

**New Indirect Cost Rates (F&A) for FY2020 and Beyond**  
**Implementation Guidelines**

The University of Louisville recently completed negotiations with the Department of Health and Human Services (DHHS) which resulted in a new Indirect Cost Rate Agreement. The new [Rate Agreement](#) is effective immediately with the following new indirect cost rates beginning on July 1, 2019.

Activity	Location	From	To	Rate (%)
Organized Research	On-Campus	7/1/2019	6/30/2022	56.00
		7/1/2022	6/30/2023	56.50
Instruction	On-Campus	7/1/2019	6/30/2023	40.00
Other Sponsored Activities	On-Campus	7/1/2019	6/30/2023	38.00
All Programs	Off-Campus	7/1/2019	6/30/2023	26.00

In addition, the university is implementing a new F&A rate for industry sponsored clinical research projects and clinical trials beginning on July 1, 2019.

Industry Sponsored Clinical Research and Clinical Trials	Off-Campus	7/1/2019	6/30/2023	30.00
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In addition to the changes in F&A rates, please also note that the definition of “Off-Campus” has been updated in the new Rate Agreement (see definition below).

The following implementation guidelines are provided to assist in the application of indirect cost rates on existing awards, pending proposal and project submissions, and new proposal and project submissions.

**Existing Projects/Awards That Incorporated Previous F&A Rates**

- Existing projects will remain at the awarded F&A rate until the end of the project period specified in the award/agreement.

**New Proposal and Project Submissions**

- All new proposal and project submissions that will have a budget period beginning on or after 07/01/2019 should include the new F&A rates as detailed in the university’s new Indirect Cost Rate Agreement.
- Industry sponsored clinical research projects and clinical trials (Off-Campus) that will have a budget period beginning on or after 07/01/2019 should include the new industry sponsored clinical research/trial F&A rate of 30%.

**Existing/Pending Proposals and Project Submissions That Incorporated Previous F&A Rates**

Projects with Non-capped Budgets (see definition below)

- Upon receipt of a Just-in-Time request, the Office of Sponsored Programs Administration will provide the sponsor with a revised budget incorporating the new rate and a copy of the university's new F&A rate agreement.
- Upon receipt of an award that has a start date on or after 07/01/2019, the Office of Sponsored Programs Administration will provide the sponsor with a copy of the new F&A rate agreement and request that the sponsor honor the new rate and issue an updated award notice.
- For industry sponsored clinical research projects and clinical trials: If the project period will begin on or after 07/01/2019 and the contract/agreement has not been finalized, the sponsor will be requested to honor the university's new F&A rate applicable to the project.

Projects with Capped Budgets (see definition below)

- Projects with capped budgets will be allowed to proceed with the originally proposed F&A rate for the full project period.

### **Definitions**

#### *Capped Budget*

A budget in which the sum of the direct and indirect costs (total budget) may not exceed a specific dollar amount as defined by the sponsor (e.g., the sponsor will only provide a total budget of \$150,000 regardless of the F&A rate applied).

#### *Non-capped Budget*

A budget in which the sum of the direct and indirect costs (total budget) may vary depending upon the indirect cost rate applied to the project. Note that while the direct cost component may be capped/limited by the sponsor, the total project budget is dependent upon the F&A rate applied.

#### *New "Off-Campus" Definition*

The Off-Campus rate is applicable to those projects conducted in facilities not owned or leased by the University. However, if the project is conducted in leased space and lease costs are directly charged to the project, then the off-campus rate must be used. If the project is conducted in leased space and lease costs are charged to the University, then the on-campus rate must be used. A project is considered off-campus if more than 50% of its salaries and wages are incurred at an off-campus facility. If a project is determined to be off-campus, it shall be considered wholly off-campus. Separate on and off-campus rates will not be used for a single project.

For additional questions and guidance, please contact your assigned Grants Management Specialist or Contract Specialist in the Office of the Executive Vice President for Research and Innovation (EVPRI).