



NATIONAL OFFSHORE WIND RESEARCH AND DEVELOPMENT CONSORTIUM

INDIRECT COST POLICY

Introduction

The mission of the National Offshore Wind Research and Development Consortium (the “Consortium”) is to facilitate and enhance the development and implementation of offshore wind power technology through scientific research in the public interest for the public purpose of increasing the performance and capability of the electric power supply and delivery system. One way that the Consortium carries out its mission is through the making of grants in support of scientific research.

In carrying out its grantmaking activities, the Consortium and its grantees (including contract researchers) incur costs that are not directly attributable to the specific projects or activities being managed and administered by the Consortium or carried out by grantees with Consortium funding, but that are nonetheless necessary to support the ability to carry out those projects and activities.

Policy

It is the Consortium’s policy to provide a maximum indirect cost rate of up to 15 percent of direct project costs on all project grants.

This policy does not apply in circumstances where a different indirect cost rate is required by law, regulation or by the terms of the agreement providing funding to the Consortium with respect to the funds being awarded.

Definitions

1. Direct Costs

Direct costs are those required to execute a grant that are directly attributable and can be reasonably allocated to the project. Examples include program staff salaries (including fringe), travel expenses, materials, and consultants required to execute the grant. If a cost would not be incurred if the grant was not made, this is indicative of it being a direct cost.

2. Indirect Costs

Indirect costs are general overhead and administration costs that support the entire operations of a grantee and that may be shared across projects. Examples include facilities expenses, e.g. rent, utilities, equipment for the grantee's headquarters, and associated information systems and support and administrative staff such as HR, general finance, accounting, IT, and legal. If an expense would be incurred regardless of whether the grant is funded this indicates it is likely an indirect cost.

3. Indirect Cost Rate

Indirect Cost Rate = Budgeted Total Indirect Costs/ Budgeted Total Direct Costs

Notwithstanding the foregoing, the indirect cost rate proposed in the budget should not exceed the grantee's organizational indirect cost rate (when defined by the same terms). While the definitions above are general guidance for all grants, the requirements and activities of each project should be considered when determining direct and indirect costs. We review budget assumptions and cost categorizations on a grant-by-grant basis, and treatment of specific costs in one grant should not be considered precedent-setting for other grants.

4. Maximum Indirect Cost Rates

Indirect cost rates for grants are subject to the following limitations:

- The rate provided above is the maximum rate allowed under the Consortium's policy. A grantee or contractor with an actual indirect cost rate lower than the maximum rate provided above should not increase the funding request to the maximum allowed. The intent is to sufficiently fund actual costs, not to generate financial surpluses for grantees.
- The indirect cost rate awarded in a grant budget may vary depending on factors including, but not limited to, the type of project, level of administrative effort required, cost structure of the grantee, overall grant size, and extent of sub-awards or equipment and commodity purchases.
 - Example 1: A primary grantee will receive grant funds that will be largely sub-granted to other organizations. The Consortium may limit indirect costs the primary grantee receives on the sub-granted funds depending on the level of effort required to manage the subawards. The overall effective indirect cost rate awarded to the primary grantee may therefore be less than the maximum allowable rate.
 - Example 2: A material portion of a project budget is allocated for equipment purchases. A lower overall effective indirect cost rate may be negotiated to remove equipment cost from the indirect cost calculation.

- Example 3: A grantee has an organizational actual indirect cost rate of 8%, i.e., for every \$1,000 in direct costs, it has \$80 in indirect costs. Rather than defaulting to the maximum rate of 15% in the grant proposal, 8% should be proposed in the grant budget.
- Maximum indirect cost rates and limitations apply to both the primary applicant organization and any sub-grantees. Each respective organization may receive indirect costs UP TO the rate applicable to their organization, determined solely with respect to their own respective direct costs under the total budget.
- The Consortium reserve the right to request substantiation of any grantee's indirect cost rate.

This policy is subject to change. Please review prior to the submission of future solicitation responses or other proposals.