

Indirect Costs & Fringe Benefits

Indirect Costs and IDC Waiver

Indirect costs (also known as “Facilities and Administrative” or “overhead” costs) are those costs that are incurred for common or joint objectives and, therefore, cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity. Indirect costs support the administrative and infrastructural needs of the University which underpin the research in ways that might not be tangible (i.e. they are not *directly* applicable to the research project). CCSU has a [formula for distribution of indirect costs](#) that allocated indirect costs to all the administrative areas of the University that support research in some important way. This distribution includes central administrative departments, the chair of the PI’s department, the dean of the PI’s school, the Provost, GFR, Post-Award, and Academic/Student Affairs, as well as the PI him/herself.

CCSU has a [federally established indirect cost](#) (also known as Facilities and Administrative or “overhead”) rate of 62% of salaries and wages, excluding fringe benefits. However, some funding opportunities establish other limits or allow different indirect cost rates. For example, a federal training grant will cap indirect costs at 8% of Modified Total Direct Costs (i.e. all direct costs with the exception of certain pre-excluded categories, e.g. participant costs and equipment); some foundations will prohibit any indirect costs, or limit them to a nominal amount, say 10-15%. These limits and restrictions will vary from one sponsor to another, so it is important to check the funding opportunity announcement very carefully in each case.

As a general matter, however, the University seeks to recover as much indirect cost as possible, within the framework of our federally-established indirect cost rate or what the sponsor will otherwise allow. For this reason, we may not unilaterally “waive” indirect costs without a compelling reason, and without the specific and appropriate approval of an institutionally authorize University official.

The waiver of any portion of eligible indirect cost recoveries must be approved in advance by the Chief Financial Officer and the President, with input and recommendations from the Office of Grants and Funded Research and the Provost. An IDC Waiver (ICW) Request will be submitted by GFR in writing to the CFO or the CFO’s delegate (after consultation with the principal investigator and the department chairperson and the office of the dean), prior to circulation of the final proposal for internal review and processing. An ICW request should be submitted well in advance of the proposal deadline to ensure adequate time for review and processing.

The following information is required for consideration of the ICW to be made:

- Amount of the waiver and the reason for the request
- Significance of the proposed research and support
- Consequences of accepting or denying the waiver

Justification for Making an ICW Request

A waiver request may be made for reasons that may include one or more of the following scenarios:

- The funding opportunity requires a certain level of cost share or matching that cannot otherwise be met from in-kind or cash commitments;
- The total funding available from the sponsor is relatively small or a predetermined fixed amount and the full recovery of the indirect costs from the dollars available would make erode the direct costs available to the program and thus make the implementation of the project very difficult;
- The department is going to undertake the proposed research regardless of the funding from any particular sponsor and therefore, the availability of external funds to support this effort can be viewed as a partial offset to University commitments.

Rationale for Approval of ICW by GFR

All requests will be reviewed by the GFR to clarify sponsor policy, to determine past and potential precedents, and to provide a recommendation to the senior administration of the University. The financial implications of the waiver should be clearly spelled out.

Several factors will be considered in determining if an indirect cost waiver is appropriate for a particular proposal:

- The significance of the research to the principle investigator, department chairperson, and dean, and the willingness of the responsible unit to **cost-share** its portion of the indirect cost recoveries.
- Total proposed budget, amount of the requested waiver, and the precedent that will be established for the university unit, type of research, and/or sponsor category.
- Availability of support from other sources.
- History and anticipated future support from the sponsor.
- Nature of the support (e.g., student stipend, interim support between other projects, support which complements other projects).
- Whether other universities involved in the proposed research have accepted lowered indirect cost recoveries.

All other things being equal, it is not the position of the University to waive indirect costs, except in compelling and unusual circumstances. Indirect cost waivers should be avoided where possible. (See also guidelines on cost share and matching funds)

Fringe Benefits

Fringe benefits are costs tied to salaries that pay for things like health insurance, retirement, unemployment compensation, FICA and workers' compensation. Different categories of employees are associated with varying levels of fringe benefit coverage. CCSU's fringe benefit rates are negotiated annually. Certain sponsors do not pay fringe benefits, or will only pay some portion of the fringe

benefits offered to CCSU employees. The Office of Grants & Funded Research ensures that the correct fringe benefit rate is applied to each person who works on and is paid from a grant.