

With a smaller permanent state budget and a smaller payout from our endowments for the next four years, our options in the near future for generating new resources for our School are limited. One opportunity at our disposal is to increase our grant and contract base. Apart from the obvious direct benefits, the School will also benefit from the recovery of a portion of the indirect costs we are permitted to charge to these grants.

Research Cost Recovery (RCR) funds are absolutely essential to us as they must cover services to administer our grants and contracts and required proposal preparation payments to research and WOT faculty, as well as provide funds for special research-related needs. At the University level, indirect costs are essential to covering the institutional costs of research, including libraries, UW Payroll, other administrative services, and building related costs. It is incumbent upon us to attend to the full costs of research and to maximize the indirect costs allowable on our grants.

As currently written, Grants Information Memorandum (GIM) 13 does not clearly state that modifications<sup>1</sup> to the direct cost base on which indirect costs are calculated apply only to agencies and programs that participate in the UW's general negotiated rate. Where a sponsor states different indirect cost arrangements, those arrangements prevail, including the application of the indirect cost rate to total rather than modified total direct costs. The UW Office of Sponsored Programs (OSP) is scheduled to rewrite GIM 13 in the near future and will clarify this point in that revision.

It is University and College/School policy to comply with the terms set by sponsors. It is also University and College/School policy to include all allowable expenses in the indirect cost calculation. This policy will be applied consistently, with any exception requiring a waiver from Lynne Chronister, Assistant Vice Provost for Research & Director of Sponsored Programs. Before developing a draft proposal budget, please be sure to check your Request for Proposal (RFP) requirements for indirect cost terms, including base (total or modified) and rate. Any that are mentioned prevail over GIM 13.

Effective: June 10, 2009

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<sup>1</sup> Examples include exclusion of equipment, graduate operating fees, and the first \$25,000 of sub-contracts.