



# OFFICE OF THE VICE PRESIDENT FOR RESEARCH

<b>Document Title:</b> Guidance for Obtaining an Applicable F&A Rate on Proposals to Non-Federal Sponsors	<b>Version:</b> 3.0	<b>Date of Last Review:</b> 2/13/2024
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Pursuant to UNM Policy 2425: Recovery of Facilities & Administrative Costs, the following is guidance on how to determine the applicable F&A (Indirect or Overhead) rate on proposals to non-federal sponsors. The process below is listed *in descending level of authority*:

- 1) Obtain the applicable rate from:
  - a) the published solicitation;
  - b) **Facilities & Administration Rates for Non-federal New Mexico Public Sponsor Agreements with UNM Main & Branch Campuses**; or
  - c) sponsor’s policy, found published on their website.
 If the sponsor is a private or corporate foundation, ask the UNM Foundation if they have documentation on file of the sponsor’s F&A rate policy.
  
- 2) For non-federal sponsors that do not have an established F&A rate or a policy on the allowability of indirect (F&A) costs, a 10% F&A rate on Total Direct Costs (TDC) may be used if all of the following criteria are met:
  - a) the solicitation has a total cost limit of  $\leq$  \$25,000 per budget year, and
  - b) the prime source of the funding is a not for profit entity (e.g., an educational institution or private foundation).
  
- 3) If you cannot obtain the rate from one of the methods listed above, a rate may be negotiated between the Office of Sponsored Projects and the sponsor, if time allows. Contact OSP ([osp@unm.edu](mailto:osp@unm.edu)) with information on the solicitation, and an OSP representative will communicate directly with the sponsor. Please note that the Office of Sponsored Projects is the only unit authorized to negotiate an F&A rate with a sponsor. Faculty and staff are not authorized to negotiate the rate to be used. We recommend that grant applicants allow ample time in the proposal preparation process so that an appropriate rate can be determined.
  
- 4) If the F&A rate cannot be determined using one of the steps above, or there is insufficient time to get adequate documentation from the sponsor, the “default” will be to use UNM’s negotiated **Federal rates**.

**FAQs:**

*Q. If the sponsor has a published F&A rate that differs from UNM's rates, which should I use?*

A. A project should always use the allowable F&A rate (if any) specified in a funding solicitation or published in a sponsor's policies. If the allowable F&A rate is not defined by the sponsor, UNM will apply the federally-negotiated rates, or a 10% rate if the project meets the conditions specified above.

*Q. What if the funds to be awarded are "federal flow-through" dollars, i.e. originating from a federal source despite being granted by a private/corporate sponsor?*

A. F&A rates are determined based on the prime sponsor (i.e., the original source of the funds). Federal funds administered by other entities, such as through subawards, are subject to the federally-negotiated F&A rates.

*Q. If the sponsor/solicitation does not specify the F&A rate, should I attempt to contact the sponsor to ask for the correct rate?*

A. No, please contact OSP representative to communicate with the sponsor directly. Faculty or staff should not contact the sponsor nor respond to inquiries from the sponsor regarding F&A rates.

*Q. What if the sponsor asks me to provide guidance on how to determine allowable indirect costs?*

A. Sponsoring institutions should have established guidance on indirect costs that are developed by their own leadership. The University and its representatives are under no obligation to inform the sponsoring institution on what to allow, nor should they. If the sponsor cannot provide a rate, UNM will apply the federal rates by default.

*Q. What if the opportunity does not have a solicitation?*

A. If the opportunity does not have a solicitation--whether it is a competitive or non-competitive opportunity, determine whether the sponsor has a published policy on the allowability of indirect costs. If this is not available **and** the project does not meet the criteria for the 10% reduced rate, contact the UNM Office of Sponsored Projects, the unit authorized to negotiate an F&A rate with a sponsor. Any rate agreement made between the sponsor and a PI, support staff, or any other unauthorized member of the University will not be accepted as official and will risk the University's acceptance of the award.