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From: Senior Associate Vice President for Research Administration
<VPRA@LISTSERV.TAMU.EDU> on behalf of Division of Research - Research Administration <vptra@TAMU.EDU>
Sent: Wednesday, January 27, 2016 2:51 PM
To: VPRA@LISTSERV.TAMU.EDU
Subject: [VPRA] Updated Indirect Cost (F&A) Waiver Request Form
Attachments: IDC Waiver Form 1-19-16.pdf

On Behalf of Carol Cantrell, Senior Associate Vice President for Research Administration

Dear Researchers,

Facilities and administrative costs (i.e. Indirect Cost, IDC, or F&A) are costs that are incurred for common or joint objectives that cannot be identified readily with a particular sponsored project, an instructional activity, or any other institutional activity. The negotiated F&A (indirect) cost rate for the Texas A&M University System is applicable to all sponsored agreements with federal, state, local and private for-profit sponsors, unless specifically stated in the sponsoring agencies guidelines or by-laws. A letter from a sponsoring entity official stating they do not allow for indirect cost, is not acceptable for of documentation. It must be published in the sponsor guidelines or by-laws.

It is the intent of the state legislature that all state agencies and institutions recover all F&A (indirect) costs, from federal, state, and private for-profit sponsors, based on the rates negotiated with the federal cognizant agency. Any exception to the use of the fully negotiated rate requires a documented statement of explanation/justification. The statement must outline the benefits to Texas A&M University and the State of Texas. Waivers or reductions of F&A (indirect) costs require prior approval from the VPR's Office, before a proposal is submitted to a sponsor.

The following guidelines should be observed when establishing sponsored agreement terms for recovery of F&A (indirect) costs:

- Agreements with federal agencies will provide for the full F&A (indirect) cost rate unless:
 - the F&A (indirect) cost rate by a federal agency on a particular project is fixed or capped by statute or sponsor regulation, (or)
 - other circumstances dictate the necessity for accepting a lesser F&A (indirect) cost rate at the discretion of the University.
- Agreements with Texas State Agencies and political subdivisions, at the discretion of the University, except where the agreement is funded with federal flow-through funds, may agree to accept a lesser F&A (indirect cost) rate.
- Agreements with private foundations will provide for the fully negotiated F&A (indirect) cost rate, unless:
 - the F&A (indirect) cost rate by the private foundation on a particular project is prohibited or limited **and** such limitation or cap is explicitly stated in the sponsor's guidelines or published in their by-laws. A formal letter from a foundation "official" is not an acceptable source of documentation.
- As a public institution Texas A&M University must conduct research on a full cost recovery basis. When we do not recover F&A from private-for profit sponsors, the university is essentially subsidizing projects conducted for the primary benefit of the private company. The federal government specifically requires universities to ensure the federal government does not subsidize other non-federal activity in the reimbursements it provides for indirect costs

associated with the performance of federal research. Under these rules, universities must demonstrate and explain exactly how they do they accomplish this, and thus are held accountable.

In order to obtain prior approval from the VPR's office for a reduction or waiver of the fully negotiated F&A (indirect cost) rate, the attached form should be completed, routed through your respective Department Head and Dean, and then forwarded on the OPR for review. The form can also be found on the Division of Research website at: <https://vpr.tamu.edu/researchadmin/resources/forms-1/indirect-cost-waiver-request>.

Thank you,

Carol. J. Cantrell
Sr. Associate VP for Research Administration

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