Purpose

To establish the procedure for seeking an exception to ECU’s indirect cost rate policy for proposals submitted to sponsors for research, service and other sponsored activities.

Introduction

F&A costs are general purpose costs associated with the institutional infrastructure, such as buildings, maintenance, general administrative support personnel and libraries, which are not project specific. In accordance with East Carolina University’s Indirect Cost Rate Agreement (F&A), OMB Circular A-21 and University policy, indirect cost recovery is necessary to support administrative and facility costs associated with ECU’s research and service infrastructure. Occasionally, extraordinary circumstances prompt consideration of exceptions to ECU’s F&A / Indirect Cost policy. In such unusual circumstances, written approval of an exception to ECU’s policy is required.

Procedure

Proposal budgets must contain the appropriate indirect cost rate applicable to a given sponsor or sponsor application. Specific guidance about acceptable F&A cost rates is contained in Table 1 F&A Rate Guidance. Table 1 also identifies when an written F&A rate exception is required for institutional approval.

PI Request for an F&A Rate Exception: Requests for exceptions to the guidance provided in Table 1 requires a written request that is reviewed and approved by the principal investigator (PI), unit head, Associate Dean for Research and Vice Chancellor for Research. Requests by the PI to reduce the F&A rate or waive F&A in entirety when a sponsor has no identifiable restriction on F&A shall require completion and approval of Form #1, PI Request for Indirect Cost Exemption.

Sponsor Request: Requests by the Sponsor to reduce the F&A rate or waive F&A in entirety when the sponsor has no publicly available written policy requires the completion and approval of Form #2, Sponsor Request for Indirect Cost Exemption.

Routing of F&A Exception Requests: The PI and associated unit leadership should consider that review and approval of an F&A rate exception must complete its routing in sufficient time for budget revisions and approval of the proposal by OSP. Insufficient review time is not an acceptable reason for justification of an indirect cost exception request.

F&A Exception Documentation: A copy of the sponsors F&A rate policy and the fully approved request for an exception must be logged into RAMSeS and clearly identified as “F&A waiver request”.
If F&A waiver requests are initiated after a proposal has started routing, the proposal should be rejected and routing should begin again so that all approvers may review the waiver request and supporting materials. All RAMSeS approvers must endorse the waiver request in order for it to make its way to the Vice-Chancellor for Research and Graduate Studies (RGS). The Vice-Chancellor for RGS will make the final decision to accept, reject or modify the waiver request.

**NOTE:** When a sponsor's F&A rate is lower than the University's negotiated rate, the rate is applied to ALL costs (Total Direct Costs, NOT Modified Total Direct Costs), unless the sponsor specifically excludes certain categories.

**Exceptions**

None
## Table 1: F&A Rate Guidance

<table>
<thead>
<tr>
<th>Sponsor (Activity) Type</th>
<th>Source of Funds</th>
<th>Sponsor’s F&amp;A Policy</th>
<th>F&amp;A Rate Applied to Proposal *</th>
<th>F&amp;A Distribution **</th>
<th>F&amp;A Exception Required?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal</td>
<td>Federal</td>
<td>Published Federal Guidelines</td>
<td>Federal F&amp;A Rate</td>
<td>70/30 or 60/40 F&amp;A distribution policy, as applicable</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>Federal Pass Thru</td>
<td>Published Federal Guidelines</td>
<td>Federal F&amp;A Rate</td>
<td>70/30 or 60/40 F&amp;A distribution policy, as applicable</td>
<td>No</td>
</tr>
<tr>
<td>Non-Federal Public Or Non-Federal Non-Profit</td>
<td>Non-Federal</td>
<td>Published Sponsor F&amp;A Policy Specifies No F&amp;A Restrictions</td>
<td>Federal F&amp;A Rate</td>
<td>70/30 or 60/40 F&amp;A distribution policy, as applicable</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>Non-Federal</td>
<td>Published Sponsor F&amp;A Rate &lt; ECU’s Federally Negotiated F&amp;A Rate</td>
<td>Maximum F&amp;A Rate Allowed by Published Sponsor Policy Applied to Total Direct Costs</td>
<td>70/30 or 60/40 F&amp;A distribution policy, as applicable</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Unpublished Sponsor F&amp;A Policy</td>
<td>Federal F&amp;A Rate</td>
<td>70/30 or 60/40 F&amp;A distribution policy, as applicable</td>
<td>No</td>
</tr>
<tr>
<td>Clinical Trials</td>
<td>Federal</td>
<td>Published Federal Guidelines</td>
<td>Federal F&amp;A Rate</td>
<td>70/30 or 60/40 F&amp;A distribution policy, as applicable</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>Non-Federal</td>
<td>Unpublished or Published Sponsor F&amp;A Policy</td>
<td>26% Applied to Total Direct Costs</td>
<td>70/30 or 60/40 F&amp;A distribution policy, as applicable</td>
<td>No</td>
</tr>
<tr>
<td>For Profit</td>
<td>Non-Federal</td>
<td>Unpublished or Published Sponsor F&amp;A Policy</td>
<td>Federal F&amp;A Rate</td>
<td>70/30 or 60/40 F&amp;A distribution policy, as applicable</td>
<td>No</td>
</tr>
</tbody>
</table>

All other scenarios will require a written request for an exception to ECU’s F&A policy. Approval of such requests is dependent on agreement of a modified institutional F&A distribution formula as follows:

- F&A rate of < 26%: 100% distributed to RGS;
- F&A rate =>26%: distributed according to 70/30 or 60/40 F&A distribution policy **

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** Current Federally Negotiated F&A Rates

- Research (On Campus): 47% MTDC through 6/30/14; 47.5% thereafter
- Research (Off-Campus – Adjacent): 27.7% MTDC through 6/30/15
- Instruction (On-Campus): 50% MTDC through 6/30/15
- Other Activity (On-Campus): 44.5% MTDC through 6/30/15
- Off-Campus (All Types): 26% MTDC through 6/30/15

** F&A Distribution

- 70/30: 70% of F&A to RGS, 30% to PI & Units
- 60/40: 60% of F&A to RGS, 40% to PI, Units and Approved Centers & Institutes
- 100/0: 100% of F&A to RGS
- 0/100: 100% of F&A to PI & Units