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Federal Government Transition Update - 2.7.25 [1]

February 7, 2025 by Natalie Barry [2]

Dear Colleagues,

Tonight, the NIH released supplemental guidance to the NIH Grants Policy Statement imposing a standard facilities & administrative (F&A) costs (also known as indirect costs) rate of 15% for all NIH grantee institutions. This 15% rate would replace individually negotiated rates for an institution and apply to both existing grants and future grants starting February 10, 2025.

I**mportantly, every year since 2017, the annual spending bill that funds NIH has included language from Congress prohibiting the Administration from making changes to F&A cost rates.** Section 224 of The Consolidated Appropriations Act, 2024 (Public Law (PL) 118–47) [3] as carried forward by the American Relief Act (PL 118-158) [4] states:

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.

These issues are rapidly evolving, and we are actively collaborating with the Colorado congressional delegation, as well as national higher education and biomedical research associations, including AAMC, AAU, APLU, COGR, ACE, and AAAS, who are all diligently working on this issue in real-time. We anticipate there will be legal action. AAU [5], APLU [6], AAMC [7], ACE [8], AACI [9], and COGR [10]have issued statements condemning the policy (*edited 2/10/25 to reflect additional statements)*.

We recognize the uncertainty and worry our campus communities are experiencing, including some direct impacts on projects and programs, in these times it’s critical to keep our eye on the ball. Please know we are here for you, and we are working closely with the president, Chancellors, and our legal team on this issue. We would like to encourage you to contact your campus leadership with questions. Please visit the CU System Federal Transitions Update page [11] for up-to-date communications and federal memos.

Jeremy Hueth, Vice President, University Counsel

Danielle Radovich Piper, Sr. VP External Relations and Strategy?

Federal Transition Updates [12]

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