FAQs about the Transition to the New F&A Rates

General

Why do we have more/new categories for sponsored programs?

The federally negotiated rate agreement identifies four categories of sponsored projects: Instruction, Organized Research, Other Sponsored Activities, and Off-Campus.

This follows Uniform Guidance Appendix III to Part 200:

**Instruction Rate: 48.50%**

Instruction means the teaching and training activities of an institution. Except for research training as provided in subsection b, this term includes all teaching and training activities, whether they are offered for credits toward a degree or certificate or on a non-credit basis, and whether they are offered through regular academic departments or separate divisions, such as a summer school division or an extension division. Also considered part of this major function are departmental research, and, where agreed to, university research.

(1) Sponsored instruction and training mean specific instructional, or training activity established by grant, contract, or cooperative agreement. For purposes of the cost principles, this activity may be considered a major function even though an institution's accounting treatment may include it in the instruction function.

**Organized Research Rate: 48.50%**

Organized Research means all research and development activities of an institution that are separately budgeted and accounted for. It includes:

(1) Sponsored research means all research and development activities that are sponsored by Federal and non-Federal agencies and organizations. This term includes activities involving the training of individuals in research techniques (commonly called research training) where such activities utilize the same facilities as other research and development activities and where such activities are not included in the instruction function.

**Other Sponsored Activities Rate: 34.00%**

Other sponsored activities mean programs and projects financed by Federal and non-Federal agencies and organizations which involve the performance of work other than instruction and organized research.

(1) Examples of such programs and projects are health service projects and community service programs.

**Off Campus Rate: 26.00%**

Off-Campus means at least 50% of activities are conducted in space, buildings, or property that is not owned by UNO, and the facility-related costs (rent, utilities, & other maintenance) are either directly charged to the project or occur without a cost to the university.
Why are the rates higher?

The Facilities and Administrative (F&A) rate is negotiated between the University of Nebraska at Omaha (UNO) and the Department of Health and Human Services (DHHS) Cost Allocation Services. Before negotiations began, UNO submitted a required proposal documenting the actual costs incurred during FY19 (July 1, 2018 – June 30, 2019) for such items as space, utilities, general purpose equipment, administrative salaries, and benefits, etc. Costs in these categories have increased significantly since our previous negotiation in the year 2016. Even with the current rate increases UNO will not be fully recovering the costs for these items.

Does the new rate agreement apply to both Federal and Non-Federal projects?

Yes, per UNO policy, the new rates apply to all extramurally sponsored projects.

New Proposals

When should I start using the new rates in my proposals?

The new rates should be used on all proposals/submissions after January 15, 2022.

I am submitting a supplemental proposal for an existing award. What rate should I use to prepare the budget for this proposal?

Unless sponsor policies state otherwise, supplemental funding will be considered new funding. Any application for new uncommitted funding, such as a supplement, should incorporate the new rates.

- **Exception:** The National Science Foundation has a policy of funding supplemental support using the negotiated indirect cost rate(s) approved at the time of the initial award, so supplemental proposals to NSF should use the original agreement's rates. See NSF PAPPG Chapter X.D.1.d.

What rate should I use for my competing renewal application?

Competing renewal applications should use the appropriate F&A rate specified in the new rate agreement, regardless of the rate that was applied to the previous segment. You should determine when the new segment is expected to start and use the rate that is effective at the beginning of the budget period for that budget period.

Submitted Proposals

My application was previously submitted at 46.5% F&A before the notification of the new rates. Will this rate be honored even though the new rate agreement specifies higher rates effective 7/1/2021?

Yes, proposals previously submitted and approved at the 46.5% rate will be honored for the initial award period or competitive segment, which is a period of years approved by the sponsor at the time of the award. However, in some cases, a sponsor may allow the new F&A rate and/or may provide additional funding to support the added cost. Contact your grants coordinator for guidance.
Existing Awards

How will the F&A rate be applied to a project grant that has already committed multiple periods of support (e.g., NSF, NIH, DOE, NASA, and DED)?

Rates currently in effect on active awards will be continued until the end of the current competitive segment. A competitive segment is a period of years approved by the sponsor at the time of the award.

How will the F&A rate be applied to existing federal multiyear contracts?

Federal contracts will continue with the current rate until the end of the period of performance as specified in the agreement. In other words, if the contract defines a specific F&A rate which is locked into the agreement, the specified rate will continue.

How will the F&A rate be applied to existing Non-Federal projects?

The rate approved by the sponsor at the time of award will continue for the remainder of the award period.

If the F&A rate changes on my award will the WBS or cost center (CC) change or stay the same?

In most cases the WBS/CC will remain the same, however, there may be special circumstances that need to be evaluated on a case-by-case basis.

How will Grants Accounting handle the set-up of supplements that are funded with the new F&A rates?

To the extent possible, the WBS/CC would remain the same. We will need to evaluate these situations on a case-by-case basis, looking at circumstances such as the timing of supplement, the amount of the supplement, and the amount of the original award.

What F&A rate is applied to carryover funding?

Carryover is subject to the F&A rate in effect when the costs are incurred.