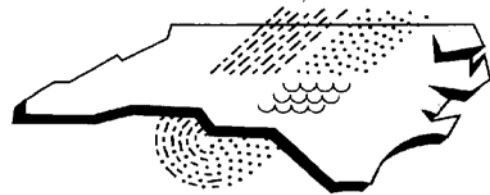


Water Resources Research Institute
of The University of North Carolina



October 15, 1999

TO WHOM IT MAY CONCERN

FROM: Kenneth H. Reckhow, Director

This memorandum is a statement of our policy regarding indirect costs incurred by universities or other institutions participating in the Water Resources Research Institute's research program. We neither collect nor pay indirect costs on our projects. This policy is based on the policies of our primary funding sources as indicated below:

- (1) The Water Resources Research Institute is funded under Section 104 of the Water Resources Research Act (PL101-397). This program requires matching and directs that federal funds be used only for reimbursement of direct costs (Sec.104(c)). Indirect costs incurred by the participating universities are applied as part of the matching requirements of this program.
- (2) The regional program authorized under Section 104 (g) of PL 101-397. This program requires matching and directs that federal funds be used only for reimbursement of direct costs (Sec. 104 (g)). Indirect costs incurred by the participating universities or institutions are applied as part of the matching requirements of the program.
- (3) The NC Urban Water Consortium does not pay indirect costs.
- (4) Grants from state agencies do not pay indirect costs.

Normally, matching referred to in these policy statements is supplied by the institute as part of the total direct costs awarded to successful applicants unless submitted otherwise in the proposal or stipulated otherwise in our resulting subcontract. These policies have been in effect since 1965 (item 1) or since the first granting of funds in each case.