SAINT LOUIS UNIVERSITY
FACILITIES & ADMINISTRATIVE COSTS/
INDIRECT COSTS POLICY

Policy Number: RA03
Classification: Research Administration
Responsible University Office: Vice President for Research

Version Number: 2.0
Effective Date: August 9, 2010

1.0 INTRODUCTION

It is the policy of Saint Louis University to request and recover the full indirect (F&A) costs to which it is entitled. Indirect costs reimburse the University for legitimate and real expenses that cannot easily be charged as direct costs on external grants and contracts. Recovered indirect costs in no sense represent a "profit" or otherwise discretionary disposable general revenue. Rather, indirect-cost recovery may be viewed as income offsetting other expenses attributable to externally sponsored projects. These expenses include, for example, use of space and equipment, depreciation on equipment and facilities, utility costs, financial accounting, and numerous other support services.

2.0 PURPOSE

The purpose of this statement is to clarify and reaffirm the University's policy on reduction or waiver of indirect costs.

3.0 APPLICABILITY

This policy applies to all external grant and contract proposals, external grants, and externally-funded contracts received by Saint Louis University.

4.0 POLICY

All proposals submitted from Saint Louis University are required to recover full indirect costs, except under the conditions identified below. Any variation from the full rate, including the exceptions noted below, must be approved by the School/College Dean and the Vice President for Research or his/her designee.

Federal regulations require institutions of higher education to charge indirect costs uniformly across federal and non-federal awards where indirect costs are permitted and not otherwise governed by rule or regulation.

1. For those agencies which have a written policy limiting indirect costs allowed, the University will accept the maximum allowed under that policy.
2. **In limited circumstances**, where an agency requires significant in-kind contributions, the School/College Dean and University’s research administrators **may choose** to reduce the amount of indirect-cost collection, but only in cases in which the agency allows IDC as and in-kind contribution, cost sharing or matching funds. **Such in-kind match is discretionary for the University, and principal investigators must understand that such an agreement is granted only in unusual circumstances.**

3. The University will accept a waiver of indirect costs for any fixed-price contract or agreement that is less than $10,000 in total direct costs.

4. If full indirect cost charges are not requested or provided, any difference between the indirect costs received and the amount to which the University would be entitled under its indirect-cost agreement negotiated with the U.S. Department of Health and Human Services must be considered as a matching or cost-sharing contribution to the project and so identified in the proposal, if indirect costs are allowable by the funding agency as cost-sharing.

5. The University requires a current Facilities and Administration Rate agreement be in place in order for a subawardee to be reimbursed for F & A costs on an agreement.

   The University will not reimburse "For-Profit" subawardees for Facilities and Administration costs unless they have a current rate agreement in place with their cognizant agency.

   For-Profit hospitals may submit their most recent Medicaid report for an appropriate rate to be determined and paid.

   In a case where the University has a "non-profit" subawardee that requests indirect costs but has no official negotiated rate agreement with a federal agency, the University may deem it appropriate to pay a maximum of 8% of direct costs for F & A costs. A sound business reason must exist and be submitted to the Director of Research Services and approved by the appropriate Dean and Vice President for Research.

### APPROVAL SIGNATURES

This policy has been approved by:

Raymond C. Tai, Ph.D.  
Vice President for Research  
Saint Louis University

08/12/10  
Date
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