

Policy and Procedures to Request Waiver or Reduction of IDC

PURPOSE

Collecting indirect costs (IDC) (facilities and administrative costs, overhead) is important to ensure we receive sufficient funds to pay all sponsored project costs, not only the most obvious, such as salaries, travel and equipment. Occasionally, a reduction in or waiver of the indirect costs may be allowed. This document describes the policy and procedures for requesting a reduction or waiver of IDC.

BACKGROUND

Indirect costs are those costs incurred by an organization which are not readily identifiable with a specific project, program, or activity but which are necessary to the general operation of the organization. These are costs of operating the facilities and may include the costs of maintenance, depreciation, general and departmental administration, utilities, janitorial services, accounting and purchasing services, research and grants administration and accounting services, library operations, etc. Indirect cost rates at ISU for federal programs are set through negotiation with the federal government. The Idaho State Board of Education has established indirect cost rates for sponsored projects with other organizations.

PROCEDURES FOR REQUESTING INDIRECT COST REDUCTION OR WAIVER

- 1) The Vice President for Research (VPR) or her/his designee, is the only person on campus who can approve a request for an indirect cost reduction or waiver.
- 2) If the sponsoring agency's operational policies restrict or prohibit payment of full indirect costs, a written copy of the policy must be provided to the Office of Sponsored Programs at the time the proposal is submitted for institutional review and approval. If no such policy exists in writing, a letter stating restrictions on indirect cost reimbursement from either the Chief Executive Officer or the Chief Financial Officer of the sponsoring agency may be substituted. OSP staff will initial the routing form, indicating that the proper documentation is on file. No request to the VPR is necessary.
- 3) The investigator **is not** authorized to negotiate a reduction in the indirect cost rate or waiver of indirect costs with the sponsor on any sponsored project. Should need for negotiation be anticipated, the investigator should contact the

VPR at **least three weeks** in advance of budget development and proposal submission so that the matter may be addressed.

4) If the investigator wishes to seek a reduction in or waiver of indirect costs from the University, she/he shall submit a written request (using the *Request for Indirect Cost Reduction or Waiver* form) to her/his department chair/unit director and dean/cognizant vice-president prior to finalizing the project budget. This request must be in the VPR's office at least 3 weeks prior to the submission deadline of the proposal. The department chair/unit director and dean/vice-president will review the justification, assess the potential impacts of the loss of indirect cost revenue on the institution, and determine whether to endorse the request.

5) If the department chair/unit director and the dean/vice-president endorse the request, it will be forwarded to the VPR, at least three weeks before the submission deadline, for final review and either approval or denial. The VPR may consult with the department chair/unit director, the dean/vice-president, the Office of the Provost, and/or Financial services representatives before making the decision. The VPR's decision will be final and binding.

6) A copy of the approved Request for Indirect Cost Reduction or Waiver form must be provided to the Office of Sponsored Programs by the Principal Investigator at the time the proposal is submitted for institutional review and approval.

CRITERIA FOR INDIRECT COST REDUCTION OR WAIVER

ISU **may** consider a reduction in or waiver of indirect costs and/or administrative fees in certain situations, which include, but are not limited to, the following:

The sponsoring agency's operational policies restrict or prohibit payment of full indirect costs and/or administrative fees (attach policy to Proposal Approval and Routing form, no additional form needed);

The benefit of the proposed project to the University, in terms of institutional capacity building, is deemed to outweigh the loss of indirect cost revenue;

The proposed project is relatively small, will not require extraordinary effort and/or resources to administer, and will significantly assist the investigator in beginning or enhancing his/her research career;

The project requires significant institutional cost-sharing that cannot be fully met by other sources;

Ninety percent or more of the project funds are for student research assistantships or Materials & Supplies for student projects;

The assessment of the full indirect cost rate on a project with a maximum allowable total cost would reduce the amount of direct funds available for project implementation to such an extent that the scope of work or deliverable could not be accomplished; and/or

If a reduction or waiver is approved, the portion of overhead returned to the college and/or department may be reduced by the amount of the reduction or waiver.

REQUEST FORM

Requests for reduction in or waiver of indirect costs must be made in writing using the "Request for Indirect Cost Reduction or Waiver" form available on the OR and OSP web sites.