



3. employ personnel for which the University will have some responsibility for continuance of payment after the termination of the grant.

Charges for indirect costs by the University are justified on the basis of the many additional costs which arise out of the acceptance of gifts and grants, such as building use charges, library use charges, general administration and general expenses, etc.

## II. INDIRECT COST RATES TO BE CHARGED

The indirect cost rate(s) to be charged by each campus shall conform to the federally negotiated Rate Agreement. In most cases nonprofit organizations which are established under Internal Revenue Service Code 501(c)(3) of the 1954 tax code have policies which stipulate the basis for reimbursing indirect cost to a university. We will adhere strictly to these established policies. Overheads involving private companies will conform to either the policy statement of that company with respect to overheads or to a negotiated overhead between a campus and a company.

Indirect cost rates are negotiated on a regular basis and are subject to change. Information concerning new rates are distributed by the Office of Business Affairs on each campus. The federally negotiated indirect cost rate in effect at the time proposals for new sponsored projects are submitted shall be applied. Proposals for continuation of awards which maintain the same sponsored grant or contract number may use the rate approved in the award. Ongoing projects with funds already awarded may also continue at the rate approved in the award. However, attempts should be made to include the current indirect cost rate in proposals submitted for continuation funding. The Chancellor of each campus, or designee, may reduce or waive the indirect cost recovery if one or more of the following conditions are met.

- A. The primary purpose of the project is to benefit students (provide for tuition, scholarships, graduate assistantships, etc.).
- B. The project will contribute to the social well-being or economic development of the State.
- C. The sole purpose of the project is to fund conferences, symposia, or conventions.
- D. The sponsor is a non-profit foundation which has provided a copy of its established policy prohibiting payment of indirect costs or the sponsor is a federal agency which cannot fund indirect costs due to statutory requirements.
- E. The sponsor is in the private sector and the award is small, \$10,000.00 or less.
- F. The reduction in overhead is necessary in order to be competitive with other institutions applying for the same funding.

Any deviation from the above policy must be justified to and approved by the Office of the President. In cases where research is performed at off 7cyt p foe 2is peeMC /LBo7 (y)4.6 ( t)-8 (h)8.7 ( Pe toes3 (t)1.7 ( )-ic 0 Tw 12 -0 0 J 0 -1.6 (t)appmed-9.3 (s)-1.1 (sof)10 (f)77 l