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Updated 4-28-22

To: **HSC Faculty & Staff**
 From: **Richard Larson, MD, PhD, Vice President for Research, HSC** RSL (Apr 29, 2022 12:00 MDT)
 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>

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%**

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.

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

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.

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> indicating the UNMHSC organization that will provide the difference in indirect cost return.

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 sponsor regarding F&A rate is not binding on the university.

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.