

PROCEDURAL STATEMENT

Procedural Statement Title: Indirect Cost (F&A) Waivers and Reductions

Functional Area: Research Administration

Related Policy: CRS 24-113-104; University of Colorado Boulder Indirect Cost Rate

Agreement; Indirect Cost Recovery Policy Statement

Effective Date: August 15, 2018

Approved by: Massimo Ruzzene, Vice Chancellor for Research & Innovation and Dean

of the Institutes

Responsible Office: Research and Innovation Office

Procedural Statement Contact: Alexa Van Dalsem, Interim Director, Office of Contracts and Grants

Reviewed/Updated Date: December 8, 2023

I. BACKGROUND

University of Colorado Bouls (F&A) jebthardizerally nego reduces CU Boulder's fiscal capacity to perform sponsored research and to dartistry. Documentation of all indirect costs (F&A) reductions is required to ed requests for consistency in costing proposals. The decision and &A) reduction requests are held by CU Boulder's Vice Chancellor for

ines circumstances and procedures for mandatory and voluntary reduction A) on sponsored projects.

II. DEFINITIONS

A. Direct Costs: Direct costs are costs that can be readily or easily assigned to a funded project. These costs include, among others, materials and supplies needed to carry out the project; salaries and

Boulder recovers indirect costs as a percentage of some or all of the direct cost expenses of funded projects.

III. MANDATORY INDIRECT COST (F&A) REDUCTIONS AND WAIVERS

The University will honor sponsor imposed (mandatory) indirect cost (F&A) reductions and waivers in the following circumstances:

- By law or regulation a governmental agency limits the amount or rate of indirect costs.
- A non-profit organization has a formal written policy, consistently applied to all such awards, limiting indirect costs.
- A corporation is a prime contractor under a federal award, and the indirect cost (F&A) rate is limited by the governmental agency.

Such reductions or waivers are documented through the <u>Indirect Cost Addendum form</u>. If a reduced indirect cost (F&A) rate is requested for any other reason outside of those described above, an Indirect Cost Reduction or Waiver Request must be completed and returned to the appropriate Proposal Analyst at least ten (10) business days in advance of the deadline to receive full consideration.

Rate-based Service Activities (RBSAs) managed through a Fund 28 or 29 do not include indirect costs (F&A) and are only charged GAIR. RBSAs do not require an Indirect Cost Addendum form.

IV. VOLUNTARY INDIRECT COST (F&A) REDUCTION AND WAIVER REQUESTS

A. General Information

Case-by-case, voluntary indirect cost (F&A) reductions or waivers are granted only under exceptional circumstances. Per the IDC Policy Statement, the decision and authorit

- Benefit of the reduction to new or junior faculty members or in support of research efforts in new directions that otherwise might not be sufficiently developed to attract typical peer-reviewed awards.
- Equity of granting the reduction when the projects of other campus researchers carry full indirect costs (F&A).

V. PRE-APPROVED VOLUNTARY REDUCTIONS

The following types of projects or agreements are pre-approved for voluntary indirect cost rate reductions and do not need to go through the waiver process:

- Student Design Projects have been granted a pre-approved reduction in the indirect cost rate as long as all criteria on the applicable approved Memorandum of Understanding have been met.
- Rate Based Service Agreements have an automatic waiver of all indirect costs.
- Requests for waivers or reductions on sponsored projects of less than \$15,000 in direct costs will be automatically approved if all of the following conditions are present:

The funds will be used solely for the support of a student or students or solely for the support of a conference;

The unit Chair/Director supports the request in writing (email is acceptable) to OCG; and The request is **not** for a supplement.

• Requests for waivers or reductions on sponsored projects of less than \$50,000 in direct costs will be automatically approved if all of the following conditions are present:

The funds will be used solely for outreach programs where the funds will be used to develop educational materials;

The unit Chair/Director supports the request in writing (email is acceptable) to OCG; and

The request is for a pilot program and follow on programs wo(be arbldcarry full indir71(le)5.8(qt co)s)8.6

Within thirty (30) days of the end of each University fiscal year, the Director or Deputy Director of OCG will prepare an annual report of voluntary waiver requests, including total amount of lost indirect costs (F&A) for the fiscal year and information on individual waivers such as date of waiver request, department, sponsor, PI name, project name, amount of waiver requested, amount of waiver granted, circumstances for waiver decision, and department that denied or approved the request. The report will be submitted to the Controller and Vice Chancellor, Finance and Business Strategy and Chief Financial Officer by email.

IX. RESOURCES

Indirect Cost (F&A) Recovery Policy Statement

Application of Indirect Costs (F&A) on Sponsored Projects Procedural Statement

IDC on the Transfer of Existing Subawards

Indirect Cost Addendum

Indirect Cost Reduction or Waiver Request Form

OCG Indirect Costs: Facilities and Administrative (F&A) Costs – General Information Webpage with Rate Decision Guide and information on Addendums, Waivers, and ICR Splits

Guidelines for DA-ICR Distribution

Current F&A rates

Understanding Facilities and Administrative (F&A) Costs Handout

CRS 24-113-104: Competition with private enterprise by institutions of higher education - rules

X. HISTORY

Adopted	August 15, 2018	Terri Fiez
Revised with updated format and addition of resources section, incorporated procedures from former IDC Reduction and Waiver Policy, added definitions and sections on mandatory waivers and reductions, and revised voluntary waivers and reductions section to include "voluntary" descriptor	May 5, 2021	Terri Fiez
Moved Definitions to Section II and added Section VII: Documentation of IDC (F&A) Waivers; renumbering of following sections; clarification of no requirement for IDC Addendum for RBSAs in Section III; addition of OCG Indirect Costs central webpage in Section IX: Resources	June 1, 2023	Massimo Ruzzene
Corrected fund type for RBSAs and updated Procedural Statement Contact. Given edit only to correct fund type, not not sent for reapproval by VCR.	December 8, 2023	N/A