

UNIVERSITY OF HAWAII

COMMUNITY COLLEGES POLICY

UHCCP #8.102B
June 2007

SUBJECT: Indirect Cost Reductions and Waivers

I. Purpose

This policy establishes policy guidelines for indirect cost reductions or waivers and delegates authority for approval of indirect cost reductions or waivers to Community College Chancellors.

II. Related University Policies

This policy implements the following University policies:

- A. Delegation of signature authority from Vice President for Research James Gaines to Vice President for Community Colleges John Morton, dated April 17, 2006
- B. Delegation of signature authority from Vice President for Community Colleges John Morton to Chancellors, dated April 28, 2006
- C. UH Systemwide Administrative Procedures, A8.910, Procedures for the Preparation and Submission of Proposals to External Sponsors and the Review/Approval Requirements for Sponsored Agreements (<http://www.hawaii.edu/apis/apm/congrant/a8910.pdf>)
- D. UH Systemwide Executive Policies A8.927, Indirect Cost Charges for Extramurally Financed Research and Training Contracts and Grants (<http://www.hawaii.edu/apis/apm/congrant/a8927.pdf>)
- E. ORS guideline on use of 8% indirect cost rate for federal training grants (<http://www.hawaii.edu/ors/documents/memos/8percentmtdc.pdf>)
- F. Federal Office of Management and Budget (OMB) Circular A-21, Cost Principles for Educational Institutions (http://www.whitehouse.gov/omb/circulars/a021/a21_2004.html)

III. Definitions

Indirect Costs – As described in UH Systemwide Administrative Procedure A8.910, indirect costs are real costs incurred by the UH that are common to all programs but which cannot be precisely assigned and charged to individual programs. Indirect costs are those costs incurred for general administration support and maintenance and include

expenditures relating to depreciation and use allowance, operation and maintenance, general administration and general expense, departmental administration expense, sponsored project administration, library expenses, and student administration and services.

As described in UH Systemwide Administrative Procedures A8.927, indirect costs, pursuant to Office of Management and Budget (OMB) Circular A-21, are costs that are incurred for common or joint objectives and which cannot be readily and specifically identified with an individual sponsored project, and instructional activity or any other institutional activity. Services provided by indirect cost activities are essential for the support and operation of research and training programs and they normally include such costs as lighting, air conditioning, janitorial services, grounds and building maintenance services, departmental administration, accounting, purchasing, personnel, student services, sponsored project administration, and library services.

OMB Circular A-21 provides for the recovery of indirect costs incurred in support of research and training programs by the establishment of indirect cost rates which are applied against eligible direct costs charged to extramural awards.

Facilities and Administrative Costs – Facilities and administrative (F&A) costs is the terminology currently used by the Federal government for indirect costs. The definition for F&A costs is synonymous with indirect costs as described above.

IV. Responsibilities

The Vice-President for Research has delegated the authority to approve indirect cost reductions and waivers for extramural grants to the Vice-President for Community Colleges. The Vice-President for Community Colleges has further delegated this authority to Community College Chancellors.

The Chancellors shall have the responsibility to:

- A. Approve indirect cost reductions or waivers for extramural projects based on a delegation of this authority from the Vice-President of Community Colleges. The delegation to the Chancellor(s) may be revoked at the discretion of the Vice-President.
- B. Ensure that approvals of indirect cost reduction or waiver requests are based on a full justification of why the University should conduct the project at less than full reimbursement, the amount of the waiver, the benefit to be derived by the University as a result of the reduction or waiver, and the ramifications if approval is not granted.
- C. Ensure that all indirect cost reduction or waiver requests are documented using the Indirect Cost Reduction/Waiver Request form (Attachment A) and that approved reductions or waivers are retained in an appropriate file which is available for review or for preparation of reports to UH administrators, the Board of Regents, the Legislature, auditors, or other individuals or organizations as needed.

- D. Ensure that a copy of the sponsoring agency policy limiting or excluding indirect cost or indirect cost reduction or waiver approved by the Chancellor to extramural project is included with proposals submitted to the Office of Research Services.
- E. Where indirect cost reductions or waivers are not granted, ensure that extramural projects provide for full recovery of indirect costs in accordance with UH Systemwide Administrative Procedure A8.927 and current federally approved indirect cost rates unless indirect cost is limited or excluded by statute, regulation, or sponsor policy.

Language in UH Systemwide Administrative Procedure A8.927, Section 5(a)(6) requiring approval of the Office of Research Service Director for indirect cost reductions or waivers is superseded by the delegation of authority from the Vice President for Research to the Vice President for Community Colleges and further delegation to Community College Chancellors.

Approved indirect cost rates for the University:

Current federally approved indirect cost rates are available on the Office of Research Services website at

http://www.hawaii.edu/ors/filecabinet_rates_indirect.html

Indirect cost limitations for selected sponsoring agencies are available on the Office of Research Services website at

http://www.hawaii.edu/ors/filecabinet_rates_sponsor.html

Indirect cost limitations for federal pass through awards from the State Department of Health are available on the Office of Research Services website at http://www.hawaii.edu/ors/filecabinet_rates_health.html

Chancellors are advised that indirect cost reductions and waivers reduce the amount of overhead funds recovered by the campus. A lower overhead recovery, relative to other organizational units at the University, may reduce the annual return of overhead allocation (Facilitating Fund allocation-Research and Training Revolving Funds) for the campus. Historically, allocations have been based on the proportion of overhead recovered by the campus to the total overhead recovered by the University as a whole.

Date: _____

Indirect Cost Reduction/Waiver Request

To: _____
Chancellor

From: _____
Title

Subject: Indirect Cost Reduction / Waiver Request

Project Title:

Explain why the University should conduct this project at less than full indirect cost reimbursement:

Explain ramifications if reduction or waiver is not approved:

Source of Funding: Federal _____ State _____ Other _____ (specify) _____

Project Type: Research _____ Training _____

Project Location: On-Campus _____ Off-Campus _____

<u>Project Cost Subject to Overhead</u>	<u>Applicable Indirect Cost Rate</u>	<u>Dollar Value of Full Overhead</u>	<u>Requested Indirect Cost Rate</u>	<u>Dollar Value of Reduction/Waiver</u>
_____	_____	_____	_____	_____

Approved / Disapproved

Chancellor Date



UNIVERSITY OF HAWAII

JAMES R. GAINES
INTERIM VICE PRESIDENT FOR RESEARCH

MEMORANDUM

April 17, 2006

TO: John Morton, Interim Vice President, Community Colleges
Rose Tseng, Chancellor, UH Hilo
Gene Awakuni, Chancellor, UH West Oahu

FROM: James R. Gaines *J. R. Gaines*
Interim Vice President for Research

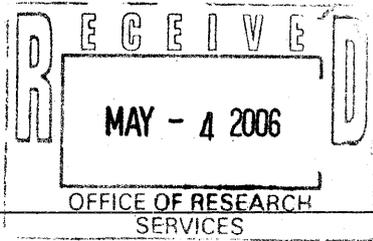
SUBJECT: Indirect Cost Reduction and Waivers

The indirect cost recoveries from extramural grants are important sources of revenue to your respective campuses. Realizing the direct impact of indirect cost reductions and waivers to your campus, I am delegating the authority to approve such reductions and waivers to you effective immediately.

You may further delegate this authority to your designee(s) and should communicate to administrators and investigators on your campus on how they should obtain a reduction or waiver.

Should you have any questions, please contact me at 956-7490.

c: David McClain, President
Kevin Hanaoka, Interim Director, ORS



UNIVERSITY OF HAWAII

JOHN MORTON
INTERIM VICE PRESIDENT FOR COMMUNITY COLLEGES

MEMORANDUM

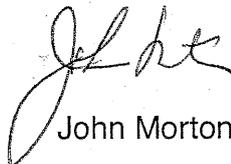
April 28, 2006

TO: Chancellors

SUBJECT: Indirect Cost Reduction and Waivers

Based on authority delegated to me by Interim Vice-President for Research Jim Gaines, I am delegating to you the authority to approve indirect cost reductions or waivers for extramural grants from your college. This delegation is effective immediately.

As you consider requests for reduction or waiver of indirect cost, please remember that such reductions will negatively impact the RTRF funds for your campus.



John Morton

c: Mike Unebasami
Kevin Hanaoka