

## **ISR Guidelines: Division of Humanities**

### **Background:**

The following guidelines are intended to provide assistance to both academic staff members and their cost centre managers on how to approach the 'Indirect Salary Component' of external research grants or commercial contracts.

Indirect Salaries are generated on grants where an academic staff member lists a proportion of their time as 'FTE' on an external grant. For staff who are already 'research-only' this concerns their normal job description and these guidelines are not required. Complex questions arise, however, for staff in the workload model of mixed research+teaching+service.

These guidelines elaborate a 60/30/10 model for distributing indirect salaries from external grants.

The guidelines are specifically directed towards staff and cost centre managers who have a mixed workload in teaching departments. They do not apply to research centres that require a generic negotiation of overheads, IRS and resourcing on a stable long-term basis.

### **Glossary:**

To help explain the guidelines, definitions of some of the key terms related to costing and budgeting for external research funds are useful:

**CCW: Costing and Consents Worksheet** (example below) – mandatory for all research activities involving expenditure of externally derived funding (of a non-trivial size). Must be negotiated and signed off by the Principal Investigator on the grant, their cost centre Head and the PVC of the relevant division.

**FTE: Full Time Equivalent** listed in the CCW denoting the amount of time a staff member is being contracted by the external agency to undertake work on the funded activity.

**Overheads:** the sum generated as a proportion of salaries on the grant and distributed to different parts of the University (including the Division of Humanities) to cover the infrastructural costs of research. Overheads are not available for individual researchers to use.

**ISRs: Indirect Salary Recoveries** (example below). The amount of an external grant funded to cover the designated FTE of a named staff member in an external grant. ISRs are funded by external agencies to contract the time and capacities of a staff member to undertake the research project. ISRs do not include the amount of an external grant funded to specifically hire staff to undertake work on projects (like Post-Doc Fellows).

**Vote RS&T and TEC funding:** government research funding provided through the three main granting agencies – Marsden, MBIE and Health Research Council – or TEC (CoREs) which include ISRs and Overheads in their budgets. The intention of Vote RST funding is to fund both the *direct* costs of research (opex) along with the *indirect* costs of research time (ISR) and infrastructure (overheads) for universities.

**S-Account:** an expenditure account set up for a specific staff member into which various kinds of income – often of a small nature like one-off fees, commissions or residual income from a completed project – can be placed. Staff can spend from their S-Account on a broad range of ‘research-related’ costs and expenses. The annual Divisional research allowance is also spent from this S-Account.

University of Otago Costing and Consents Worksheet											
INDIRECT STAFF								Salary Projections updated October 2020		O/H	111
Name	Prof	A Cademic			Dept: Classics			10.AG.C01			
Status	7611 - Indirect Academic		Super	Uni	TA	O/H		Full			
Salary Group	▼		Progressed? ▶		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Year 1 = 2022	
Academic	1 (2022)		2	3	4	5	6				
Grade	PF01	PF01	PF02					Totals			
Salary	\$156,910	\$159,578	\$166,584								
FTE	0.15	0.15	0.15					0.45			
Salary cost	\$23,537	\$23,937	\$24,988	\$0	\$0	\$0	\$0	\$72,461			
Super	\$1,589	\$1,616	\$1,687	\$0	\$0	\$0	\$0	\$4,891			
ACC	\$122	\$124	\$130	\$0	\$0	\$0	\$0	\$377			
Overheads	\$26,126	\$26,570	\$27,736	\$0	\$0	\$0	\$0	\$80,432			
TOTALS	\$51,373	\$52,247	\$54,540	\$0	\$0	\$0	\$0	\$158,160			
Name				Dept:							
Status	7611 - Indirect Academic		Super	Uni	TA	O/H		Full			
Salary Group	▼		Progressed? ▶		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
Academic	1 (2022)		2	3	4	5	6				
Grade								Totals			
Salary											
FTE								0.00			
Salary cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
Super	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
ACC	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
Overheads	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
TOTALS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
Name				Dept:							
Status	7611 - Indirect Academic		Super	Uni	TA	O/H		Full			
Salary Group	▼		Progressed? ▶		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
Academic	1 (2022)		2	3	4	5	6				
Grade								Totals			
Salary											
FTE								0.00			

Example of a Costing and Consents Worksheet – Indirect Staff Tab.

Indirect Salary Recoveries (ISRs) are highlighted in the cells titled ‘salary costs’.

## The 60/30/10 Model for distributing ISRs

These guidelines are designed around a balanced distribution of ISRs to meet the different needs of: staff undertaking research, their home cost centres, and the strategic interests of the Division of Humanities.

- For Vote RS&T or TEC funding: ISRs will be divided in the following proportions:
  - **60% to the staff member's cost centre to cover workload relief and strategic priorities of the cost centre.**
  - **30% to an S-Account for the staff member**
  - **10% to the Division to support strategic initiatives.**
- For other granting agencies (including consulting and/or commercial contracts) which include ISRs in funding, these amounts will be negotiated with HOS/Dean to match the intentions of this balanced ISR model within the parameters of each granting agency's ISR policy.
- Staff should budget for ISRs when applying for grants. The final use of ISRs in a grant that is funded must be determined **in negotiation with HOS/Dean and/or PVC at the point of contracting**. For grants running over many years, it may be necessary to revisit these discussions on an annual basis – in advance of the year in question.

### 60% to Cost Centre:

- ISRs should be spent first in ways that **release time or reduce workload** for the named academic on a grant.
- Decisions about workload relief that involve a reduction of teaching must be undertaken in ways that maintain the credibility and integrity of teaching programmes.
- Once ISRs have been spent to resolve workload or time release for the staff member, the cost centre can use any remaining funds to support strategic purposes.
- ISRs are not normally used for consumables or other research costs for the funded project.
- ISRs might be used by cost centre managers/heads to hire the following kinds of support for the teaching activities of the staff member: tutoring, marking, contributing lecturers, or full 'buy in' of a substitute teacher to take over a course.
- ISRs might also be used for hiring the following kinds of support for the wider research and management activities of the staff member to release time and/or support research activity: administrative and management support, research assistants or other research staff, editing, formatting or other services.
- Any ISR-funded support for a staff member's research activity should not be bought in to undertake tasks that normally should have been directly budgeted in the grant CCW.
- For academic staff achieving high levels of FTE in externally-funded projects that generate ISRs, this can trigger a conversation about significant changes to their teaching (or significant service) activities – particularly the substitution of an entire course (or courses) in their teaching programme.
- A useful rule of thumb when negotiating teaching relief is: 0.15 – 0.2FTE of ISR in grants for 'buying in' one full course of teaching relief per year. At least 0.3 to 0.4FTE of indirect salary would need to be funded in grants for discussions to take place about 'buying in' two courses. The indicated figures provide a range of options for Heads of Schools – recognising that some subject areas might find teaching cover

more costly to attain (or impractical) than others thus pushing the required FTE towards the higher end of the suggested range.

- The possibility of buying in two courses or more would only occur in exceptional cases and would require discussion with the staff member involved, their HOS/Dean, PVC Humanities and the Humanities HR Advisor as it may have implications for their employment contract.

### **30% to an S-Account for any named indirect salary Staff Member on a grant:**

- 30% of ISRs will be directed to an S-Account held in the name of the PI or AI who generated that ISR.
- Any holder of an S-Account will expend funds from such account in line with the normal university guidelines for 'research-related' expenditure. This expenditure does not necessarily have to be directly aligned with activities in the grant that generated the funds. Some exemplars for appropriate use of S-Account funds can be found in the Division of Humanities guidelines for use of Research Funding (<https://www.otago.ac.nz/humanities/forms/index.html#research-funding>).
- It is expected that funds in S-Accounts will be expended in a timely manner and will not be used as 'banks' to carry forward large sums. Carrying forward funds for longer than 2 years needs to be negotiated with the HoS/Dean because this has implications for the cost centre's budget.
- S-Accounts are budgeted and expended according to calendar years (which is the norm in University systems), while external grants may commence at different times of the year. PI's will need to budget their 30% portion by calendar year not 'grant year'.

### **10% to Division of Humanities:**

- As per the University of Otago guidelines for the use of Indirect Costs of Externally Funded Research, ISRs are intended to partly enable strategic initiatives at a Divisional level.
- It will be expended according to Section 4 of the *University of Otago Guidelines for the use of Indirect Costs of Externally Funded Research*.

### **Further Clarifications to Guidelines:**

- These funding arrangements are directed towards teaching programmes, Schools, and the Faculty of Law and College of Education. They are meant for academic staff in teaching positions, not academic staff who are employed as research staff.
- These guidelines do not apply to research-only staff employed at Research Centres, particularly in those Centres which underwent a specific negotiation of overhead and ISR allocation when they were established.
- Each named PI or AI who is indirectly funded through a grant is eligible to negotiate ISR disposal only for their **own named portion** of salary.
- PIs do not have special entitlement to negotiate the disposal of ISRs generated by other named researchers on a grant.

The example below shows the wording that needs to be inserted in a CCW to reflect the 60/30/10 model.

	A	B	C	D	E	F	G	H	I	J
1	<b>Indirect Salary Recovery Relief Agreement (ISR)</b>									
2										
3	<b>Staff Member Name:</b>		A Cademic							
4										
5	<b>Department</b>		Classics				10.AG.C01			
6										
7	<b>Project Title</b>		Indirect salary sample CCW							
8										
9	<b>Funder</b>		Global Institute for Humanities							
10										
11	<b>ISR Accrued</b>		Y1	Y2	Y3	Y4	Y5	Y6		
12										
13			\$23,537	\$23,937	\$24,988	\$0	\$0	\$0		
14	<b>Total over all years</b>		\$72,461							
15	<b>Agreed relief</b>		<p>The PI and School agree to the following ISR relief arrangement:</p> <ul style="list-style-type: none"> <li>-60% to the staff member's cost centre to cover workload relief.</li> <li>-30% to an S Account for the staff member</li> <li>-10% to the Division to support strategic initiatives.</li> </ul> <p>The PI will have \$7,061, \$7,181 and \$7,496 available in their S account in Y1, 2, and 3 respectively.</p>							
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37	<b>Staff member signature:</b>		Signatures on the summary tab signify agreement to ISR relief arrangement.							
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40	<b>HOD Signature:</b>		Signatures on the summary tab signify agreement to ISR relief arrangement.							
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