IDC Return Reductions or Waivers

Guidelines on Facilities and Administrative (F&A) Reductions or Waivers
December 14, 2009

Purpose
Facilities and Administrative (F&A) costs, also known as Indirect Costs (IDC), are a critical component of our research resources as they support the operation, maintenance and administration of our research infrastructure. On rare occasions, a reduction in or waiver of F&A may be requested and approved. This document describes the policy and procedures for addressing such requests.

General Principles and Guidelines
- The F&A rate is negotiated with our cognizant federal agency (DHHS), and it is important that the institution maintain a consistent and transparent approach in recovering the F&A from all funding agencies.
- Any reduction or waiver of F&A should be regarded as “voluntary committed cost sharing” on the award under consideration.
- An investigator is not authorized to negotiate a reduction in or waiver of F&A costs with the sponsor on any sponsored project.

Policy
- It is the policy of Boston University to apply the University's full relevant F&A rate to all externally sponsored projects.
- The University will accept a lower F&A rate whenever there is an established written policy of the sponsor that limits the allowable indirect costs. In those cases, Boston University will charge the maximum allowed rate, which is always published in the sponsor’s funding program information. Examples include private not-for-profit foundations, and certain federal grants (training grants, SIG, facility improvements, etc). Established organizations which fall under this category can be found on the OSP website.
- In the case of industry-sponsored clinical trials, which do not make use of the institutional research facilities, Boston University's policy is to accept a reduced F&A rate of 30% of the total direct costs, including all services provided by the University (such as, but not limited to IRB and pharmacy).

Exceptions
Under very special circumstances defined by criteria listed below, a principal investigator (PI) may request a reduction or waiver of the F&A to be charged to a particular grant.

Criteria for Indirect Cost Reduction or Waiver
BU may consider a reduction in or waiver of indirect costs and/or administrative fees in certain rare situations, which may include, but are not
limited to, the following:

- The benefit of the proposed project to the University, in terms of institutional capacity building, may be deemed to outweigh the loss of indirect cost revenue;
- The proposed project is relatively small (corresponding to a direct cost of $50,000 or lower), will not require extraordinary effort and/or resources to administer, and will significantly assist the investigator in establishing 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 F&A 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.

Procedures

- Requests for reduction in or waiver of indirect costs must be made in writing using the “Request for Reduction/Waiver of F&A” form, available on the Research Website at http://www.bu.edu/research/toolbox/. This requires the signatures of the PI, the Department Head, and the Dean prior to submittal to the appropriate Provost or his/her designee, or, when the project involves a University-wide, cross-campus collaboration, to the VP for Research, for approval.
- Required documentation includes:
  - a copy of the sponsor indirect cost stipulation/policy: Whenever the sponsor has a policy restricting the maximum allowed F&A a copy of the policy must be provided. 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;
  - budget and budget justification;
  - a waiver justification, which includes identifying the benefit to the University for accepting the project at the reduced rate.
- As a matter of policy, indirect cost waivers are RARELY granted for foreign sponsors or for-profit organizations, (i.e., corporations),
- In cases in which in a reduction or waiver of the F&A is approved and the award imposes substantial overhead expenses on the University, either administrative or related to facilities upgrades, and/or maintenance, the appropriate Provost may require that part or the entire reduction or waiver in the F&A be paid by the chair and/or the dean who signed the approval, or identify other means to mitigate the cost to the institution resulting from the unrealized F&A, before approval.