


Richard Larson, MD, PhD
Vice President for Research
University of New Mexico Health Sciences

Updated 11-7-22

To: **HSC Faculty & Staff**
From: **Richard Larson, MD, PhD, Vice President for Research, HSC** 
Re: **Facility & Administrative (F&A) Rates for IHS / VA Purchase Orders, Private/Non-Profit Foundations, Industry-Sponsored Clinical Trials, and State/Local Agreements with HSC**

This memo clarifies the F&A/indirect rates for New Mexico Public Sponsor Agreements, Private/Non-Profit Sponsor Agreements, and Industry-sponsored Clinical Trials with UNM HSC. Funds provided by outside sponsors for sponsored projects must include an appropriate amount to offset F&A costs incurred by the University.

Please note that federal pass-through awards (all awards funded with federal funds¹) will be required to use the indirect cost rate that applies per UNM HSC’s federally negotiated F&A rate agreement, at <https://hsc.unm.edu/about/finance/sponsored-projects/policies-guidance.html>

Investigators are reminded that while they are free to discuss the scope of work with a potential sponsor, they are not authorized to negotiate F&A costs. Any “prior understanding” between an investigator and a sponsor regarding F&A rates is not binding on the university.

To support the research mission at UNM HSC and be compliant with our federal commitments, it is critical that we obtain the appropriate F&A rate. The standard rate for New Mexico Public Sponsor Agreements with UNM HSC is 20%, unless notes an exception in the list below:

| Agency | Rate (unless Federal Flow Through) |
|--|---|
| State and Local Governments (other than those below) | 20% |
| ALL NM School Districts, including APS | 10% |
| NM Children, Youth and Families Department | 5.5% |
| NM Department of Health / ECED (Early Childhood) | 5.5% |
| NM Human Services Department | 5.5% |
| NM Public Education Department | 5.5% |
| NM Aging and Long-Term-Services Department | 5.5% |
| DCI (Dialysis Clinic, Inc) | 13% |

VA & IHS Fee for Service Purchase Orders, for clinics, provider services, training services, autopsy services, which are non-research related – service performance only:
NM Veteran’s Administration (VA) 10%
DHHS Indian Health Services (IHS) 5.5%

¹ - As covered by the Code of Federal Regulations (CFR) at 2 CFR or 48 CFR for example.

Industry-sponsored Clinical Trials/Studies

28%

This rate is a considerable discount from UNMHSC's normal federally approved indirect rate. This indirect rate puts the UNM Health Sciences Center in accord with the majority of other academic health institutions performing clinical trials across the country.

A Clinical Trial or Clinical Study is defined in concordance with NIH and Office of Human Research Protections guidelines. Such studies may be conducted under an industry-developed protocol or an investigator-developed protocol.

Training Grants

8%

The **minimum** rate on training grants is 8% whether received from federal agencies or other organizations. **If the sponsor allows a higher rate, then the higher rate must be used.** Typically, private companies and private organizations are charged 52%. The rate of 8% represents a substantial discount of F&A

When using the rates listed above, there will be no additional F&A modifiers on the cost line items. For example, you will not deduct the first \$25K of subcontracts proposed or deduct rent. Total Direct Costs (TDC) method will be applied to ALL costs up to Modified Total Direct (MTDC) calculation. This rule also applies to non-profit and private sponsors whose F&A rates are approved at a lower rate.

Any rate that is lower than the rates above must be approved through the F&A Waiver reduction process via SmartSheet: <https://app.smartsheet.com/b/form/8976b9df9fa2428db1d4c52f813fef30> and submit a HSC Cost Share Commitment Form indicating the UNMHSC organization that will provide the difference in indirect cost return.

Notes:

- If the Sponsor is submitting a proposal to the federal government, UNM HSC's federally negotiated F&A rate agreement shall be used to develop UNM HSC's subcontract costs, unless F&A is appropriately capped by the Federal sponsor in accordance with applicable federal regulations.
- There may be Sponsor specific program direction specifying the allowable F&A on a specific program. Faculty must include a copy of this direction with the proposal or new contract as justification for a different rate. Investigators are encouraged to coordinate early with SPO to determine if a particular rate direction is valid for that purpose.
- Full F&A is REQUIRED on all submissions unless there is: 1) documented policy from the sponsor restricting the F&A allowed; 2) an established rate agreement between the sponsor and the HSC; 3) verification that the funds are not a federal-flow thru; 4) an established rate consistent with a national standard; 5) if the funding source for the submission is a clinical referral source for the UNM Health System, Pharma, or a device manufacturer of a device that any one or more of the components of the UNM Health System is using or could use, the amount of any F&A waiver or reduction has been examined for compliance with the federal Anti-Kickback Statute and the Stark law; 6) the waiver has been approved by the HSC Vice President for Research per policy UAPPM 2425-5.1.

Signature: Richard Larson
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