Frequently Asked Questions (FAQs) Regarding the Transition to the New F&A Rates

UT Southwestern Negotiated Rates (Agreement date May 21, 2025)

F&A Rate Effective Dates for On-Campus Research:

September 1, 2024 - August 31, 2028 (research rate of 66%)

Why did the rates increase?
The F&A rates are negotiated between UT Southwestern and the DHHS Division of Cost Allocation. Before negotiations began, UT Southwestern submitted a required proposal documenting the actual costs incurred during FY 23 (September 1, 2022 – August 31, 2023) for such items as space (which many of you participated), utilities, general purpose equipment, administrative salaries & benefits, maintenance and operations, etc. Costs in these categories have increased significantly since our previous negotiations in 2016 – 2017. Even considering the current rate increases, UT Southwestern will not be fully recovering the costs for these items.

When should I start using the new rates in my proposals?
The new rates should be used immediately, with any new projects after the September 1, 2024 start date.

My application was previously submitted at the 64% F&A rate before the notification of the new rates. Will this rate be honored even though the new rate agreement specifies higher rates effective September 1, 2024?
Yes, it is possible that proposals previously submitted and approved at the 64% rate will be honored for the budget period specified in the award and negotiated at Just-In-Time (JIT). SPA will work with the federal agencies to have the new rates applied for any start dates of 09/01/24 moving forward.

What rate should I use for my competing renewal application?
Competing renewal applications should use the rates specified in the new rate agreement (i.e., 66% for awards with an effective date of September 1, 2024 and after).

How will the F&A rates be applied to a project grant that has already committed multiple periods of support (i.e., NIH, DOE, NASA, DOD)?
Rates currently in effect on active awards will continue until the end of the current budget/project period. If the sponsor allows negotiation of a new rate on an allocated award, SPA will proceed with this negotiation of the new rate of 66%.

Does the new rate agreement apply to both Federal and Non-federal projects?
Yes, it is the policy of UT Southwestern to always obtain indirect costs to the maximum extent allowed by the sponsor. The negotiated rate in this agreement accounts for the full cost of doing business for extramurally sponsored projects.

How will the F&A rate be applied to multi-year contracts?
Federal contracts that are incrementally funded (committed on a yearly basis) will continue with the current rate until the end of the current budget period. If the awards define a specific F&A rate which is locked into the award agreement, the specified rate will continue.

Has the F&A rate for industry sponsored clinical trials changed?
No, the UT Southwestern F&A rate for industry sponsored clinical trials remains at 34%. As a reminder, the non-clinical industry funded studies will increase from 64% to 66% effective September 1, 2024, as applicable.

When is the Other Sponsored Activity rate used?
Organized research is defined by the Federal government as: "research activity funded by federal and non-federal grants that are separately budgeted and accounted for." The F&A rate for any work involving on-campus research is 66%. Other sponsored activity is defined by the Federal government as: "activity funded by federal and non-federal grants that support outreach initiatives or community and health service projects." If the nature of the work has been determined to be non-research, there is an option to seek approval to use the other sponsored activity rate or another exception rate. Determination of nature of work, approval of non-research F&A rate and appropriate application of any exception rate will be completed by individuals who have the appropriate Institutional signature authority at the time of award, in accordance with UT Southwestern policy number RES-403.