

Implementing Infrastructure

Implementing the Infrastructure Charge (ISC) Policy

May 11, 1998 (Revised March 1, 2004)

To: School and Department Faculty Administrators and Staff

From: Susan Calandra, Controller and Tim Warner, Vice-Provost
for Budget and Auxiliaries Management Re: Implementing the
Infrastructure Charge (ISC) Policy

This guide is for use by the Office of Sponsored Research (OSR) for ongoing sponsored awards that are subject to the ISC policy in effect prior to September 1, 2005.

Please refer to the guide "[Implementing the Revised Infrastructure Charge \(ISC\) Policy](#)" for current awards.

In order to clarify and refine the application and implementation of the University's Infrastructure Charge (ISC) Policy, the following procedure implements [Administrative Guide Memo 37.3 Infrastructure Charges](#). In general, the Infrastructure Charge Policy states the University's intention and mechanism for recovering certain infrastructure related costs incurred on behalf of activities supported by restricted funds. As restricted funds are used, an assessment is charged to help defray the cost of infrastructure (primarily building-related operating and maintenance costs; e.g., custodial costs, routine maintenance, insurance, fire protection, and other safety costs). The ISC Policy covers all restricted funds and certain other funds administered by Stanford University. This includes designated unrestricted, endowed (income), expendable gifts, and government and non-government sponsored agreements.

Infrastructure Charge

The infrastructure charge is based on expenses per PTA (project/task/award) and appears in expenditure type 56930.

Simplified Sample of an FY04 Expenditure Statement for a PTA which is subject to the infrastructure charge		
51115*	Professor Salary	\$2,000
51515	Secretary Salary	1,000
51710**	Vacation Accrual - Exempt	87
51750***	Staff Benefits	892
52810*	Rental Space	100
55110	Office Supplies	500
56930	Infrastructure Charge	114
	TOTAL	\$4,680

* These charges do not accrue infrastructure.

** Vacation accrual, new for FY04 accrues the infrastructure charge unless the vacation accrual is associated with a salary expenditure type excluded from infrastructure.

*** Staff benefits accruing infrastructure charges do not include benefits associated with the salary charged to exp type 51115 (or other exempted salary expenditure types).

For questions about infrastructure charges related to sponsored projects please call your [OSR representative](#) or (650) 723-2883 in the Office of Sponsored Research. For all other inquiries, please call your Fund Accounting representative or Ken Anderson, Manager Fund Accounting at (650) 723-3013 in the Controller's

Office.

General Description of Policy Application

Expenditures in projects/tasks/awards (PTA's) supported by restricted funds (Designated, Endowment Income, and Expendable Gifts) are subject to the charge, with the general exemptions of faculty salary and related benefits expenditures, student aid expenditures, gifts to student organizations and expenditures for building projects and several other categories of expense (detailed below).

Sponsored activity (award range PAAAA - VZZZZ) are not assessed the infrastructure charge, unless they have the facilities and administrative (F&A) cost recovery (formerly referred to as indirect cost) waived to less than 6%. If indicated, the infrastructure charges incurred by expenses on these PTAs may be charged to an alternate PTA. The alternate PTA will reflect these infrastructure charges in expenditure type 56950.

Should a principal investigator wish to send a proposal to a sponsor which grants facilities and administrative costs (formerly referred to as indirect costs) at a rate less than Stanford's current ISC rate, the PI must identify on the F&A cost waiver request a plan for paying the ISC. Alternatives include charging the project directly (assuming the charges are allowable by the sponsor), or designating an alternate source of funds to pay for the ISC. This alternate source of funds must be able to support an expense of this nature. Designated, endowed or expendable funds may be used, but other sponsored projects and operating budgets may not.

The Infrastructure Charge policy exempts all expenditures in service types: Student Aid, Facilities Operations & Maintenance, Expenditure Allocation, Miscellaneous Receivables, Academic Service Centers, Administrative Service Centers, Specialized

Service Centers, Auxiliaries, Intercompany, and Operating Budget regardless of which award classification they are in (e.g., Operating Budget, Designated, Expendable, etc.). All direct expenditures against the operating budget are exempt. However, restricted funds supporting the operating budget are assessed the charge through a separate mechanism.

All student aid funds, both endowed (award range K-N) and expendable (award range G-J), and cost sharing funds (a part of award range W) are exempt from the charge. Fellowships which provide a fixed institutional allowance amount are exempt from the infrastructure charge. University Research funds are also excluded (a part of award range W). All designated, expendable and endowed funds subject to the infrastructure charge have had eligible expenditures charged since January 1, 1996.

Unobligated funds remaining at the expiration of a fixed price sponsored project which are transferred to a departmental PTA on or after September 1, 1999, are not subject to the infrastructure charge provided the funds were assessed an F&A rate of 6% or greater. These funds are transferred to a departmental PTA, less the facilities and administrative costs (formerly referred to as indirect costs) that would have been assessed on additional project expenditures. The department should either establish a new PTA exempt from infrastructure or use an existing PTA that is already exempt. The department may not commingle these funds with funds subject to infrastructure in the same PTA. Please contact your OSR representative for additional guidance.

ISC Waivers

Requests to waive the application of ISC must be addressed to the Budget Office. A waiver of F&A (indirect costs) granted by the Dean of Research does not waive infrastructure. Waiver requests should be addressed to Andrew Harker, Director, Budget Office.

See [Research Policy Handbook section 3.10](#).

Utility Charge (UC)

The Utility charge is a discretionary mechanism which allow School Deans to recover the cost of utilities from restricted funds. This charge is subject to the exact same policies, guidelines and implementation procedures as infrastructure. Currently only the Dean of Research has chosen to assess the utility charge.

Setting the ISC/UC Rates

Rates are reviewed and set annually by the Budget Office. Click on the [Stanford Rate Page](#) for current rates and rate history.

Charging Infrastructure in the Oracle Financial System

Awards are charged ISC based on the burden schedule assigned to the award in Oracle Grants Accounting. The burden schedule defines a list of expenditure types that are subject to ISC, the rate applied and the time period in which the rate is effective. This schedule is applicable to all projects and tasks associated with the award. Burden schedules that charge ISC start with the letters "ISC..." in the schedule name. (Burden schedules charging the utility charge include "UC" in the burden schedule name.) Projects and/or tasks that may need to be burdened differently may be assigned a separate burden schedule. The section "List of Expenditure Types Excluded from the Infrastructure Charge on all Burden Schedules" documents the expenditure types excluded from ISC on all infrastructure burden schedules.

Charging the Alternate PTA for Infrastructure (Sponsored Projects only)

For sponsored awards that are assessed the infrastructure charge and the sponsor will not pay the ISC, the department designates an

alternate PTA to accept the charge. Oracle Grants Accounting does not support the systematic charging of alternate PTAs therefore alternate PTAs will be assessed the charge manually. This first manual assessment will occur no earlier than May 04 and will be done on at least a quarterly basis thereafter. Expenditure type 56950 is used for the alternate infrastructure. Expenditure type 56960 is used for the alternate utility charge.

Infrastructure Charge - Implementation Dates for Sponsored Awards

The Office of Sponsored Research instructed PIs that proposals with a start date on or after January 1, 1997 were to include the Infrastructure Charge in the budget where full or partial waivers of facilities and administrative costs (formerly known as indirect costs) are requested. All project PTA's with full or partial waivers (less than 6% facilities and administrative cost rate) which have a start date on or after January 1, 1997, are subject to ISC. However, Stanford began charging ISC to applicable expenditures on sponsored project PTAs starting July 1, 1998 because of delays in making the necessary programming changes. ISC was waived on sponsored project PTA's for the period January 1, 1997 - June 30, 1998.

Applicability By Award/Fund and Service Type

Award/Fund Description	Award/Fund Range		Service Type
Designated General Funds	BAAAA - BZZZZ	and not	Financial Aid Operations and Maintenance Expenditure
Designated Revenue	DAAAA - FZZZZ	and not	Allocation Miscellaneous
Expendible	G - J	and	

Gifts*		not	Receivables Academic Service Centers Administrative Service
Endowment Income and Funds	K - N	and not	Centers Specialized Service Centers Auxiliaries Intercompany Operating Budget University Research
Sponsored Projects**	P - V	and not	

* For proposals after January 1, 1996 for gifts with reporting restrictions (legacy fund 174)

** Unless F&A (indirect cost) rate > or = 6%; for PTAs with start dates January 1, 1997 or later

The following exceptions apply to above.

Description		Award/Fund
Institutional Allowance awards/funds	in	Designated General Funds Expendible Gifts
Fellowships with Institutional allowance	in	Sponsored Projects Award Ranges P (NIH Fellowships) TA (Army Fellowships)
Org Code FDFA (Undergraduate Financial Aid) FDIE (Graduate Financial Aid)	in	All
Unobligated funds remaining at the	transferred to	Generally a new or existing Designated

expiration of a fixed price sponsored project transferred to a departmental PTA provided the funds were assessed an F & A rate of 6% or greater.		Revenue Award/Fund is used
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Awards/Funds Excluded from ISC Policy

Award/Fund	Award Range		
Student Accounts	AAAAA	to	AAAAZ
Other General Funds	AAABA	to	AAADZ
EFP Funds	AAAEA	to	AAAEZ
General Fund	AABAA	to	AABAA
Investment Funds	AAAF A	to	AAAFZ
General Funds Allocation	AABAB	to	AALZZ
One Time Allocation	AAMAA	to	AAMZZ
Intercompany	AANAA	to	AANZZ
Staff Benefits Allocation	AAPAA	to	AAPZZ
Expenditure Allocation	AAQAA	to	AQZZZ
Service Centers	AC	to	AL
Auxiliaries	AM	to	AQ
Miscellaneous Receivables	AR	to	AV
Reserves	AW	to	AZ
Non-Capital Plant	CAAAA	to	CZZZZ
Plant	X	to	Y
Cost Sharing*	WAAAA	to	WZZZZ
University Research**	WAAAA	to	WZZZZ
Student Loans	ZA	to	ZAY
Unrealized Pledges	ZAZAA	to	ZAZZZ
Living Trusts	ZC	to	ZY

* Award Purpose is INR_COST_SHARE or INR_OVERDRAFTS

** Award Type is SPO_UNIV_FUNDED_AWARD and Award Purpose is INR_RES_RSCH

List of Expenditure Types Excluded from the Infrastructure Charge on all Burden Schedules

All Expenses *except those in the following expenditure types/categories* will accrue the 6% infrastructure charge:

	Expenditure Category/Type	Description
Unallocated Exp	50010	Conversion and Adjustments
Faculty	Category 51102	Salary and Wages Faculty
	51360	Contingent Emeritus Faculty
Academic Staff	51325	RBE Coaches
Students	Category 51402	Salary and Wages - Student Research and Teaching Assistants
	Category 51582	Slry Wgs Other Student
	Category 56015	Student Program Support - Unallowable
Post-Docs	Category 51202	Salary and Wages - Post Doc Fellows
Students - Tuition Allowance	51935	Tuition Allowance

	51960	Beg Term Tuition Allowance Prepaid
Students - Financial Aid	Category 57102	Undergraduate Aid Non-athlete
	Category 57202	Undergraduate Aid Athlete
	Category 57302	Grad Grants and Fellowships
	Category 57501	Graduate Student Stipends
	Category 57601	Miscellaneous Aid
	Category 57801	Non-Matriculated Student Aid
	Category 57901	Beg Term Student Aid Prepaid
Overseas Study Program	51541	Salary Staff Admin Overseas Program
	52270	Faculty Support Overseas
	57375	Overseas Outside Teachers
	54380	Overseas Special Projects
	56025	Student Bills Overseas
	56030	Supp Student Costs Overseas
	56060	Exchange Gain Loss Overseas
LD Suspense	51610	LD Clearing Account
Fringe	Category	Fringe benefits associated

Benefits	51701	with 51102, 51360,51325,51202, 51402, 51582, 51540 and Pension Exp 51790
Other Employee Benefits	51810	Payroll Taxes HR Only
	51815	Taxes Benefits Overseas
	51816	Benefits Payroll Taxes
	51820	Pension Plan Contribution HR
	51830	Employee Health Welfare HR
	51835	Payroll Benefit Deduction and Other Reimbur
	51850	Tuition at SU HR Only
	51855	Tuition Non SU HR Only
	51890	Oth Benefits Pymts HR Only
	51895	Benefit Professional Service Costs
Other Compensation	51940	Benefits Grad Students Insur Reimb
Depreciation Exp	Category 52001	Depreciation Exp, Property, Plant and Equipment Loss on Retirements Fixed Assets
	Category 52081	Depreciation Expense - Real Estate
Real Estate	56035	Depreciation Expense - Real Estate Investment
	56040	PY Prop Management Adj

		Real Estate Only
Rent, Leases Land and Buildings	52810	Rent Space
Capital Expense SU Owned	53125	SU Equip Gifts
	53165	SU Appreciation on Equipment Gifts
Repair and Maintenance	Category 53302	Repair and Maintenance General
	Category 53402	Repair and Maintenance Building Systems
	Category 53602	Repair and Maintenance Other Costs
	Category 53902	Paved Areas Outdoors
	Category 58002	Internal Repairs and Maintenance FFE
	Category 58052	Internal Repairs and Maintenance General
Property Related Services and Professional Fees	Category 54001	Property Related Services
	58130	Project Management Fee
	58135	JR Project Management Fee
	58140	Construction Admin fee
Incineration Services	54340	Incineration Services
ITSS	54845	Trunking ITSS Only

	54850	Cable TV Prog ITSS Only
	58175	SU Gen Admin ITSS
Utilities	Category 54901	External Utilities
	Category 58401	Internal Utilities
Residential Dining	Category 55501	Dining Hall Supplies
	58520	SU Residential ED RDE Only
Cost of Goods Sold	Category 55901	Cost of Goods Sold
General Insurance	56055	Cost Transferred to WIP
	Category 56201	Insurance
	58570	SU Ins Premium Allocated
Sponsored Projects	56130	Sponsored Refunds
	56135	Sponsored Project Overdrafts
SLAC Charges	Category 56801	SLAC Charges External
Indirect Costs	Category 56900	Indirect Costs
	58590	Stanford Infrastructure Program
Internal Other Services	58335	SU Maps Records SVSC
	58360	SU Conf SVC Exps
	58365	SU Facility Use Charge
	58370	SU Contribution to the Medical School

Internal Costs Other	58515	SU Institutional Allowance
	58595	General Use Permit
Internal Costs Interest	58630	Internal Interest MarkupUnallowable
Animal Care	Category 58701	Animal Care
Stanford Hospital and Clinic	Category 59101 through Category 59401	SHC Intecompany Chgs
Lucile Packard Salter Children's Hospital	Category 59601 through Category 59901	LPCH Intercompany Chgs

Related Policy and Guidance

- [Restricted Funds Policy approved by the Board of Trustees as of January 1, 1996](#)
- [Infrastructure/Utility Charge Rates](#)
[Indirect Cost Waivers \(RPH 3.10\)](#)