1. Introduction

**Responsible Officials:** Directors of Pre Award, Contracts, and Post Award as applicable

**Effective Date:** January 1, 2012

**Revision Date:** December 15, 2015

**IMPORTANT:** For federal awards/subawards issued to Virginia Tech with a start date prior to December 26, 2014, 2 CFR Part 215 (OMB Circular A-110) and 2 CFR, Part 220 (OMB Circular A-21) apply. For all new funds (new awards and new monies, such as continuation awards, supplements, etc. received for existing awards) with a start date on or after December 26, 2014, these new funds are subject to [2 CFR Part 200](https://wwwriebenheimer.com/2 CFR Part 200) (commonly referred to as Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards) but hereinafter referred to as “2 CFR Part 200”).

Due to the change in federal regulations the language in this procedure specific to the new regulations, [2 CFR Part 200](https://wwwriebenheimer.com/2 CFR Part 200), is highlighted in red font below.

2. Scope

This procedure outlines the principles, guidelines, and procedures for both the establishment of new membership, as well as the operation of existing membership fee supported programs designed to enhance the productive research relationship between Virginia Tech and industry. This includes those programs commonly referred to as Industrial Affiliate Programs (IAP), Academic Partnership Programs (APP), and Industrial/University Cooperative Agreement Research Centers (IUCRC). The procedure applies to all university departments and offices that are involved in the administration, use or planned implementation of membership fee supported programs.
3. Procedure Statement
The Office of Sponsored Programs (OSP) functions as the steward of Virginia Tech’s external sponsor funded portfolio and is responsible for ensuring that all proposals and projects comply with university, federal, and sponsor regulations, policies, and procedures. Membership fee programs fall within this arena. These programs are monitored by OSP and the Office of the Vice President for Research and Innovation (for research membership programs) or by OSP and the Office of the Executive Vice President and Provost (for academic membership programs).

4. Reason for the Procedure
The purpose of this procedure is to inform the community of the requirements associated with the administration, use or planned implementation of membership fee supported programs. Membership fee supported programs provide one way for external organizations to support and participate in university research and academic activities. Research and instructional programs supported by membership fees can lead to the discovery of new knowledge and technology and facilitates the transfer of these technologies and knowledge into the private sector. These programs also provide an effective means for external stakeholders to contribute to and sustain the research and teaching of departments and programs in which they have long-term interests.

5. Definitions
Academic Partnership Programs (APP) enhance dialogue between commercial or non-profit members and the university and can educate academia on important business and technological needs and issues in the private sector. Virginia Tech’s academic partnership programs are designed to fund academic initiatives and learning experiences in a general area of interest to members, enhance the flow of information between the university and the commercial or non-profit members, provide members with access to students as potential future employees, and provide other potential benefits as a result of ongoing contact between creative individuals. Instructional and other academic opportunities and projects supported by membership fees can lead to new ideas and strategies for meeting the needs of the private sector while simultaneously preparing students to succeed in today’s global economy. These programs also provide an effective means for the private sector to contribute to and sustain the teaching, learning, and outreach of departments and programs in which they have long-term interests. The programs involve members in various areas of interest and each program may have different terms and conditions of membership. No intellectual property rights are conveyed.

Industrial Affiliate Programs (IAP) enhance dialogue between industry and the university and can educate academia on important technological issues in the private sector. Virginia Tech’s industrial affiliate programs are designed to fund research in a general area of interest to members, enhance the flow of information between the university and the industrial members, provide the members with access to students as potential future employees, keep members informed of promising technology developments, and provide other potential benefits as a result of ongoing contact between creative individuals. The industrial affiliate programs involve various industries in different areas of research and may have different terms and conditions of membership. No intellectual property rights are conveyed.
Industry/University Cooperative Research Center (IUCRC) is a membership fee supported program. According to the National Science Foundation, an IUCRC enables industrially-relevant, pre-competitive research via multi-member, sustained partnerships between industry, academia, and government. The NSF supports the development and evolution of IUCRCs, providing a financial and procedural framework for membership and operations and fostering public/private partnerships that provide significant value to the nation, industry and university faculty and students. An IUCRC brings together faculty and students from different academic institutions, companies, State/Federal/Local government and non-profits to perform cutting-edge pre-competitive fundamental research in science, engineering, technology area(s) of interest to industry and that can drive innovation and the U.S. economy. Members guide the direction of IUCRC research through active involvement and mentoring. IUCRCs offer a platform for significant leveraging of financial investment by members to accelerate the knowledge base in emerging technological and manufacturing sectors and develop an industrially savvy workforce to benefit the US economy.

Sponsored Research is a research effort with well-defined deliverables, protocols, cost estimates, and schedules. Normally, a research effort is sponsored by a single sponsor and addresses a specific problem or need of direct interest to the sponsor. Sponsored research agreements should address the rights of the sponsor to receive or exclusively negotiate licenses for any university intellectual property generated under the project.

6. Principles
- Support academic initiatives and/or research in general areas that are of interest to multiple external organizations.
- Provide opportunity for interaction among students, faculty, and external stakeholders.
- Enable timely access to research results, academic outputs, and high-achievers.
- Enrich students’ and postdocs’ educational experience.
- Maintain the university’s role as a credible and impartial resource.
- Contribute to the university’s primary missions of teaching and research.

7. Guidelines
Membership fee program objectives and descriptions are detailed in membership agreements that govern its establishment and operation. In addition, laws of the Commonwealth of Virginia and Virginia Tech policy dictate that intellectual property rights to inventions, discoveries, and intellectual works remain with the university.

Because the nature of these programs offers the potential for diversion of academic objectives, it is important that membership fee supported programs be organized and maintained in ways that preserve both the independence and integrity of the university.
- Unless otherwise required by law or regulations, access to membership should be available equally to all sponsors prepared to meet the obligations of membership as set forth by each program. Membership requirements and benefits shall be reasonable and consistent with the goals of each program and these guidelines.
- Annual membership fees per IAP or APP member shall be $50,000 or less at any level of membership. Proposed fees in excess of this limit must be approved by the Assistant Vice President for Sponsored Programs in consultation with the Associate Vice President for
Research Programs (for IAPs) or Associate Provost (for APPs). Additional written justification explaining why the payments do not constitute a sponsored program is required for approval of higher fees.

- Membership fee programs can offer facilitated access to Virginia Tech’s academic and research programs and to relevant faculty members and students. Non-member companies must not be excluded from access to such resources, but their access may sometimes be in a less convenient form.

- University intellectual property generated by membership fee programs may be offered to members only under terms consistent with university policy and negotiated membership agreements. If there is a signed agreement for members, this agreement must contain intellectual property language approved by the Director of the Contracts Team – Office of Sponsored Programs or the Assistant Vice President for Sponsored Programs. No automatic license or other intellectual property rights will be granted as a result of membership in the program. Specific opportunities for members to license intellectual property rights will be stated in the membership agreements, as applicable.

- All proposed member organizations and/or personnel shall be reviewed by Virginia Tech’s Office of Export and Secure Research Control (OESRC). This review will encompass export control compliance (e.g., ITAR, EAR, OFAC, etc.). Virginia Tech shall not enter into membership fee agreements with entities or persons designated by the U.S. Government as embargoed. Likewise, any relevant updates or changes to membership fee agreements shall be reviewed for export control compliance.

- Members utilizing facilities that are administered through a “service center” financial administration structure would be required to pay for such utilization. Payment of membership fees would not entitle a member to free use of such “service center” facilities. Requests for access to facilities housing classified or controlled research activities would require careful consideration of federal compliance requirements before approval could be granted. Members who receive the opportunity to access university facilities must have adequate liability, health, and worker’s compensation insurance, as they may not be covered by Virginia Tech while working or observing in these facilities.

- Membership fee funded programs should be used to fund general research or academic programs of interest to a number of members. They should not be used to perform research projects or establish academic programs that provide unique or preferential benefits to individual members. Sponsored research agreements shall be used to perform research with specific costs, schedules, and/or deliverables that benefit individual member(s) rather than all affiliate members.

- Academic members may be preferentially invited to participate in university activities funded by membership fees through their interactions with faculty members and students and their advisory role in the program activities.

- Research members may gain early access to the results of research activities funded by membership fees through their interactions with faculty members and students and their advisory role in the research and program activities. Research results should be published on a timely basis so as to preserve openness in research and dissemination of research results.

- While academic (APP) members may offer suggestions for academic activities, the involved faculty members must be free to select instructional topics, adopt a particular teaching methodology, select faculty and student participants, and direct the activities funded by the programs.
• While research (IAP) members may offer suggestions for research activities, the involved faculty members must be free to select research topics, adopt research methodology, select participants, and direct research funded by the programs.
• There will be an Industrial Advisory Board composed of one representative from each IUCRC member. This board makes recommendations on the research projects to be carried out and the apportionment of resources to these research projects.

8. Establishing and Operating a Membership Fee Program
All proposals for a new membership fee program must be approved administratively by the Assistant Vice President for Sponsored Programs and the lead administrator for the home of the proposed program (e.g., department head, college dean, institute director, etc.). Additionally, the Associate Vice President for Research Programs will approve IAP’s from a programmatic perspective. If the program will be an IAP or APP, university policy 3630 Definition and Deposit of Private Funds should be consulted to ensure that deliverables exist (preferential access to students and technology, seats on program advisory boards, etc.) and the membership program fees do not actually qualify as gifts.

The linked form is required for all new membership fee program at Virginia Tech. Note that the form requires an indication of approval from the lead administrator for the home of the proposed program (e.g., department head, college dean, institute director, etc.) in addition to the Assistant Vice President for Sponsored Programs and the appropriate academic or research official. Those proposing to create a new program need to meet with this lead administrator and the Office of Sponsored Programs early in the planning process and obtain their support to proceed. OSP maintains an electronic listing of all approved membership fee programs and copies of the approved agreements for each. OSP shares that information with University Development/Gift Accounting and Virginia Tech Foundation Accounting as appropriate. A seven percent (7%) administrative fee (or indirect cost assessment for IUCRC) will be assessed to all funds received in membership fee programs established after January 1, 2016 and deposited in OSP fund 445358. For all membership programs assessed an administrative fee or indirect costs, OSP will be responsible for invoicing and collecting the membership fees using an official university receivable system in accordance with member agreements and university/OSP policy and procedures. Programs not participating in the OSP billing process will be responsible for billing and collecting their program fees using the university’s general accounts receivable system in accordance with university policies 3605 Accounts Receivable and 3600 Funds Handling and Deposit of State and Local Funds.

9. Accounting for Industrial Affiliate or Academic Partnership Programs
Since there are certain deliverables associated with IAP and APP membership fee programs (preferential access to students and technology, seats on program advisory boards, etc.), the membership fee cannot be considered a gift according to university policy 3630 Definition and Deposit of Private Funds: “These fees are neither gifts nor Sponsored Program funds,” but they have characteristics of each. In order to maintain control of state funds and provide a flexible and supportive mechanism for these programs, these funds will be deposited in their entirety into a university account upon receipt.

Generally, all membership fees collected will be deposited and maintained in university funds associated with the program. The director of the membership fee program may petition the
Associate Vice President for Research Programs (for IAPs) or Associate Provost (for APPs) for approval to classify a small percentage of the fees collected as gifts. Acceptable requests for variances should be based on the principles of university policy 3630 Definition and Deposit of Private Funds. Any portion approved to be transferred to VTF funds will be charged the 7% administrative fee by the VTF. Pre-existing programs can elect to have OSP provide invoicing and collection services in exchange for the 7% OSP administrative fee. OSP will maintain a record of all approved variations and share information with University Development/Gift Accounting and Virginia Tech Foundation Accounting as needed.

Any approved gift share of membership fee deposits will periodically (within the same calendar year when possible, for tax purposes) be paid by OSP using a standard revenue refund voucher to generate a check to Virginia Tech Foundation Gift Accounting. To assure appropriate treatment of member fees, OSP must ensure the following documents are sent to Virginia Tech Foundation Accounting with each deposit:

- University Check for the gift share
- Virginia Tech Foundation Gift Transmittal Form

Each IAP must have at least one separate and unique fund within the university. It is important for accounting and audit purposes that these membership fees be deposited in separate funds specific to the IAP. Each commercial membership fund associated with a given membership program will be given the appropriate predecessor fund (‘23396’ or ‘23398’) and associated with its own grant number. All grants associated with the program will be assigned the same unique ‘IAP’ or ‘APP’ user defined attribute with a common value (‘01’ through ‘99’) in the Banner Finance System for reporting purposes.

Each IAP and APP shall be reviewed at least once every five years to determine its continued viability, appropriateness, activity and effectiveness in relation to these stated guidelines. The review will be conducted by the Office of the Vice President for Research and Innovation, coordinated by the Assistant Vice President for Sponsored Programs.

10. Accounting for Industry/University Cooperative Research Agreements

Industry/University Cooperative Research Centers (IUCRC) partially funded by the National Science Foundation (NSF) function similarly to other membership fee programs, but carry NSF requirements necessitating they be treated differently in certain aspects.

- All membership fees collected by each center are to be treated as program income based upon applicable portions of 2 CFR Part 200.307 regarding program income and the NSF Proposal and Awards Policies and Procedures Guide.
- The NSF periodically issues an IUCRC Program Solicitation containing additional guidance. For federal fiscal year 2017, that document is NSF 17-516, (which replaces NSF 16-504 in 2016 and NSF 13-594 in 2015). This document also states: “Membership fees received by the center are considered program income.”
- Recent solicitations clarify that at least ninety percent (90%) of the IUCRC program income (membership fees) must be used to support direct costs of the research and up to ten percent (10%) may be used to support indirect costs. For programs effective after January 1, 2016, the university will charge seven percent (7%) indirect costs to be consistent with its administrative fee for other membership fee programs.
• Any unexpended program income remaining at the end of the grant must be remitted to NSF by crediting costs otherwise chargeable against the award, or if that is not possible, returned to the NSF. Membership fees cannot be transferred from Phase to Phase but can be spent if a no cost extension is requested while NSF funds are still available.
• IUCRC membership fees will be invoiced by The Office of Sponsored Programs. Payments should be made to the “Treasurer, Virginia Tech.”
• Separate funds/grants will have to be established for the federal component and each commercial member of an IUCRC. Every federal grant associated with an IUCRC should be coded with its own unique ‘IUCRC’ user defined attribute value (‘01’ through ‘99’) in the Banner Finance System. Each commercial/private membership fund will be given the appropriate predecessor fund (‘23396’) and associated with its own grant number, but assigned the same ‘IUCRC’ user defined attribute value in order that they might be easily identified for reporting purposes. New grants and funds will be established for each new phase.
• All IUCRC must operate under the guidelines in effect for the applicable solicitation under which the funds were awarded. The guidelines impose specific restrictions and IUCRC administrative staff members are expected to comply with the current guidelines.
• All IUCRC have program income reporting requirements on an annual basis. Centers are required to submit a Program Income Reporting Worksheet to NSF in order to report program income earned/expended during the previous twelve months or to validate that they did not earn/expend program income during the applicable period. The Program Income Reporting Worksheet utilizes the standard, Office of Management and Budget (OMB)-approved government-wide data elements from the Program Income section of the Federal Financial Report (SF 425).
• The Program Income Reporting Worksheet is available through Research.gov. Centers must report the award number, amount of program income earned, amount of program income expended, and the amount of unexpended program income remaining as of the date. Centers that have no program income to report will be able to validate that status by an email response. The Program Income Reporting Worksheet is due 45 days after the end of the Federal Fiscal Year. Failure to report program income or to validate that no program income was earned/expended could result in suspension of future award payments.

11. References

• 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)
• Virginia Tech Policy 3600 Funds Handling and Deposit of State and Local Funds
• Virginia Tech Policy 3605 Accounts Receivable
• Virginia Tech Policy 3630 Definition and Deposit of Private Funds
• Virginia Tech Policy 12110 Handling Virginia Tech Foundation Funds
• Virginia Tech Policy 13010 Individual Conflicts of Interest and Commitment
• Virginia Tech Policy 13015 Ownership and Control of Research Results
• Virginia Tech Policy 13000 Policy on Intellectual Property

12. Contacts

• Director of Pre Award
13. Roles and Responsibilities

- **Membership Fee Program Directors:**
  - Recruit and retain members.
  - Manage the program consistent with the program charter, seeking involvement and feedback from members.
  - Proactively expend funds evenly across NSF and member-provided funding sources, to ensure contributions are utilized fairly and consistently.
  - For IUCRC’s, comply with specific NSF program requirements.

- **Office of Sponsored Programs**
  - Invoice and collect fees where administrative fees or indirect costs are assessed, otherwise this is a program responsibility.
  - Drawdown NSF funds for IUCRCs as needed.
  - Complete financial reports to NSF for IUCRCs, including program income.
  - Assist the department with program administration and accounting issues as necessary.
  - Maintain a master list of programs, conduct periodic viability reviews.
  - Negotiate member agreements.
  - For IUCRC’s, comply with specific NSF administrative requirements.

14. Dissemination

This procedure may be posted on a Virginia Tech internet accessible site. Open public dissemination of this procedure is acceptable.

15. Approval and Revisions

This procedure was approved originally on August 31, 2011 by the Vice President for Research. It became effective January 1, 2012. At that point all existing and newly created membership fee programs were to be in compliance.

Revision drafted December 2015 by Assistant Vice President for Sponsored Programs, John C. Rudd. This major revision clarifies the unique nature and requirements of IUCRCs, combines all membership fee programs in one procedure, updates the formatting of the procedure, brings the procedure into compliance with 2 CFR Part 200, Uniform Administrative Requirements, Cost
Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and other minor edits for title changes and clarity.

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