

Request to Waive Indirect Costs on Sponsored Awards

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Purpose & Scope

To ensure that Indirect Costs are charged consistently on all sponsored awards, and to establish a process for Principal Investigators (PIs), Project Directors (PDs), and OSP staff as appropriate, to initiate a request to waive a portion or all of CMU's indirect costs on a sponsored award in certain circumstances.

This policy applies to all OSP staff, PIs, and PDs who are involved in preparing a proposal for a sponsored award that allows recovery of indirect costs.

Definitions

- *Direct Costs*: costs that can be identified specifically with a particular final cost objective, such as a Federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy.
- *Indirect Costs (IDCs)*: costs that are incurred for common or joint objectives and cannot be easily and specifically identified with a particular sponsored project, an instructional activity, or any institutional activity. These costs are also sometimes called "facilities and administrative costs (F&A)" or "overhead." Indirect costs are the related costs of using the University's facilities and administrative support that cannot be claimed as direct costs. Indirect costs cover expenses such as building & facility use, library services, utilities, sponsored award administration, and others.

Recovery of Indirect Costs

CMU completed the process of negotiating a federally approved indirect cost rate agreement with the Department of Health & Human Services and completes the necessary renewal steps to ensure this rate does not expire. This agreement establishes a percentage rate of direct costs that can be charged as indirect costs. Uniform Guidance states that costs must be treated consistently in like circumstances either as a direct or an indirect cost. In accordance, CMU must apply its federally negotiated indirect cost

rate consistently on all sponsored awards, as allowable by the sponsor. CMU is subject to audit on all sponsored projects, and determinations of inconsistent treatment of costs without appropriate justification can result in audit findings and/or jeopardize CMU's future rate negotiations.

Policy

CMU requires full recovery of indirect costs unless restricted by the sponsor or by statute, or in rare circumstances when a determination has been made that accepting less than full IDC recovery is in the best interest of the university.

Procedure

To initiate an IDC waiver, the PI or PD must complete the IDC waiver request form and submit it to CMU's Office of Sponsored Programs for review. OSP will then forward the request to the Provost (f.k.a. Vice President of Academic Affairs) and the university President for approval. This request must be submitted at least 10 days prior to a proposal deadline and cannot retroactively be requested for proposals already submitted.

An IDC waiver is not necessary if the rate is limited by the sponsor and this limit is stated in the call for proposals, notice of funding opportunity, or equivalent.

Instances in which an IDC waiver may be considered:

- There is significant benefit to the university.
- There is potential for significant return on investment and/or likelihood of generating larger grants in the future (provided future grants can collect full IDCs).
- The award may be jeopardized without a waiver.
- The waiver serves to increase direct costs available for student support.
- Unrecovered IDCs are an acceptable form of required cost share that is otherwise not feasible for the university to provide and there is significant benefit to the university.

Note that inclusion in the list above does not constitute a guarantee that a waiver will be approved in any given circumstance.

IDC waivers will generally not be approved if the award is federally sponsored, or if the sponsor is a for-profit entity or an agency of a foreign government.