



Facilities & Administrative (F&A) FAQs

Effective September 1, 2021, NYU will have new Federal Facilities and Administrative (F&A) rates per the table below. The new rates will be applied to all new, renewal, and supplemental federal awards with a start date on or after September 1, 2021. This means that for every external research dollar NYU spends from federal sources in FY22, NYU will receive an additional 60 cents from federal agencies to partially recover overhead costs.

<u>Sponsored Activity</u>	<u>FY21</u> September 1, 2020 to August 31, 2021	<u>FY22</u> September 1, 2021 to August 31, 2022	<u>FY23</u> September 1, 2022 to August 31, 2023	<u>FY24</u> September 1, 2023 to August 31, 2024
Research	58.5%	60.0%	60.5%	61.0%
Other Sponsored Programs	31.8%	34.0%	36.0%	38.0%
Instruction	62.5%	57.0%	57.0%	57.0%
Off campus (all functions)	26.0%	26.0%	26.0%	26.0%

F&A Basics

- The [Facilities and Administrative \(F&A\) rate](#) is negotiated between New York University (NYU) and the Department of Health and Human Services (DHHS) Cost Allocation Services, using a prescribed formula created by DHHS. NYU does not determine the formula components.
- Rates agreed upon are in effect for a specific period of time and rates are negotiated every few years.
- F&A has two components: Facilities and Administration. Reimbursement for the administrative portion of the F&A is capped by the government at 26% (of modified total direct costs).
- Reimbursement of F&A by the government in accordance with negotiated rates does not cover the actual cost of conducting research and other sponsored activities.
- The [rate applied](#) to a sponsored project depends on the type of activity for which the award is made and where the work is performed.
- Unless prohibited by statutory limitation or per a specific F&A rate and base to be applied by sponsor policy, proposals must be submitted with full F&A in accordance with [NYU's rate agreement](#).
- For Federally funded awards, we do not fully recover indirect costs on total costs. The rate is applied on '[modified total direct costs](#)' or those eligible costs as prescribed in the award terms and conditions by the sponsor. Non-Federal sponsors typically allow indirect costs applied to total costs (at a much lower indirect rate).
- Please also see this [video](#) explaining F&A. COGR, AAU and other groups have created materials to help explain F&A: [Real Costs of Research graphic](#) + [F&A is not a % of total award graphic](#)

General

1. Why did the rates increase?

Before rate negotiations began with DHHS, NYU submitted a required proposal documenting the actual costs incurred during NYU's base year FY17 (September 1, 2016 – August 31, 2017) for such items as space, utilities, general purpose equipment, administrative salaries, and benefits, etc. Costs in these categories have increased significantly since our previous negotiation in the year 2012.

All universities use a prescribed formula created by DHHS to complete the F&A rate proposal. NYU does not determine the formula components.

2. Does the new rate agreement apply to both Federal and Non-Federal projects?

Yes, the new [F&A rates](#) apply to all extramurally funded sponsored projects.

Applying the new F&A rates in new proposals

3. When should I start using the new rates in my proposals?

The new [F&A rates](#) should be used immediately in preparing and submitting proposals to extramural sponsors with a start date of September 1, 2021, or later.

4. The research rate changes from one fiscal year to the next. How should I incorporate it in my proposal?

The [rate](#) that is effective at the beginning of the budget period (typically 12 months) should be used for that budget period. See below for different examples that illustrate two possible start dates.

Proposal A Start date August 31st, 2021 (during FY2021)	F&A Rate	Proposal B Start date September 1st, 2021 (during FY2022)	F&A Rate
Budget Year 1 8/31/2021 – 8/30/2022	58.5%	Budget Year 1 9/1/2021 – 8/31/2022	60%
Budget Year 2 8/31/2022 – 8/30/2023	58.5%	Budget Year 2 9/1/2022 – 8/31/2023	60.5%
Budget Year 3 8/31/2023 – 8/30/2024	58.5%	Budget Year 3 9/1/2023 – 8/31/2024	61.0%

5. I'm preparing a proposal budget for my research project. My proposed budget year starts after 9/1/2022. What rate should I use?

You should use the [F&A rate](#) in effect at the beginning of each budget period. For budget years that begin on or before 8/31/2021, use 58.5%. For budget years that begin on or after 9/1/2021, use 60%. For budget years that begin on or after 9/1/2022, use 60.5%. For budget years that begin on or after 9/1/23, use 61.0%.

6. What rate should I use for my competing renewal application?

Competing renewal applications should use the appropriate [F&A rate](#) specified in the new rate agreement, regardless of the rate that was applied to the previous segment. You should determine when

the new segment is expected to start and use the rate that is effective at the beginning of the budget period for that budget period.

7. I am submitting a supplemental proposal for an existing award. What rate should I use to prepare the budget for this proposal?

Unless sponsor policies state otherwise, supplemental funding will be considered new funding. Any application for a new segment (previously uncommitted) funding should incorporate the new rates.

Exception: The National Science Foundation has a policy of funding supplemental support using the negotiated indirect cost rate(s) approved at the time of the initial award, so supplemental proposals to NSF should use the original agreement's rates. See NSF PAPPG [Chapter X.D.1.d](#).

If you have questions, please contact your [Project Officer in the Office of Sponsored Programs](#) or your [Financial Analyst in Sponsored Programs Administration](#).

8. What happens if I am submitting a proposal that includes a budget year starting beyond 8/31/2024?

You should use the [F&A rates](#) in place as of 9/1/2023. For example, a research project with a budget period that begins on or after 9/1/2023 should use a 61.0% F&A rate.

Submitted Proposals

9. My application was previously submitted at 58.5% F&A before the notification of the new rates. Will this rate be honored even though the new rate agreement specifies higher rates effective 9/1/2021?

Yes, proposals previously submitted and approved at the 58.5% rate will be honored for the initial award period or competitive segment, which is a period of years approved by the sponsor at the time of the award. (See #10 below for examples of competitive segments.) However, in some cases, a sponsor may allow the new F&A rate and/or may provide additional funding to support the added cost. Contact your [Project Officer in the Office of Sponsored Programs](#) or your [Financial Analyst in Sponsored Programs Administration](#) for guidance.

Applying the new F&A rates to existing awards

10. How will the F&A rate be applied to a grant that has already committed multiple periods of support (e.g., NSF, NIH, DOE, NASA, and DED)?

Rates currently in effect on active awards will remain in effect until the end of the current competitive segment. A competitive segment is a period of years approved by the sponsor at the time of the award. See examples below:

Example 1

Budget Period: 9/1/2020 – 8/31/2021

Project Period: 9/1/2018 – 8/31/2023

Competitive segment: 9/1/2018 – 8/31/2023

Facilities and Administrative Costs	Year 1	Year 2	Year 3	Year 4	Year 5
F&A Cost Rate 1	58.5%	58.5%	58.5%	58.5%	58.5%

F&A rate in Notice of Award for competitive segment: 58.5%

NYU will honor the 58.5% rate as specified in the notice of award for this competitive segment.

Example 2

Budget Period: 9/1/2021 – 8/31/2022

Project Period: 6/10/2000 – 6/30/2025

Competitive segment: 9/1/2019 – 8/31/2022

Facilities and Administrative Costs	Year 19	Year 20
F&A Cost Rate 1	58.5%	58.5%

F&A rate in Notice of Award for competitive segment: 58.5%

NYU will honor the 58.5% rate as specified in the notice of award for this competitive segment.

11. How will the F&A rate be applied to existing federal multi-year contracts?

Federal contracts will continue with the current rate until the end of the period of performance as specified in the agreement. In other words, if the contract defines a specific [F&A rate](#) that is locked into the agreement, the specified rate will continue.

12. How will the F&A rate be applied to existing Non-Federal projects?

The [F&A rate](#) approved by the sponsor at the time of award will continue for the remainder of the award period.

13. If the F&A rate changes on my award will the internal fund/project number change or stay the same?

In most cases the project number will remain the same, however, there may be special circumstances that need to be evaluated on a case-by-case basis.

For supplements that are funded with the new F&A rates, to the extent possible, the project number would remain the same. We will need to evaluate these situations on a case-by-case basis, looking at circumstances such as the timing of supplement, the amount of the supplement, and the amount of the original award.

14. All of the non-Organized Research rates (Instruction, Other Sponsored Programs, etc.) have an effective period going back to 9/1/2020. Will NYU be revising the F&A rates on those types of existing projects retroactively?

No. Existing projects will continue with the current [F&A rate](#) as indicated in the executed award until the end of the current award period or until the start of the next competitive segment.

Awards made with start dates after 9/1/21

15. I submitted a proposal with an anticipated start date of July 1, 2021, but I learned that the sponsor will not be issuing the award until October 1, 2021. I built the first budget period with a 58.5% F&A rate, but when the project starts, a new F&A rate of 60.0% will be in effect. What will happen in this situation?

The sponsor should use the [F&A rate](#) in place at the time the award is made. In this case, the award should incorporate the higher F&A rate in effect on September 1, 2021. The higher F&A rate may necessitate preparation of a revised budget with additional funds (or supplement) from the sponsor to derive a new total award amount using the same direct cost amount. If you have questions, please contact your [Project Officer in the Office of Sponsored Programs](#) or your [Financial Analyst in Sponsored Programs Administration](#).

NYU Global Units

16. My unit is part of NYU Abu Dhabi or NYU Shanghai. What rates should we use?

The F&A rates below should be used where the primary place of performance is NYU Abu Dhabi or NYU Shanghai

Sponsor	NYU Abu Dhabi	NYU Shanghai
NIH	De minimis rate: 10%	Off campus rate: 26%
Other Federal Sponsors	Off campus rate: 26%	Off campus rate: 26%
All Other Sponsors (standard F&A rates apply)	Research: 60% Instruction: 57% Other sponsored programs: 34% Off Campus: 26%	Research: 60% Instruction: 57% Other sponsored programs: 34% Off campus rate: 26%

Note: If the NYUAD or NYUSH PI is appointed at NYU WSQ and their home unit at WSQ is the admin unit for the award and WSQ is the primary place of performance, [all standard F&A rates](#) apply aligned with the nature of the sponsored activity taking place.

Other

17. I have heard that the Off-Campus Definition is different than it has been in the past. What is the difference?

In the past, off-campus projects had to take place in facilities not owned by the institution AND in facilities for which rent was directly allocated to the project. The agreement that will be signed in September 2021 indicates that for activities performed in facilities not owned by the institution *OR* in facilities to which rent is directly allocated to the project, the off campus rate will apply.

The other condition in the definition still applies: An agreement will not be subject to more than one F&A rate type. If more than 50% of a project is performed off-campus, the off-campus rate will apply to the entire project. If less than 50% of a project is performed off-campus, the on-campus rate will apply to the entire project (at the appropriate FY rates).

Performance at the off-campus project must occur on a continuous basis and of sufficient duration, normally a full semester, summer term, or the period of performance of the sponsored agreement. Intermittent performance is not sufficient. Off campus sponsored activities must involve personnel working toward and/or achieving scientific aims off-site. Note that convenience, telecommuting, conferences, and summer travel are not justifications for the off-campus determination.

18. When should researchers use the instruction rate?

The Instruction rate is used for all teaching and training activities, except for research training, whether they are offered for credit toward a degree or certificate, on a non-credit basis, or through regular academic departments or by separate divisions, such as summer session. The instruction rate includes projects for which the purpose is to:

- instruct any student at any location

- develop curriculum at any level (including projects which involve evaluation of curriculum or teaching methods - this type of evaluation becomes "research" only when the preponderance of activity is data collection, evaluation and reporting.
- involve NYU students in community service activities for which they are receiving academic credit
- support the development or purchase of instructional materials (writing of textbooks or reference materials, videos, software, etc.)

19. If I would like to schedule a consultation with a subject matter expert or have someone visit my department meeting to disseminate this information, who should I contact?

Please contact your [Project Officer in the Office of Sponsored Programs](#) or your [RFS Manager in Research Finance Support](#) for questions related to the application of F&A rates in a particular proposal or award.

We have created a financial analysis for NYU College/School personnel, with the projected outcome of the new F&A rates, using prior expenditure amounts. Please contact us (ca.datareporting@nyu.edu) if you would like access to this information.

For other inquiries related to F&A, please contact Joanne Goldstein, Assistant Controller - Costing & Analysis (joanne.goldstein@nyu.edu), David Ngo, Assistant Vice President – Grants, Gifts, and Investments Accounting & Compliance, (david.ngo@nyu.edu), or Nancy Daneau, Associate Vice Provost for Research (nd37@nyu.edu). Please also see this [video](#) explaining F&A. COGR, AAU and other groups have created materials to help explain F&A: [Real Costs of Research graphic](#) + [F&A is not a % of total award graphic](#)

20. What are the F&A rates at peer institutions?

For comparison, F&A rates at other large, private, research institutions are: Harvard 69%, Yale 67.5%, Cornell 64%, Johns Hopkins 63.75%, Columbia 62%, Penn 62%, and Duke 61%.

NYU SOM's F&A rate is 69.5%, the highest among all universities in the nation.

21. How does F&A help the research enterprise?

An increased F&A rate allows NYU to further invest in and advance our research mission by recovering some costs that NYU has already spent to support our operations and activities. Please also see this [video](#) explaining F&A. COGR, AAU and other groups have created materials to help explain F&A: [Real Costs of Research graphic](#) + [F&A is not a % of total award graphic](#)

22. Does the F&A rate have an impact on award success rate?

No. Uniform Guidance Regulations require that sponsors make award determinations on the basis of the merits of the science and project proposed. Sponsors are prohibited from considering the F&A rate in the merit review process. This means any institution having a lower F&A rate will not increase the likelihood of a proposal being awarded. NIH and NSF have confirmed this in writing.

Schools listed in FAQ #20 above, all report no negative impacts to having a higher F&A rate than NYU, irrespective of sponsor type (federal, foundation, commercial/industry). In several instances, these schools are reporting large growth and increased success in awards received. For example, NYU SOM reports that their award growth was 13% from FY22 to FY23, while having the largest F&A rate in the nation (69.5%).

At NYU WSQ, during the immediate 2 fiscal years, after the university's F&A rate increased from 58.5%, the university recorded the most awards ever received during NYU WSQ's history, for all sponsor types (federal, foundation, commercial/industry). During this time period NYU increased in [HERD rankings](#) to now be #15 among all universities and #7 among private universities with \$1.27B in FY23 expenditures.

23. Does NYU have a target goal for the F&A rate?

No. NYU requests a fair F&A rate from DHHS to recoup the costs of doing research for sponsors. NYU submits accurate information regarding all those costs to DHHS. DHHS will work via negotiation to minimize F&A rates.

All universities use a prescribed formula created by DHHS to complete the F&A rate proposal. NYU does not determine the formula components. NYU objectively submits data requested by DHHS, which documents the actual costs incurred during NYU's latest F&A base year FY17 (September 1, 2016 – August 31, 2017) for such items as space, utilities, general purpose equipment, administrative salaries, and benefits, etc. Costs in these categories have increased significantly since our previous negotiation in the year 2012.

24. Does NYU's F&A rate recover all costs?

No. NYU's F&A rate is lower than break even costs. In addition, DHHS aims to minimize F&A rates. One example is when DHHS applies a cap (by statute) to the administrative component of the F&A formula. This ensures NYU's F&A rate does not recover full costs. NYU's fully burdened (break even) F&A rate is approximately 80% and NYU's calculated rate using DHHS's prescribed formula is 66%.

F&A costs are research costs. These include expenses necessary for our research efforts, such as building maintenance, utilities, compliance with federal regulations, lab safety, and salaries of staff who provide essential laboratory services. These expenditures ensure our facilities remain operational and safe, allowing our faculty and students to focus on teaching/learning and conducting research.

NYU does not profit from F&A reimbursements, which cover the actual expenses incurred in supporting federally funded research, as determined through negotiations with the government and ongoing audits. These negotiated rates reflect the true costs of maintaining a world-class research environment.

NYU also has committed significant financial contributions from our own institutional funds including supporting long term core priorities and infrastructure.

Please also see this [video](#) explaining F&A. COGR, AAU and other groups have created materials to help explain F&A: [Real Costs of Research graphic](#) + [F&A is not a % of total award graphic](#)

25. How are F&A costs collected from research funding?

At the time of award setup, budgets for grants and contracts are allocated between Direct and Indirect (F&A) costs, based on sponsor terms and conditions. Together, this equates to the total cost of sponsored research.

As expenses are incurred, Direct and Indirect (F&A) expenditures are automatically accounted for within the chartfield.

26. Where does F&A recovery go?

100% of the F&A recovery goes to the School/Unit.