



Negotiated Indirect Cost Rate Agreement (NICRA) Policy

Policy Goals

This policy will address four key points:

1. **Application:** Ensure the consistent application of the appropriate Facilities and Administration (F&A) rate in sponsored program budgets.
2. **Monitoring:** Direct the post-award monitoring of F&A cost recovery to ensure compliance with all federal and other sponsor requirements.
3. **Collaborations:** Implement a fully compliant and transparent allocation of F&A cost recovery that reflects the costs incurred through research and research administration.
4. **Waivers and Reductions:** Provide guidance on requesting an F&A cost waiver or reduction.

Defining F&A

F&A, also known as Indirect Costs (IDCs), are the real costs of university operations which are not readily assignable to a particular sponsored project, university funded research activity, instructional activity, clinical activity or other institutional activity. F&A costs are defined in Code of Federal Regulations 2 CFR § 200 (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards) Appendix III, which states that F&A costs are "incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project..." These F&A costs are incurred for all sponsored research, not just federally sponsored research. Some examples of what F&A supports are:

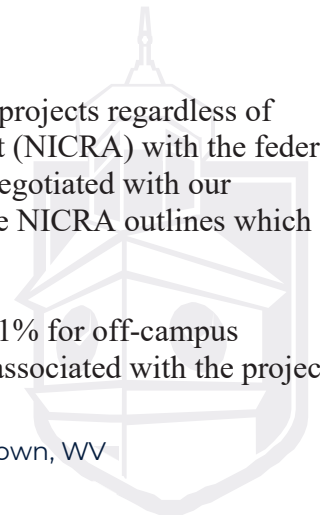
- **Administrative Costs:** Human Resources (HR), Finance, General Counsel, Office of Sponsored Programs (OSP) and data network security.
- **Facilities Costs:** building and equipment depreciation, office supplies and general use equipment, custodial services, building operations and maintenance.
- **Research:** F&A/IDCs may also be reinvested into school or departmental support or to expand research programs.

Recovered F&A costs are not profit to Shepherd and even "full" F&A recovery on federal grants and contracts does not cover the true costs of research.

F&A Policy

It is Shepherd's policy to request the full and appropriate F&A rate for all sponsored projects regardless of funding source, as allowable by Shepherd's Negotiated Indirect Cost Rate Agreement (NICRA) with the federal government. The NICRA outlines the F&A rates and fringe benefits that have been negotiated with our Cognizant Agency, the U.S. Department of Health and Human Services (DHHS). The NICRA outlines which base costs are applicable when calculating the F&A rates.

As of June 2025, Shepherd's current F&A rate is 45% for on-campus activities and 21% for off-campus activities. The applicable rate will be the location of more than 50% of the activities associated with the project.



OSP will make the final determination on which F&A rate applies based on the specific facts and circumstances of the proposal in alignment with Shepherd's NICRA.

All proposal budgets submitted for funding with an F&A rate that is not in accordance with the approved rate agreement are to be calculated on the Total Direct Costs and not the Modified Total Direct Costs (MTDC) unless otherwise specified in the solicitation or Request for Proposal (RFP). MTDC consists of all salaries and wages, fringe benefits, materials, supplies, services, travel and subgrant subcontracts. MTDC excludes equipment, capital expenditures, charges for patient care, participant support costs, tuition remission, rental costs of off-site facilities, scholarships and fellowships. Please see the following calculation that explains the F&A rate:

- Determine Total Direct Costs: \$200,000
- Subtract Excluded Costs: \$50,000
- MTDC: \$150,000
- $\$150,000 \times .45$ (SU's on campus F&A rate) = \$67,500 F&A
- $\$200,000$ (Total Direct Costs) + \$67,500 (F&A) = \$267,500 Total Funds Requested
- Please note: the total funds requested must be less than the maximum request in the RFP.

As of June 2025, F&A is currently distributed across Shepherd University using the following percentages:

- 45% for Shepherd University (Administrative Costs, Facilities Costs, etc.)
- 25% for the Principal Investigator (PI) or Project Director (PD)
- 20% for the Office of Sponsored Programs
- 10% for the Dean/VP of PI/PD's College

Exceptions and Waivers

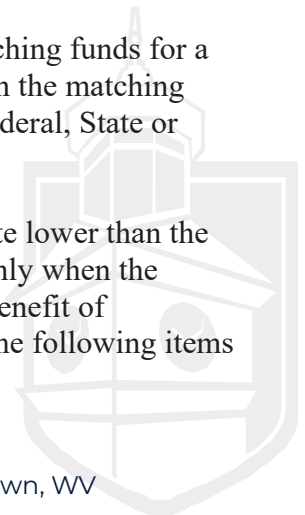
Exceptions to the SU policy of charging full F&A costs are granted as follows:

- To non-profit sponsors when the sponsor has an explicit, published IDC policy and guidance for how to calculate the F&A rate. This policy must be applied uniformly by the sponsor to all award recipients.
- For specific funding programs or mechanisms when special F&A rates are published in the sponsor funding opportunity announcement (FOA) or solicitation.

Sponsor emails and letters are not acceptable documentation to justify an exception on their own; more documentation, OSP direct contact with sponsor and approval from the Finance department may be needed. Any other request to use an F&A rate not outlined in SU's NICRA requires an IDC waiver request.

Exceptions to the collection of full indirect costs can be applied for in the case of matching funds for a federal, state or non-profit funded grant or contract. In such a case, the required rate on the matching funds from a for-profit entity will be limited to the rate approved for the applicable Federal, State or non-profit agency.

An F&A cost waiver is an institutional decision that F&A costs will be applied at a rate lower than the university's NICRA. A waiver is granted only under exceptional circumstances and only when the programmatic benefit to the university is compelling and outweighs the institutional benefit of recovering the full cost of conducting the project. When reviewing a waiver request, the following items will be considered:



- Impact on student support
- Strategic partnerships
- Public/community engagement
- Seed grants that may lead to larger awards

Waivers must be discussed with OSP and submitted to OSP and Finance well in advance of preparing the proposal budget. IDC waivers and/or budgets with reduced IDC should not be discussed with or presented to sponsors without OSP and Finance approval. This includes any plans to use unrecovered indirect cost to meet mandatory cost sharing requirements, which will require an IDC waiver request and approval in advance. Any approved IDC waiver shall have a one-time effect and shall not apply to any subsequent situations regardless of their similarity.

