreement, ii) Fixed Price Research Services Agreement, iii) Fixed Price Research Agreement, and iv) Cost Reimbursable Research Agreement.
- This guideline does not involve research directed through and supported by commodity organizations, and will not apply to companies that can provide evidence of an approved and published policy for a maximum indirect cost rate.
- Gifts (processed through the AU Foundation and Office of Development) are allowed only in special circumstances when there are no tangible benefits to the sponsor or expected research deliverables.

Benefits

Channeling industry research funding through OSP will:

- increase extramural research funding,
- enhance faculty scholarly productivity,
- provide research credit and recognition for industry funding to faculty
- protect intellectual property rights.

It should be noted that under the college's F&A allocation guidelines, a major portion of the indirect cost recovered will be returned to the PI(s) and their departments. PIs can use part of the indirect cost dollars returned to them and their department to supplement project costs. Thus, indirect cost recovery is expected to have only a minimal effect on the project budget.

Industry Funding Guidelines

- Faculty are strongly encouraged to recover up to the full indirect cost rate when possible.
- **Effective January 1, 2018, the indirect cost rate applied on industry projects with tangible benefits to AU will reflect a minimum rate of 26% of the total direct cost. A full indirect cost rate will apply if the agreement does not provide tangible benefits to AU.** Some examples of tangible benefits include undergraduate research opportunities, graduate student training, and the sharing of results publically through scientific conferences, industry meetings, and through peer-reviewed publications.
- Department Heads are charged with initial determination of the applicable indirect cost rate. The Dean's Office will make the final determination and approval of the indirect cost rate.
- Full indirect cost rates for research, instruction, and outreach can be found at <https://cws.auburn.edu/shared/files?id=159&filename=AU%20Fact%20Sheet.pdf>

Types of Industry Relationships and Agreements:

A. Sponsored Projects

Sponsored Projects are externally-funded activities in which a formal written agreement entered into by the University and a sponsor. A sponsored project may be thought of as a transaction in which there is a specified statement of work and budget with a related, reciprocal transfer of something of value. The OSP provides four sample agreement templates on the OSP website for university and sponsor personnel to use when contemplating a project. Each agreement type has specific terms appropriate to the type of work being done. The idea is to provide a starting point and hopefully avoid prolonged negotiations by providing those terms shown through experience to be generally acceptable to most parties. If the agreement is deemed acceptable, a potential sponsor can sign it at the same time as approving AU proposal and AU will accept it. The agreements have some alternatives for certain clauses which the sponsor can choose. Additionally, AU will make minor changes upon discussion with the sponsor's contracting point of contact and concurrence by the Investigators.

1) ***Fixed Price Technical Assistance Agreement:***

<https://cws.auburn.edu/shared/files?id=159&filename=AU%20Fixed%20Price%20Technical%20Agreement%20Agreement.pdf>; When a sponsor has a testing protocol for us to follow for a product or material that requires testing and AU provides the laboratory assistance and facility to address the concern, the Firm Fixed Price Technical Assistance Agreement is a useful starting point. It generally involves no intellectual input from AU as it is often work to support testing of a sponsor's intellectual property or product. As a result the agreement has no intellectual property clauses, limited publication language and simple payment terms.

2) ***Fixed Price Research Services Agreement:***

<https://cws.auburn.edu/shared/files?id=159&filename=AU%20Fixed%20Price%20Research%20Services%20Agreement.doc>; In some cases the scope of work is developed by the sponsor with very limited, if any, input from AU researchers or graduate students. The conduct of the work may be related to a sponsor's product, material, or process but requires research expertise from AU that would otherwise not be available within the sponsor's personnel or facilities. Like the Technical Assistance Agreement, the terms of the Firm Fixed Price Research Services Agreement are limited and simplified with a slight expansion in publications, confidentiality, or intellectual property.

3) ***Fixed Price Research Agreement:***

<https://cws.auburn.edu/shared/files?id=159&filename=AU%20Fixed%20Price%20Research%20Agreement.doc>; A fixed price research agreement is a good starting point for standard research projects where both parties are contributing expertise, funding, or facilities; the cost associated with reaching a useable conclusion or outcome are fairly certain; and the methodologies used are fairly standard. The terms are simple but the intellectual property language and publication or confidentiality terms are more robust.

4) ***Cost Reimbursable Research Agreement:***

<https://cws.auburn.edu/shared/files?id=159&filename=AU%20Cost%20Reimbursable%20Research%20Agreement.doc>; Similar to the fixed price research agreement, a cost reimbursable agreement is appropriate for a standard research agreement but where the cost and expectation of a specific outcome is not as certain. Cost security may be a factor and the terms may need to be more specific for the work to be conducted and the reimbursement of costs associated with uncertainty of

completion. Generally the intellectual property, publication, and confidentiality provisions need to be more complex to ensure both parties have their expectations met.

Definitions:

- **Fixed Price Agreement:** A fixed price project is one in which the sponsor and university agree upon the total cost of the project prior to the work beginning. The sponsor agrees to pay the full amount in advance, based upon milestones completed, or in agreed upon installments. The full amount is paid regardless of what it costs AU to actually perform. The risk is on AU to perform the agreed upon scope of work regardless of the cost. The sponsor may ask questions up front as to how the budget was determined but generally has no rights to review expenses incurred as long as the work is completed. If funds remain after the work is completed and all the expenses are accounted for the remainder is returned to the College in accordance with the University's Fixed Price Residual Balances policy:
<https://sites.auburn.edu/admin/universitypolicies/policies/fixedpriceResidualBalancesPolicy.pdf>
- **Cost-Reimbursable Agreement:** The Researcher incurs costs and charges those cost to a banner fund. Monthly or quarterly, the Office of Contracts and Grants Accounting sends an invoice to the sponsor requesting reimbursement for the expenses incurred. Whether or fixed price or cost reimbursement, the work can begin once agreements are signed and the starting date is reached. It is not needed to wait until cash is received from a sponsor for the project work can begin.

B. Gifts

A gift from a private entity to support research efforts at the university is processed through the AU Foundation and Office of Development. A gift relationship should require no substantive effort on the part of AU or provide any tangible benefit to the donor in exchange for the funding. Gifts may have some general conditions associated with the use of the funds and some expectation of the pursuit of specific tasks or even return of unused funds but may not provide an exclusive benefit to the donor in exchange for receiving the gift.

More information is available in the University policy to identify and administer gifts and sponsored agreements:

<https://sites.auburn.edu/admin/universitypolicies/Policies/GiftsandSponsoredProjectsPolicy.pdf>

It contains guidance as well as a checklist for helping to make the determination of whether or not an exchange transaction between the parties is present.

Frequently Asked Questions

- 1. *Who should I contact when preparing a proposal or price quote to a sponsor?***
 - a. The College Level Designee for your college is authorized to submit proposals on behalf of the university and is trained in Institutional policies and procedures for proposal development and budgeting.
 - b. Contract Administrators in the OSP are available as well to provide support and guidance for proposal development questions. For large complex projects, the Office of Proposal Services and Faculty Support (PSFS) provide assistance in proposal development.

- 2. *What costs must be included in the budget?***
 - a. Generally the full cost of completing a project should be included but in some cases where public benefit results, it may be appropriate for the university to share the cost through reduced overhead or salaries.
 - b. If a sponsor is unclear about overhead type costs, it is possible to burden each budget line item with overhead (as opposed to listing overhead as a separate line item) so as not to impede a sponsor's understanding of the total project cost.

- 3. *I just need to perform a few tests for a company related to their product. Why do I need a formal agreement and what should I use?***
 - a. The Technical Assistance Agreement on the OSP website is a simple one page document containing minimal required information to help each party understand basic obligations of performance and payment. It also provides the minimum information needed by the Banner system to establish an account from which to spend funds during the conduct of the project.
 - b. If the sponsor requires more technical input from AU, the research services agreement may be a better choice.
 - c. If the sponsor wishes to use their own OSP will negotiate as quickly and flexibly as possible and may ask the Investigator for assistance in understanding the project requirements and potential risk.
 - d. Questions for the proper type of agreement to use can be addresses to OSP.

- 4. *If I need to reduce or waive indirect costs (overhead) who has to approve it?***
 - a. Your Department Head and Dean are the first approvals for forfeiture of overhead. OSP will evaluate the appropriateness of the waiver based upon characteristics of the project and the restrictive nature of the agreement to determine if recovering less than full cost could be problematic. Reductions in overhead like limited recovery of other types of costs are generally approved by the College as the Dean will be responsible for locating the funds for sharing in the cost.

- 5. *What should I do if I have a relationship with a company or its principles outside of the work being conducted through Auburn?***
 - a. Any outside financial interest should be disclosed through the Office Research Compliance (ORC) and if a conflict is deemed to exist, a management plan can be drafted to assist in management of the situation. A conflict of interest is not necessarily a bad thing. It just should be disclosed and managed.