



Executive Owner: President, VP or Provost  
Dept/Unit Owner: Office of Sponsored Programs  
Heather Arnold  
Grants Administrator and Compliance Officer  
603-535-3233  
Required Prerequisites: N/A; Faculty Approval  
Established Date: 02/24/2020  
Revised Date: 03/02/2020

## **SPP 03023030 Indirect Cost Recovery Policy**

**Purpose:** (identify source of compliance requirements) (consequence of non-compliance)

To recover indirect costs associated with grant activity.

### **Policy:**

Indirect costs are funds collected by the university from grants and contracts to recover costs associated with operation and management that are not directly charged to the outside agency. The university negotiates an indirect rate with the federal government. Some sponsors limit the indirect costs (IDC) allowable on grants and contracts; however, the policy of the institution is to maximize the amount of IDC recovered. As such, all proposal budgets for external funding will include PSU's federally negotiated indirect cost rate, or the rate stipulated in writing by sponsor policy, and as approved for submission through the Internal Review Approval process. These recoveries help fund the true costs of conducting externally-funded programs, including physical costs such as space, equipment and utilities, as well as services required such as administrative support and the operation of the Office of Sponsored Programs, which helps prepare and submit all grants and contracts and provides much of the accounting support and management oversight once grant funding has been received.

### Indirect Cost Waiver

Any reduction in indirect costs from PSU's federally negotiated indirect cost rate, including sponsor stipulated limits, must be approved during the Internal Review Approval Process.

Voluntary (elective) reduction in indirect costs is typically not allowed, and any request must be approved by the Provost/Vice Provost and/or Vice President for Finance and Administration.

De Minimis Indirect Cost Rate for NH-based non-profit organizations Proposals funded by New Hampshire based non-profit organizations, excluding state and municipal agencies, and hospitals, will be afforded either PSU's federally negotiated indirect cost rate, or 10% of Modified Total Direct Costs (MTDC), whichever results in lessor indirect costs charged. The exception is federal pass-through funding, which by federal policy, will be charged PSU's federally negotiated indirect cost rate regardless of the classification of the pass-through entity.

**Procedures and Forms:** (Include links to related procedure and forms document unless links are imbedded within the text of the Policy.)

Indirect Cost Rate Agreement