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02/07/2025

Dear colleagues,

I'm afraid I have some serious and alarming news to report from the NIH (See details below). The short version is that the federal government is capping F&A rates to **15%**. For reference, our F&A rate is 54% at HSC, and 45% at Lakeside.

Please see below two credible sources of information (the top one is from the AAMC):

The NIH tonight released [a supplemental guidance](#) to the NIH Grants Policy Statement stating that facilities & administrative costs (F&A costs, also known as indirect costs) will now be set at a standard rate of 15% for all NIH grantee institutions. According to the guidance, this 15% rate would replace any individually negotiated rates for an institution.

The guidance states that this policy “shall be applied to all current grants for go forward expenses from February 10, 2025 forward as well as for all new grants issued.”

Every year since 2017, the annual spending bill that funds NIH has included language prohibiting the Administration from making changes to F&A cost rates (see language below).

Section 224 of [Public Law \(PL\) 118–47](#) as carried forward by [PL 118-158](#).

SEC. 224. In making Federal financial assistance, the provisions relating to indirect costs in part 75 of title 45, Code of Federal Regulations, including with respect to the approval of deviations from negotiated rates, shall continue to apply to the National Institutes of Health to the same extent and in the same manner as such provisions were applied in the third quarter of fiscal year 2017. None of the funds appropriated in this or prior Acts or otherwise made available to the Department of Health and Human Services or to any department or agency may be used to develop or implement a modified approach to such provisions, or to intentionally or substantially expand the fiscal effect of the approval of such deviations from negotiated rates beyond the proportional effect of such approvals in such quarter.

Sincerely,

Meharvan Singh, PhD
Vice Provost for Research