**JAMES MADISON UNIVERSITY**

**INDIRECT COST WAIVER**

Indirect Costs (IDC), also known as Facilities and Administrative (F&A) or Overhead, are charged on all sponsored projects at James Madison University’s federally negotiated indirect costs rate unless written documentation from the sponsor for any IDC limitations are provided to the Office of Sponsored Programs (OSP) prior to the proposal submission. In cases when sponsor written documentation is not available, the principal investigator may use this form to request approval to waive or reduce indirect cost. This Indirect Cost Waiver is an agreement that JMU’s federally negotiated rate will be lowered for the sponsor for this specific instance only. Deans, Department Heads, the Vice Provost for Research & Scholarship, and Academic Resources must all be in agreement that waiving IDC for this specific proposal is necessary and beneficial to the university as a whole. **JMU will not consider an IDC waiver if the proposal was submitted without OSP approval. If waiver is granted, PI may not seek additional resources for the project from the Provost’s office.**

***Please circulate this form with a draft budget, project description, and application guidelines (or link for guidelines)******and return to OSP with all signatures as soon as possible to finalize the budget and initiate the university approval process.*** *See page 2 for instructions and definitions.*

|  |  |
| --- | --- |
| **Principal Investigator:** .....  **Department:** ..... | **Date:** Click here to enter a date. |
| **Sponsoring Agency:** ......  **Program Solicitation Link**: ...... | **Sponsor Receipt Deadline:** |

**Proposal Title:** .....

|  |  |
| --- | --- |
| **Proposal Type:**  Choose an item. | **Project Period:** |

**Budget Projections**: *(To be prepared by the Office of Sponsored Programs)*

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Total Direct Costs | MTDC | IDC Rate | Total IDC Charged (MTDC \* F&A) | Total Project Costs (Total Direct + Total IDC) |
| Full IDC | $ | $ | % | $ | $ |
| Reduced/Waived IDC | $ | $ | % | $ | $ |
| **Difference** |  |  | **%** | **$** | **$** |

**DO NOT LEAVE THIS BLOCK EMPTY**

**Explain the necessity and benefit to JMU in waiving IDC here. The justification, such as we have always waived IDC for this sponsor, will not be considered an adequate reason for continuing to do so. For more details see instructions on page 2.**

**Comments:** **This section may be used by the PI and signatories to add additional information about the project/situation. While the main goal is to make sure that deciding to waive IDC is going to prove beneficial for JMU in the long run, additional factors may be considered.**

|  |  |
| --- | --- |
| **Department Signature Date:** | **College Signature Date:** |

|  |  |
| --- | --- |
| **Vice Provost, REDI, Signature Date:** | **Academic Resources Signature Date:** |

***Return completed form with all signatures to jmu\_grants@jmu.edu at least 5 days prior to the sponsor’s deadline.***

Forward this signed form to the Office of Sponsored Programs at MSC 5728, via fax at 568-6240 or **via e-mail: jmu\_grants@jmu.edu**

**Indirect Cost Waiver Instructions and Definitions**

**Definitions:**

***Indirect costs, overhead, or Facilities and Administration (F&A) -*** Real costs incurred by the university in support of sponsored projects that cannot be directly identified with a specific project. These costs include shared services such as electricity, trash removal, cleaning services, heating and cooling, costs to process contractor or payroll payments. These rates are negotiated with the federal government at least every 4 years and are applied to all sponsored projects regardless of source.

***Distribution of IDC -*** JMU allocates 40% of indirect cost recoveries towards the respective Deans and Department Heads, 30% to Educational and General Revenues, 20% to Sponsored Programs Accounting, and 10% to the Provost.

***University Approval –*** Materials needed to obtain university approval are the Internal Approval Form signed by the principal investigator (PI), their dean and department head, the co-principal investigator (co-PI) (if applicable), and the co-PI’s dean and department head (if applicable), the project narrative, the final budget, and the final budget justification. These materials should be circulated and returned to the Office of Sponsored Programs at least ***5 business days before the sponsor’s deadline.*** This policy allows for OSP staff to properly compile, review, and submit the application. Please note that the IDC Waiver will need to be in OSP’s possession ***before*** they are able to finalize the budget and give the PI the okay to circulate the Internal Approval form.

**Instructions:**

This form does not need to be circulated with the Internal Approval Form, and may be routed for signature as soon as the PI knows that they will be requesting a waiver. This form **is to** be circulated with a draft budget, project narrative, and copy or link to the application guidelines. The principal investigator (PI) is responsible for circulating the form to the Office of Sponsored Programs to complete the budget projections section before circulating the form for signatures. Once the budget projections section is complete, the PI may circulate the form for signatures. The waiver must be circulated to Deans and Department Heads before being routed to the VP of Research and Scholarship and Academic Resources. Provide the fully signed form to the Office of Sponsored Programs (OSP) 5 working days in advance of the deadline.

***Exemptions-*** This waiver **does not** need to be completed if the sponsor provides written documentation for applying an IDC rate lower than the university’s negotiated rate. Any limitations by the sponsor on university’s negotiated rate must be provided in writing to the Office of Sponsored Programs prior to proposal submission.

***Rationale/Justification for Waiver-*** The justification for the Indirect Cost Waiver must address why the reduction is necessary and how it is beneficial to the university as a whole, and not just this specific project. Justifications may be brief, but should be thorough. If possible, please answer the following questions in your justification:

• Why should the university subsidize the project at the expense of recovering these true costs?

• What benefit will the university gain as a whole from waiving/reducing the IDC rate on this proposal? Why is waiving IDC on this project in the university’s best interest?

• How is waiving IDC on this project beneficial to your college/department?

• What would the impact be on the project if the IDC was not waived and what benefits does waiving IDC have on the project?

• Are there any other extenuating circumstance that would support a request for a reduction/waiver of IDC?