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Origin Date: November 1, 2022
Last Updated: May 14, 2026

Indirect (F&A) rates for grant and contract proposals to external sponsors

I. PURPOSE

To identify the correct Indirect (Facilities & Administration F&A) rate to use for proposals submitted to external sponsors.

II. SCOPE

The Indirect (Facilities and Administration Cost “F&A”) rate for a project is identified when the proposal budget is initially prepared. The applicable rate depends upon the location, purpose and funder/sponsor of the project. As a rule, our federally negotiated rates should always be used unless the sponsor has a published rate policy or exception. This document will outline the process for determining the appropriate Indirect rate to use when submitted proposals for external funding.

III. Related Documents

- Negotiated Indirect Cost Rate Agreement (NICRA)
 - See the Indirect (F&A) Rates, Costs, and Recovery section of the [ORSP Forms, Policies, and Processes](#) webpage
- Indirect Waiver Forms
 - Proposal Stage - from Quali Proposal Development, see the Preproposal Forms section of your proposal
 - Standalone Form - See the Indirect (F&A) Rates, Costs, and Recovery section of the [ORSP Forms, Policies, and Processes](#) webpage
- Nature.Com, [Indirect costs: Keeping the lights on](#)
- COGR, [F&A and the Cost of Research](#)

IV. Acronyms and Definitions

- A. **Indirect Cost:** The cost of facilities, operations, compliance and administration of a sponsored project throughout its lifecycle. Indirect costs (also known as overhead and F&A- Facilities and Administrative Costs) are operating costs incurred by all sponsored awards. This includes construction and maintenance of advanced research facilities and the resources necessary to conduct research. Indirect costs also cover utilities, internet, data



storage, libraries, housing for research animals, hazardous waste disposal, insurance, security, human resources, accounting, and other compliance and oversight activities.

Indirect Costs (also known as ‘overhead’ and ‘facilities and administration (F&A) costs’) are those costs that UMass Boston incurs for common or joint objectives that cannot be identified easily with a particular project. Such costs are for UMass Boston facilities and administrative services as a whole. The following are some examples of the pooled costs used by the University in determining its indirect cost rates:

- Maintaining and operating a physical plant
- Utilities (heat, cooling, electricity)
- Department administration and General administration (ORSP)
- Library

- B. Indirect Cost Base: MTDC vs. TDC** - Indirect cost calculations depend upon the indirect cost base. Indirect costs are assessed either on a Total Direct Cost (TDC) or a Modified Total Direct Cost base (MTDC). Check sponsor guidelines for direction. If the guidelines are inconclusive, ORSP will determine the applicable indirect cost base.

Modified Total Direct Cost basis (MTDC) - Indirect costs are NOT assessed on the following costs:

- Equipment (with a unit cost of \$5,000)
- Tuition
- Subcontractor costs in excess of:
 - FY25 and earlier: \$25,000 (indirect only assessed on the first \$25,000 of each subcontract)
 - FY26 forward: \$50,000 (indirect only assessed on the first \$50,000 of each subcontract)
- Patient care costs
- Rental costs of off-site facilities (not owned by UMass Boston)
- Fellowships and scholarships
- Capital expenditures
- Participant support costs

Total Direct Cost (TDC) - Indirect costs are assessed on all direct costs less any tuition charge. Tuition is always exempt from indirect costs. TDC is the default base for foundations/non-profits unless the guidelines specify otherwise.

- C. Applicable Indirect Rate at Time of Award:** Pursuant to [OMB Uniform Guidance](#), Whenever the institutionally negotiated rate applies, the rate in effect at the time of the award must be used for the life of the award. “Life” in this context includes any competitive segments of a project. A competitive segment is a period of years approved by the awarding agency at the time of the award. The start date of the period of performance will be used to determine the rate in effect at the time of the award. Rates may not be changed in future years based on changes in negotiated rates.



- D. **Off-Campus Definition:** The off-campus rate will apply for all activities: a) Performed in facilities not owned by the institution and where these facility costs are not included in the F&A pools; or b) Where rent is directly allocated/charged to the project(s). Grants or contracts will not be subject to more than one F&A cost rate. If more than 50% of a project is performed off-campus, the off-campus rate will apply to the entire project.*

**Source: UMass Boston, Negotiated Indirect Cost Rate Agreement (NICRA)*

The ON or OFF-Campus indirect cost rate is primarily determined by where the substantive programmatic work of the project takes place. Working remotely or from home does not qualify as "off-campus" for indirect cost rate determination because the activity is not conducted at a distinct, geographically separate research site. Working remotely or from home is considered a convenience for the employee rather than a requirement of the sponsored project.

- E. **Sponsor Mandated Restrictions:** If the sponsor does not allow, or limits the indirect cost rate, the sponsor guidelines or other published sponsor policy must be provided to your department administrator and to ORSP. Rate restrictions must be published and emails from sponsors will not be accepted as justification or as adequate documentation. If a rate restriction is not supported by a published policy or in written guidelines that apply to all applicants, the university's full applicable indirect cost rates must be used for budget development. The Indirect Cost Waiver preproposal form available within your proposal Quali Proposal Development record must be used for institutional approval of an indirect cost waiver request or a sponsor mandated restriction.

V. Procedure

There is a three-step process for determining the appropriate Indirect rate to use for all externally funded projects:

STEP 1 – determine if the project is occurring On or Off Campus - Most all of UMass Boston sponsored projects occur On-Campus. If a project does not meet the above Off-Campus definition, it is an On-Campus project. Our federal Indirect rate agreement requires grants or contracts not be subject to more than one facilities and administrative cost rate. Therefore, when more than 50% of a project is performed off-campus according to the definition above, the Off-Campus Rate will apply to the entire project. "Rent directly allocated to the project" may involve rent as a direct cost to the sponsor budget or may involve third party cost sharing.

STEP 2 – determine the appropriate project type: Research, Instruction or Other Sponsored Programs

• **Research** - all **research and development** activities that are sponsored by State, Federal and non-Federal agencies and organizations. This includes activities involving the training of individuals in research techniques (commonly called research training) where such activities utilize the same facilities as other research and development activities and where such activities are not included in the instruction function.



• **Instruction** - specific instructional or training activity established by grant, contract, or cooperative agreement. Except for research training [see above], this term includes all teaching and training activities, whether they are offered for credits toward a degree or certificate or on a non-credit basis, and whether they are offered through regular academic departments or separate divisions, such as a summer school division or an extension division.

• **Other Sponsored Programs** - programs and projects financed by State, Federal and non-Federal agencies and organizations that involve the performance of work other than Research or Instruction. Examples of such programs and projects are health service projects, community service programs and studies, technical assistance and service programs or experiment stations.

See [Uniform Guidance, Appendix III to Part 200](#)

Once the Project Type is determined, the proper rate should be applied.

STEP 3 – determine and apply direct or prime sponsor restrictions

Federally negotiated rates should be used for all federally funded projects where UMB is the prime or sub. However, if a sponsor has a published policy (one that is accessible to all via the web or through some other official organizational document; emails to PIs from sponsor staff do not constitute published policy) on allowable indirect costs / F&A rates, UMass Boston will honor those published rates. For example, many training grants limit Indirect rate to 8% MTDC; in such cases that Indirect rate will be used instead of our federally negotiated rate.

It is the policy of the University to request full funding of indirect costs on all grant and contract proposals. If a non-federal sponsor does not allow the full federal IDC rate to be applied, the minimum indirect cost rates are listed in the table below.

**UMass Boston FY27 Indirect Rates
 (updated 5/14/2026)**

Federal rates apply for all Federal Sponsors or when Federal Sponsor is Prime Funder unless specified by the sponsor’s published guidelines.

SPONSOR TYPE	PROJECT TYPE	FY27 ON-CAMPUS RATE	FY27 OFF-CAMPUS RATE
Federal	Research	55% MTDC	26% MTDC
	Instruction	48% MTDC	26% MTDC
	Other Sponsored Programs	35.7% MTDC	26% MTDC



It is the policy of the University to request full funding of indirect costs on all grant and contract proposals. If a non-federal sponsor does not allow the full federal F&A rate to be applied, the minimum indirect cost rates are as follows:

SPONSOR TYPE	PROJECT TYPE	FY27 ON-CAMPUS RATE	FY27 OFF-CAMPUS RATE
Non-MA Government Agencies	Research	55% MTDC	26% MTDC
	Instruction	48% MTDC	26% MTDC
	Other Sponsored Programs	35.7% MTDC	26% MTDC
Industry	All	55% MTDC	55% MTDC
Foundations and Non-profits	All	20% TDC	20% TDC
Commonwealth of MA and MA Local Agencies (for directly funded proposals and awards)	All	26% MTDC	26% MTDC
*Unrestricted	All	10% TDC	10% TDC

*In order to be classified as an unrestricted grant, the funds must be free to use with minimal requirements by the sponsor for reporting.

UMass Boston Indirect Flow Through Rates

DIRECT SPONSOR TYPE	PRIME SPONSOR TYPE				
	Federal	Non-MA Gov	MA State/Local	Foundation	Industry/Private
Federal	NICRA	N/A	N/A	N/A	N/A
MA State/Local	NICRA	NICRA	26% State	26% State	NICRA
Foundation	NICRA	NICRA	20% Foundation	20% Foundation	NICRA
Industry/Private	NICRA	NICRA	NICRA	NICRA	NICRA

Approval for use of other Indirect rates – A reduction of an Indirect rate should be avoided at all Research Universities. Each time UMass Boston accepts a rate lower than what it should be, we are not recovering the full cost of the project, which is cost sharing. Cost sharing has a negative impact on our future Indirect rates and will not be allowed without prior approval. To determine the correct NICRA, Preapproved Rate, or to request a waiver, use the Indirect Cost (F&A) Waiver Request and Approval form available in Quali Proposal Development – Preproposal Forms. If your proposal has already been approved and submitted, see the Indirect (F&A) Rates, Costs, and Recovery section of the Tools, Policies, & Processes page on the ORSP website.

VI. Compliance

This policy has been established to meet the compliance standards outlined in the [Uniform Guidance](#). It is the responsibility of principal investigators, directors, department chairs, deans, and administrators to understand and comply with this policy.