

**Arkansas State University
Research and Technology Transfer
Standard Operating Procedures**

Requesting Facility and Administrative (Indirect) Cost Reductions

Overview

A facilities & administrative (F&A) cost waiver/reduction is an institutional agreement that the University will charge F&A costs at a lower rate than what is federally negotiated and published by the Vice Provost of Research, Innovation, and Discovery. Unless a project falls into a limited number of pre-established exceptions (see below), Principal investigators (PIs) must petition for such a waiver/reduction on a case-by-case basis. Waivers/reductions are not granted for an entire type or class of project.

It is the policy of Arkansas State University (A-State) to request and recover the full indirect (F&A) costs to which it is entitled. Indirect costs reimburse the University for legitimate and real expenses that cannot easily be charged as direct costs on external grants and contracts. Recovered indirect costs in no sense represent a “profit” or otherwise discretionary disposable general revenue. Rather, indirect-cost recovery offsets expenses attributable to externally sponsored projects. These expenses include use of space and equipment, depreciation on equipment and facilities, utility costs, financial accounting, departmental administrative costs, and numerous other support services required for research.

Principal Investigators are responsible for including all F&A that A-State is eligible to collect in their grant proposals and/or contracts. F&A cannot be waived simply to increase competitiveness of proposals.

Exceptions

Exceptions to the published F&A rates are allowable when

- A reduced rate is required by the funding agency as stated in the Request for Proposal or other written authority
- The sponsoring agency has a written pre-established F&A (Indirect) costs cap (e.g., USDA NIFA, Department of Education)
- A-State has a pre-established agreement with the sponsoring agency to reduce F&A costs for proposed funding
- Project falls under the “off campus” threshold and the off campus F&A rate is applied. A project is considered off campus when no A-State laboratories, facilities, or administrative staff, outside of the pre and post award offices, will be used to perform the work on the award.

Appropriate Reasons to Request F&A Waiver

PIs may request a waiver or reduction in F&A rates when

- The PI is engaging in a fixed-price contract or agreement that is less than \$10,000 in total direct costs

- The granting agency requires significant cost-share contributions, and allows F&A waivers to be used as cost-share. **Principal Investigators must understand that such an agreement is granted only in unusual circumstances.**

Procedure

PIs must provide Research and Technology Transfer with a formal written request to reduce F&A costs in their proposal. Written approval from the Vice Provost of Research, Innovation, and Discovery to reduce F&A costs must accompany proposals before F&A costs will be reduced.

The Vice Provost for Research, Innovation, and Discovery (VPR) has the overall authority to approve F&A waivers. Any deviation to this procedure must be approved by the VPR.