



Procedure to Request a Reduction or Waiver of Indirect Cost

Effective Date: July 1, 2019

Issuing Authority: Office of Research and Economic Development

Responsible Officer: Associate Vice President for Research,
Office of Research and Economic Development

I. PURPOSE

The purpose of this procedure is to provide the conditions for application of indirect cost rates, situations when a rate less than the maximum allowable indirect cost rate that can be requested, and the process for seeking approval for an indirect cost waiver or reduction.

II. SCOPE

This procedure is applicable to all colleges, departments, units and personnel of the University involved in administering sponsored programs.

III. DEFINITIONS

Direct Costs - Those costs that can be identified specifically with a particular sponsored project and which can be directly assigned to such activities, relatively easily, and with a high degree of accuracy. For example, the supplies needed for a research project are easy to identify; however, costs such as heating and air conditioning the rooms and labs used by the project staff are not. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect (F&A) costs.

Indirect Costs - Indirect costs – sometimes referred to as Facilities and Administrative (F&A) Costs, overhead, administrative allowance, or occasionally, institutional allowance are costs which are necessary to support research and other sponsored projects, but which cannot be readily assigned to individual projects.

III. PROCEDURES

The University seeks to recover all Indirect Costs allowed by the sponsor. When submitting applications or proposals to acquire sponsor awards, Principal Investigators (PI's) will request the maximum allowable indirect cost rate as per the University of Wyoming Board of Trustees policy which is contained in Attachment F to UW Regulation 1-102 (Indirect Cost Policy).

For sponsored programs funded by an agency or governmental subdivision of the state of Wyoming an indirect cost rate of 20% total direct costs shall be applied.

UW recognizes that some sponsors have their own policies regarding the use of their funds for indirect cost expenses. In cases where such entities have an official written and publicly disclosed policy that is applied on a consistent basis, or where a public solicitation for proposals defines a limit on indirect cost recovery as a condition of the program, UW will normally accept those requirements. Documentation of the entity's policy statement or program solicitation must be provided.

Note: If UW agrees to accept reduced indirect cost rate on an understanding of the sponsor's policy, and later becomes aware of a higher indirect cost rate paid by that sponsor to another recipient, UW reserves the right to apply the higher rate to that sponsor's projects.

Requests for indirect cost reductions or waivers are initiated by the PI using the Indirect Costs Reduction or Waiver Form and must be reviewed by the Chair and Dean and forwarded for review to the Vice President for Research and Economic Development, or their designee, then forwarded to the President. As a means of determining the costs and benefits of reduction or waiver requests, the following factors will be taken into consideration on a case-by case basis including but not limited to the following:

- » When the activity is providing services to Wyoming citizens and the sponsor is a governmental entity of other states or non-profit organization.
- » The total cost to the University.
- » The likelihood that an award would be seriously jeopardized without a waiver, and the potential effect of the loss on the faculty member's overall research program.
- » The benefit of the waiver to new or junior faculty members or in support of research efforts in new directions which otherwise might not be sufficiently developed to attract typical peer-reviewed awards.
- » The effect of a waiver to increase direct costs available for student support.
- » The research involves any reservation of rights on the part of the sponsor with respect to intellectual property or where granting the waiver might appear to establish a precedent for future projects.

The University generally does not grant indirect costs waivers or reductions unless there is an exceptional reason to allow the waiver. In addition, indirect cost reductions or waivers are generally not granted in cases where the research is sponsored by a for-profit or foreign organization.

Related Policies:

- » University of Wyoming Board of Trustees Policy - Attachment F to UW Regulation 1-102 (Indirect Cost Policy) available at http://www.uwyo.edu/regs-policies/_files/docs/regulations-july-2018/uw_reg_1-102_attachment_f_7-1-18.pdf
- » Current Indirect Cost Memo http://www.uwyo.edu/research/_files/docs/ic_memo_may_20152.pdf

Federal Regulations:

- » OMB Uniform Guidance <https://www.ecfr.gov/cgibin/retrieveECFR?gp=&SID=be741dc530e207bb09e8f15f250df806&mc=true&n=pt2.1.200&r=PART&ty=HTML>