

Requesting a Facilities and Administrative (Indirect) Cost Reduction

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Issuing Authority: Office of Vice President for Research

F&A Costs (also known as indirect costs/IDC, overhead, administrative allowance, or occasionally, institutional allowance) are a critical component of our research resources as they support the operation, maintenance and administration of our research infrastructure. Given the importance of indirect costs to SBU operation, F&A costs must be recovered from sponsored projects in accordance with the campus' F&A cost policy, are generally not waived and reductions are rarely granted. This document describes the policy and procedures for addressing such requests. For more information, see the Governing [Guidance for On/Off Campus F&A Rates Procedure](#).

A. Requesting an F&A Cost Reduction

A facilities & administrative (F&A) or indirect cost (IDC) reduction is an agreement under which the University will charge F&A costs for a specific project at a lower rate than the DHHS and institutional rates approved and published by the Office of the Vice President for Research. Unless a project falls into a limited number of pre-established exceptions (see Section B below), principal investigators (PIs) must petition for a reduction on a case-by-case basis. Reductions are not granted for an entire type or class of project. The requested reduced F&A rate must be based on the total direct costs (TDC) of the project. Requests for F&A cost reduction must be routed to OVPR via osp@stonybrook.edu for final review and approval at least 7 business days prior to the proposal submission deadline, and should include:

1. Scope of work and a detailed budget (include the myResearch Grants FP #, if available);
2. Reason for the request (include rationale for institutional interest or benefit). Any relevant F&A cost communications with the sponsor to the request should also be included.

B. Pre-established Exceptions

Principal Investigators are expected to adhere to the [institutional F&A rates](#) applicable to the type of project and on/off campus location (research, instruction, other sponsored programs, clinical trials, administrative). These projects are considered to be carrying "full F&A".

SBU recognizes that some sponsors have their own policies regarding F&A/IDC recovery. In cases where such entities have an official written and publicly disclosed policy that is applied on a consistent basis, or where a public solicitation for proposals defines a limit on indirect cost recovery as a condition of the program, SBU will accept those requirements and a waiver or reduction request is not needed. Documentation of the entity's policy statement or program solicitation must be provided. Additionally, an individual project reduction does not have to be obtained if one or more of the following criteria are applicable:

- The U.S. federal government or non-profit sponsor has a published rate lower than the full applicable rate. For-profit agencies are expected to pay the full applicable rate except as noted elsewhere for fellowships and industry-funded clinical trials. To be acceptable, the published rate of the non-profit or federal agency must appear in its published guidelines, or be published on their web site, or be confirmed in writing by their grants or business office (not a program official). The lower rate must apply universally to all proposals submitted for that particular program or that agency (not solely our proposal). The Principal investigator must furnish evidence of the published rate by the time the proposal budget and myResearch proposal are submitted to the Office of Sponsored Programs (OSP) for institutional endorsement. If such documentation cannot be provided, the Principal Investigator must include the full applicable F&A rate in the proposal.
- The award is being transferred from another institution/entity. In this instance, our institution will accept the budgeted/allocated level of F&A that is transferred in and will not exceed such rate until and if a renewal proposal will be submitted, in which case SBU's F&A rate will apply. A comment should be added in the myResearch proposal identifying the reduced rate and that it is due to a PI transfer. Note that any additional reduction in rate (beyond maintaining direct cost equivalency) requires an individual project waiver.
- The project has an approved individual project waiver/reduction in place, and any additional funding (e.g., supplement or renewal) provided by the sponsor does not exceed 25% of the original amount anticipated on the award. Funding added to a project above these levels requires a separate waiver. A comment should be added to the myResearch proposal identifying that the project is subject to a previously-approved individual waiver and the supplement does not exceed 25% of the original amount anticipated on the award.

C. Compelling Reasons for Individual Project F&A Reductions:

Some of the circumstances the VP for Research will consider when reviewing an F&A reduction are noted below. This list is not exhaustive, and investigators should NOT assume that the presence of one or more of these conditions will be sufficiently compelling to justify a reduction. However, if such conditions exist, they should be noted in the request. Each circumstance is different and requests are treated on a case-by-case basis.

- Seed grants which may attract larger awards (these waivers are approved with the stipulation that all future funding on the project will carry full F&A)
- Hardship for new or early career PI
- Community relations or library projects
- Student services projects (or increase funding to pay for students) - The effect of a waiver to increase direct costs available for student support.
- Capped awards with unusual circumstances, such as a pilot program for an agency (note that in general, a capped award is not considered a valid reason as an investigator is expected to design their project to fit within an agency's cap, including payment of direct and full F&A)
- Small awards for junior faculty or incoming faculty (typically less than \$50,000). The benefit of the waiver to new or junior faculty members or in support of research efforts in new directions which otherwise might not be sufficiently developed to attract typical peer-reviewed awards.

- The likelihood that an award would be seriously jeopardized without a waiver, and the potential effect of the loss on the faculty member's overall research program.
- Small awards (typically less than \$30,000) that enhance distinctive activities (e.g. cultural/artistic)
- Only available source of funds in a topical area
- Strategic partnerships

Unacceptable Reasons. The University generally does not grant indirect costs waivers or reductions unless there is an exceptional reason to allow the waiver. In addition, indirect cost reductions or waivers are generally not granted in cases where the research is sponsored by a for-profit or foreign organization. F&A waivers/reductions will NOT be granted in the following circumstances:

- The perception that it would increase the competitiveness of a proposal.
- Because the sponsor is unwilling to pay the university's applicable F&A rate.
- The Principal Investigator failed to submit the proposal via approved institutional channels (e.g., through OSP or other approved institutional channel) prior to submission to the Sponsor. In these cases, the Sponsor will be expected to pay the full applicable F&A rate or the department will be responsible for cost-sharing that portion of the F&A the sponsor refuses to pay.

D. How to Request an Individual Project F&A Cost Reduction

Each request may be subject to departmental and/or college/school review/approval if circumstances warrant it. Requests are always subject to VPR approval, which is not guaranteed and depends on the unique circumstances of the request. Strategic waivers are also subject to institutional approval. Principal Investigators may not offer or promise a reduced rate to a sponsor in advance of receipt of an approved waiver. OVPR reserves the right to verify the requests for a reduced rate with the Principal Investigators' unit Chairs and/or Deans prior to VPR approval. Chairs and/or Deans will ultimately approve or deny the reduced rate during their standard internal review of the proposals in myResearch Grants. The University will not alter its review procedures or approval criteria because of such promises. Principal Investigators and their units are responsible for requesting any waivers or reductions needed in a timely manner.