

Policies on Consulting and Other Externally-Compensated Activities
Michigan Technological University
Department of Materials Science and Engineering
Revised June 8, 2006

Introduction

The University policies concerning consulting activities are contained in the Faculty Handbook. The Handbook defines conflicts of interest, conflicts of commitment, and the University philosophy on externally compensated activities. The policies contained in this document are consistent with the Faculty Handbook, but the Handbook is more complete, and it should be studied if any potential issues related to conflict of interest or commitments are anticipated. The entire Faculty Handbook can be found at: <http://www.admin.mtu.edu/admin/prov/facbook/index.htm>. For the purposes of this document, the term “consulting” shall refer to any professional interactions for which the principal investigator (PI) is compensated monetarily by any organization other than Michigan Technological University. These interactions may or may not utilize University facilities. The PI may be a member of the faculty or the staff. Professional activities for which the PI receives an honorarium instead of a consulting fee, such as serving on proposal review panels or reviewing textbooks, are not considered to be consulting.

Two issues are of the utmost importance regarding consulting:

- The relationship must be **disclosed** to the Department Chair.
- The Department must be **compensated** for use of facilities and personnel.

This document specifies policies related to those two issues, as well as policies related to the participation of departmental personnel in consulting activities.

Disclosure

The Faculty Handbook defines multiple classes of conflicts of interest or conflicts of commitment, including consulting. The Handbook states that consulting activities are encouraged, as long as they do not result in unreasonable demands on PI time that impair the ability to accomplish the primary job responsibilities at MTU. In any event, such externally-compensated activities must be disclosed in writing to the Department Chair. Note that disclosure is required even if the University facilities are not used by the project.

In order to facilitate written disclosure, anyone who initiates a compensated relationship with an organization must complete the **Disclosure Form** which is contained on **pages 5 and 6** of this document, and submit it to the Department Chair as soon as possible after the initiation of the activities. A new form is required for each relationship and project.

The only exception to the disclosure requirement, as stated in the Faculty Handbook, is that externally compensated activities are not considered to be consulting if they occur during the “off quarter” of faculty members who are on 9 month appointments. Therefore, if externally compensated activities are performed entirely when the faculty member is off payroll, and no University facilities or personnel are utilized, disclosure is not required. Disclosure is required for work conducted during the “off quarter” if departmental facilities are used.

Participation of MTU Students and Staff in Consulting Projects

Technical and clerical staff members may participate in consulting activities if they wish, but they may also decide to not participate, without fear of repercussions. If staff members do participate, they may choose to work for extra compensation, or to work as a part of their regular duties. If they work as a part of their regular duties, the PI must reimburse the department for the salary and fringe benefits of the staff member for all hours spent on the project. If the staff member chooses to work for extra compensation, he or she will be compensated directly by the PI. In these instances, the staff member must conduct the consulting activities during their personal time. If staff members participate in consulting activities on official time and there are multiple demands on their time, consulting activities will be assigned the lowest priority.

On the Disclosure Form, the PI must list any MTU staff members who have agreed to work on the project. Both the PI and the staff member must sign the form, and indicate whether the staff effort will be on personal time or official time. If the status of the staff member (i.e., personal vs. official time) changes during the duration of the project, or if another staff member is added after the initial disclosure is filed, a new form must be submitted as an amendment to the original form.

If additional MTU Department of Materials Science and Engineering faculty members participate in the project, they may be listed on the disclosure form under the "staff" heading, or they may submit an additional disclosure form, listing themselves as the PI and the primary faculty member as the sponsor.

Undergraduate or graduate students may assist in consulting activities if they wish. It is expected that students will be fairly compensated for their time, and that any participation by students is strictly voluntary. The participation of a student must be documented on the disclosure form. It is expected that graduate students will not perform excessive amounts of consulting work, to the detriment of their thesis research and other duties. If a graduate student participates in a consulting job and the PI is not his or her thesis advisor, the PI must inform the student's thesis advisor of the desired participation. Students are to use only that equipment which they are authorized to operate. If a student must be trained by a staff member to accomplish consulting work, the staff member must be informed that the work is consulting. This type of consulting is subject to the rules stated above for staff members; the staff member is not obligated to train the student, and if he or she does agree to train the student, then the disclosure form must be signed by the staff member and compensation must be arranged.

Facility and Equipment Use Charges

The department must be compensated for the use of facilities, both to cover the costs of equipment maintenance and management, and to prevent unfair competitive advantage by the use of state-owned facilities. The Faculty Handbook states that actual costs should be billed whenever possible, and that an indirect cost rate of 15% shall apply when costs cannot be determined. This document establishes actual costs for most facilities commonly used in consulting projects. Therefore, the 15% rate is not generally applicable and should not be charged. Instead, a use charge structure will apply, with hourly rates depending on the complexity and cost of the facilities and equipment. The rates were developed in part by documenting competitive use charges by commercial organizations. Every attempt was made to institute charges similar to commercial laboratories or facilities, while still maintaining a workable degree of simplicity. The use charges will be reviewed and updated annually.

Office time, either by the PI or by associated students or staff, will be charged at an hourly rate. This charge includes local phone use, computer use, and “reasonable” laser printing. If unusual demands for laser printing are required, they should be billed at cost. Photocopies must be reimbursed at cost. For this purpose, any employee who uses the photocopiers for consulting must establish a separate photocopy account that is billed and paid personally. Long distance phone calls and faxes must be reimbursed at cost.

Laboratory time will be charged hourly at the rate established. The charges do not include support personnel. In some cases, maximum charges “per run” or “per test” have been assigned. Several items must be reimbursed at cost, in addition to the use charge, including Polaroid film and any raw materials used in the consulting project. Examples of raw materials are foundry feed stock and machine shop metal blanks. Generally, consumables such as grinding papers, bottled gases, or photographic paper are included in the hourly use charges. However, if a project utilizes an unusual quantity of consumables, it is expected that the PI will reimburse the department for the actual costs of the materials. In unusual circumstances, the use charges may not be reasonable, and any charges are negotiable with the Department Chair. Non-compensated, exploratory research may also be negotiated with the Department Chair. If a facility is needed which is not contained in the table, and which cannot be defined as a “general laboratory”, the PI shall estimate the value of the use charge in consultation with the Department Chair.

Use charges will be invoiced on a monthly basis. Payment of outstanding use charges is expected on a monthly basis, without regard to whether the staff or faculty member has been paid by the sponsor. Access to labs and equipment will be suspended if invoices are not paid promptly.

Deadbeat Clients

Clients occasionally refuse to pay consulting bills after departmental facilities have been utilized for the project. The PI does not assume liability for paying the use charges “out of pocket” in the event of a complete default. If only a portion of the invoice is recovered, the use charges and “official time” staff salaries paid to the department must be negotiated with the Department Chair. Students and staff members who have worked on a compensated basis should be paid by the PI in any case, and should not share the risk of client default.

DISCLOSURE
Consulting or Other Externally-Compensated Activities
MTU Department of Materials Science and Engineering

PI: _____

Date: _____

Sponsoring Organization: _____

Address:

Briefly describe the general nature of the project:

List any MTU facilities (including offices) that are anticipated to be used for the project.

NOTE: Charges for the use of indicated equipment will be billed to you on a monthly basis. It is expected that reimbursement of the use charges will be made immediately.

Names of any MTU students who will participate in the project and facilities that the students will use. Students may use only the equipment they are authorized to operate.

Student Name(s)	Facilities or Equipment Used

Names and signatures of MTU faculty and/or staff members who will participate in the project. Indicate if work will be performed on personal time (for extra compensation), or on official time (department will be compensated). Additional faculty participants may be listed here.

Faculty/Staff Name	Personal or official time	Signature

By signing this form, faculty and staff participants in consulting projects acknowledge that they have read and will abide by the policies contained in the Department of Materials Science and Engineering document entitled "Policies on Consulting and Other Externally-Compensated Activities," revised July 5, 2005.

Additionally, the PI signature acknowledges that the project will respect the rules contained in the above-mentioned document, as well as the MTU Faculty Handbook and any applicable department regulations and procedures, and that the information contained on this form is true to the best of the PI's knowledge.

Chair signature acknowledges that the information contained on this form will be kept confidential to the greatest extent possible. It will be divulged to staff members who are responsible for laboratories that are listed on this form, except where as required by law or university policy.

PI Signature

Date

Department Chair Signature

Date