

## *UNIVERSITY GUIDEBOOK*

### **Subject: Payment of Indirect Costs on External Grants and Contracts**

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**Policy:** Externally sponsored grants and contracts typically pay for both direct costs and indirect costs. All funding agencies must pay indirect costs at the prevailing authorized rate for YSU based on the federally-negotiated rate. Indirect costs on grants and contracts can be waived or reduced only with written justification by the Principal Investigator demonstrating a benefit to the University. In case of waiver or reduction, indirect costs shall be included as part of institutional match on the grant project.

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**Parameter:** Sponsored programs and grant projects have budgets depicting the actual costs, including both direct and indirect costs. Indirect costs, or "Facilities and Administrative" (F&A) costs, have been deemed as real and allowable in federally sponsored programs and are paid at a federally negotiated rate with the U.S. Department of Health and Human Services. In some cases, the allowable percentage of indirect costs is reduced by the federal, state or local agency. However, in other cases, YSU faculty or staff have prepared a budget for a grant submission with reduced or absent indirect costs.

#### **Procedures:**

1. As part of the formal grant submission process at YSU (Policy #1013.01), clearance of grants submitted to external sponsors requires a priori approval by Department Chairs, College Deans, and Director of Grants and Sponsored Programs, and the Dean of Graduate Studies and Research, the Authorized Institutional Official.
2. YSU faculty and staff who intend to submit a grant proposal to an external funding agency must provide a written justification for reduced indirect costs. In case of waiver or reduction, indirect costs shown in the budget shall be included as part of the institutional match.
3. Prior to proposal submission externally, the justification must be submitted to the Director of Grants and Sponsored Programs and approved by the Dean of Graduate Studies and Research (Authorized Institutional Official). This process will be subsumed under YSU grant submission procedures.