

Washington State University
Indirect Cost Limitation for Basic Research by the Department of Defense

What is the DoD limitation and under what authority is this limitation imposed?

The DoD limitation is a cap on indirect costs payable to the recipient of certain types of DoD financial assistance awards. Its authority is derived from the FY2008 Department of Defense (DoD) Appropriations Bill, Section 8115, which states:

“Notwithstanding any other provision of law, none of the funds made available in this Act may be used to pay negotiated indirect cost rates on a contract, grant, or cooperative agreement (or similar arrangement) entered into by the Department of Defense and an entity in excess of 35 percent of the total cost of the contract, grant, or agreement (or similar arrangement): Provided, that this limitation shall apply only to contracts, grants, or cooperative agreements entered into after the date of the enactment of this Act using funds made available in this Act for fiscal year 2008 for basic research.”

Should we consider the limitation when constructing proposal budgets?

No, WSU proposals should use the appropriate University F&A rate. This Bill does not affect WSU as our F&A rate and those costs associated with the appropriate rate will not exceed the allowed amount above.