INTRODUCTION AND GENERAL STATEMENT

1.01 Under Title 70, Section 3911, of the Oklahoma State Statutes, Oklahoma State University classifies accounts in accordance with the guidelines established by the National Association of College and University Business Officers (NACUBO). For costing principles applied to sponsored programs, the University follows 2 CFR 220 (Formerly OMB Circular A-21), Cost Principles for Educational Institutions. For financial accounting purposes, the University observes 2 CFR 220 as long as the rules are consistent with those prescribed by the NACUBO guidelines.

1.02 The July, 1993 revisions to OMB Circular A-21 (Relocated to 2 CFR 220 August 2005) significantly altered the definitions of the term “organized research.” This document describes Oklahoma State University’s policies and procedures for classifying accounts as research for the purpose of compliance with 2 CFR 220.

POLICY

Definition of Research

2.01 At Oklahoma State University, accounts associated with any research activity are classified as “research” in the financial statements. They include both departmental research and organized research. For the purpose of compliance with 2 CFR 220, expenditures for departmental research are reclassified into instruction as required by Appendix A, §B.1.a.(2).

Organized Research

2.02 “Organized research” means all research and development activities of the University that are separately budgeted and accounted for. It includes (1) Sponsored research and (2) University research.

2.03 “Sponsored research” means all research and development activities that are sponsored by federal and non-federal agencies and organizations. This term includes activities involving the training of individuals in research techniques (commonly called research training) where such activities utilize the same facilities as other research and development activities and where such activities are not included in the instruction function.
2.04 “University research” means all research and development activities that are both separately budgeted and accounted for by the University under an internal application of the State appropriated funds.

A. If the amount is not budgeted (e.g., it is a random draw on one account), it is excluded from organized research and treated as departmental research. Similarly, if the amount is not accounted for (e.g., it is a part of the dean’s discretionary account), it also is excluded. The distinction between “university” research (which is considered organized research) and “departmental” research (which is not) is whether the expense is incurred as part of a project or not.

B. In order for an internally funded research activity to be classified as “university research,” a project must include the following: i) segregated research scope; ii) a technical proposal; iii) a budget proposal; iv) a peer review process; v) awarding of the funds; and vi) submission of a technical report or an exit interview with the dean or department head.

C. The amounts expended as cost sharing for an externally funded research project are also classified as “university research.”

Departmental Research

2.05 Any internally funded research development and scholarly activity that does not meet the definition of “university research” in Section 2.04 is classified as departmental research.

A. The amounts expended for start-up, seed money, bid and proposal are classified as “departmental research.” An account which is set up to provide faculty with funds for release time to further academic knowledge may be included in the category of “departmental research.”

B. The salaries of some faculty, while “separately budgeted,” should not automatically be considered organized research. Instead, like other professorial salaries, they should be allocated to organized research, departmental research, instruction, extension, and other activities, based on the functions performed by the faculty member as the University has accounted for them, based on the time and effort reporting.

C. Research Laboratories
Support by the University for the infrastructure of research laboratories, though “budgeted” as “research,” should be classified according to the function it supports. If a department funds the administration of a laboratory, it should be classified as departmental administration (an indirect cost), not research (a direct cost).
Research “Centers”

2.06 OSU supports a number of “research centers” through its institutional budget (e.g., Environmental Research Institute, etc.). A portion of OSU funding supports the centers’ administrative costs. Under 2 CFR 220, Appendix A, §F.6.a., costs incurred for administrative and supporting services that benefit organized research institutes are included in departmental administration expenses (indirect costs). They should not be classified as “university research” simply because they may be described in the University budget as “research.”

PROCEDURES

3.01 Account Designation

All internally funded research accounts, both university research and departmental research, are assigned a Ledger 1 account number starting with 5 (i.e., x-1-5xxxx) with an “expense purpose” of 34xx.

3.02 Account Attributes

Differentiation between departmental research accounts and organized research accounts is made through specific account attributes. The "project number" attribute which identifies departmental research is “2539.” All other project numbers in conjunction with an ”expense purpose” of 34xx identify organized research.