

# Unpacking F&A Fees: What They Are, How They Work, and Why You Should Care

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# Trump's order to cut NIH research funding would cut millions from NC universities

WUNC | By [Brianna Atkinson](#)

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## Research Universities Are Poised to Lose Billions Under Trump's Sudden Cut

By [Megan Zahneis](#) | February 8, 2025



## High-Level Overview

- F&A = Overhead
- Our current rate is 54%
- We may see rates as low as 15% for some grants or agencies

## What does this potentially mean for you?

- For those directly in the research space
- For those not directly in the research space (Student Affairs, Advancement, OneIT, Business Affairs, etc.)



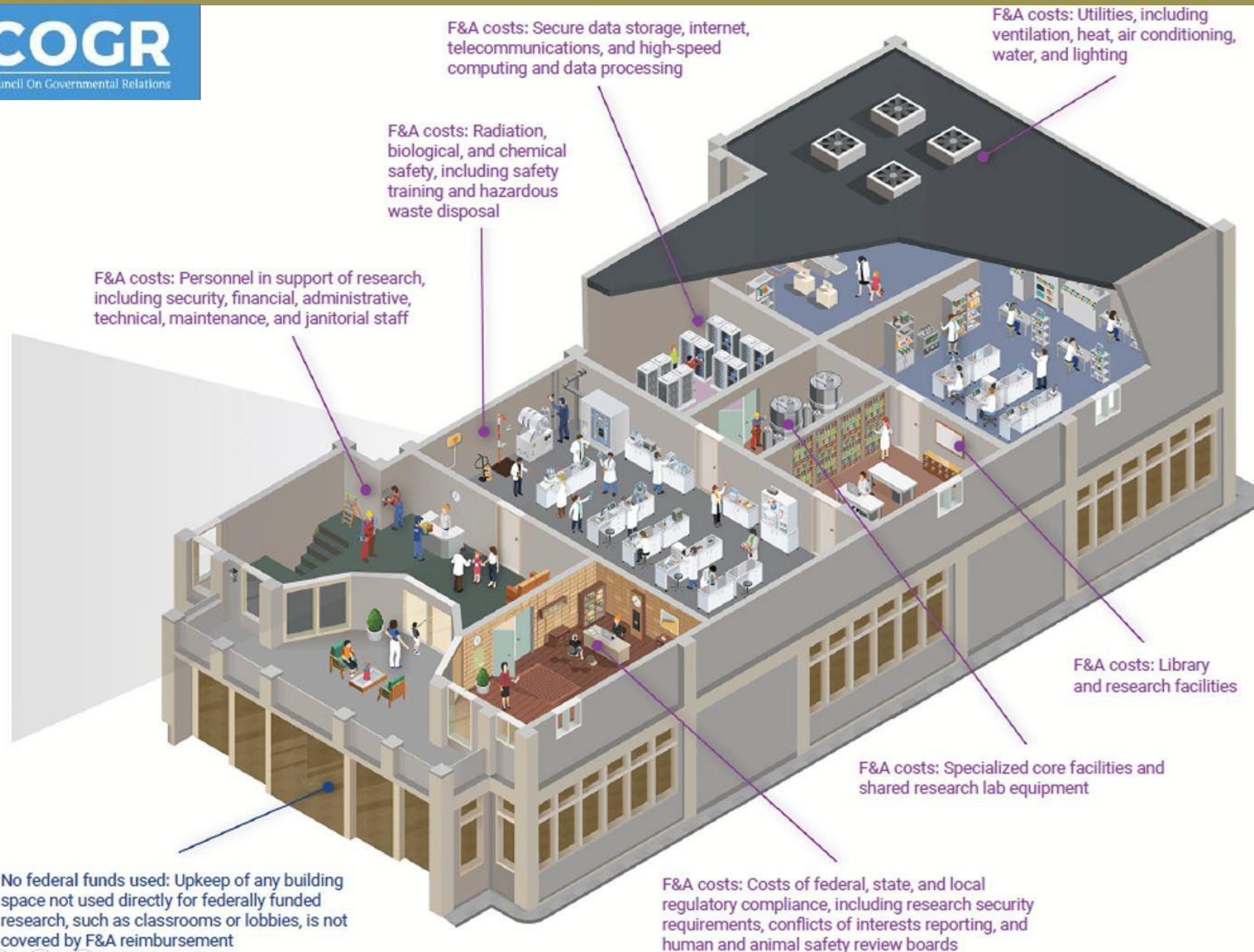


## REAL costs of building and maintaining RESEARCH INFRASTRUCTURE

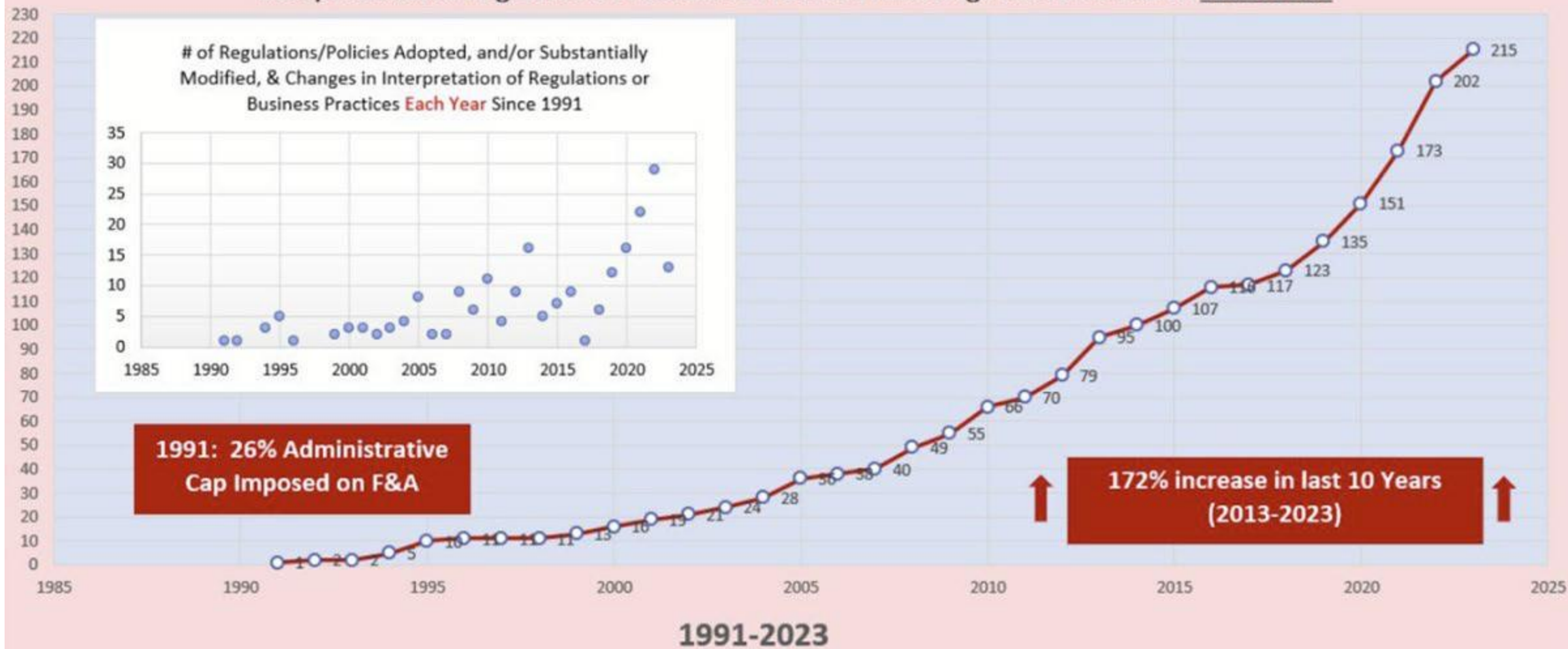
- Historical compact for innovation post-WWII between federal gov't & universities
- Negotiated rate based on an extensive study of **actual costs** of supporting research with facilities and administration
- Reimbursed as awards are expended
- **54%**: our current negotiated rate, though our actual costs are closer to 63%

### What are examples of costs?

**support personnel** (e.g. security, financial, administrative), **radiation, biological and chemical safety, data security/storage, high speed computing and data processing, utilities, specialized shared research labs, research space, and federal/state/local regulatory compliance** (e.g. IRB, animal safety, conflict of interest, export control), **library**



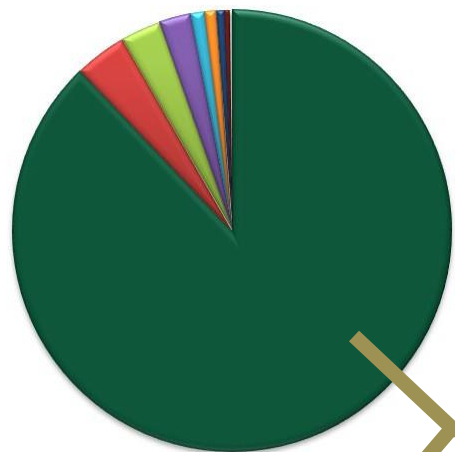
## CUMULATIVE Total of Regulations & Policies Adopted, and/or Substantially Modified & Changes in Interpretation of Regulations or Business Practices Affecting Federal Research Since 1991



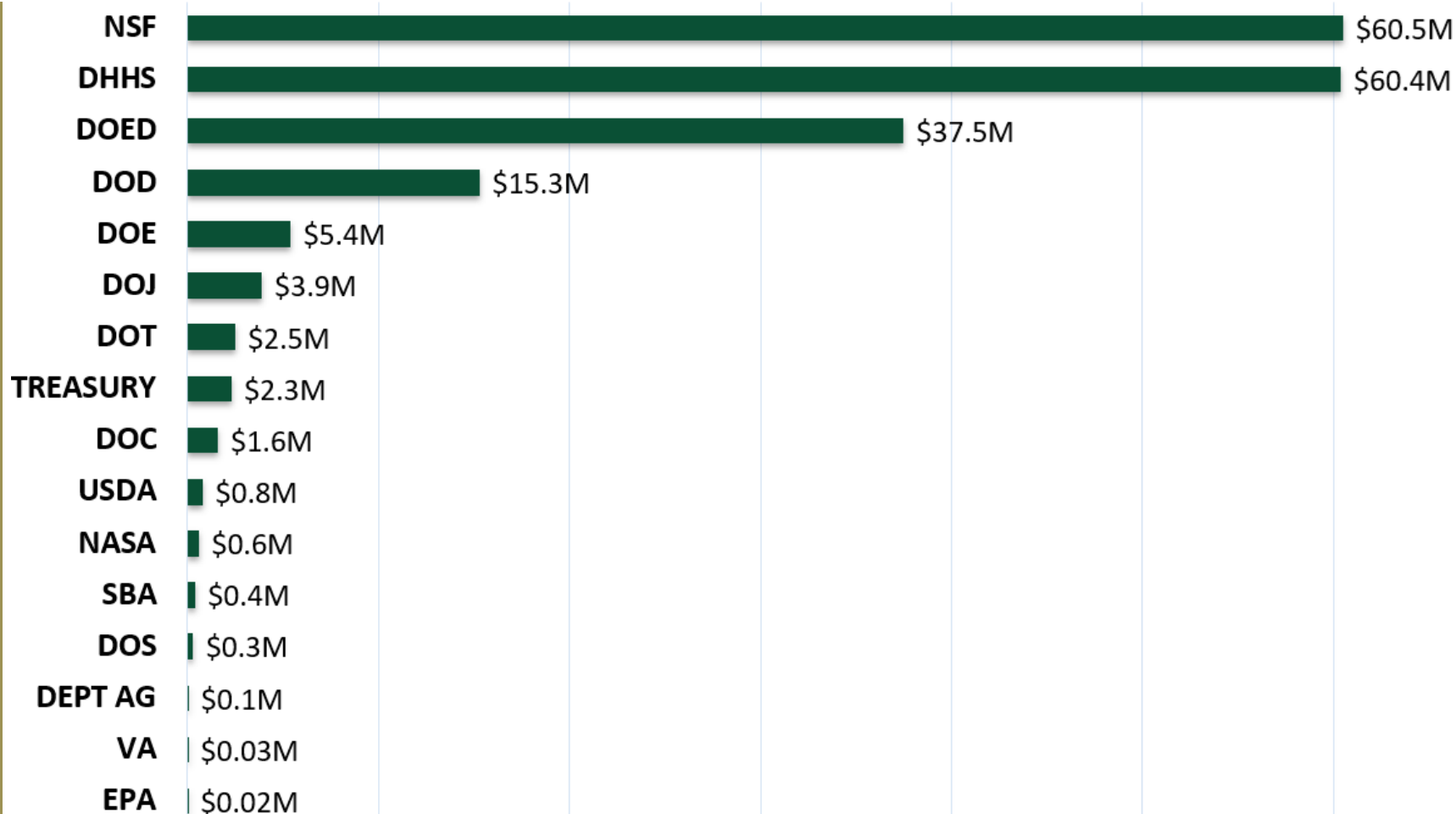
COGR 2023: Aggregated Regulatory Requirements for Federally Funded Research Since 1991

# Why do we need to adjust?

**Total: \$218,350,658**



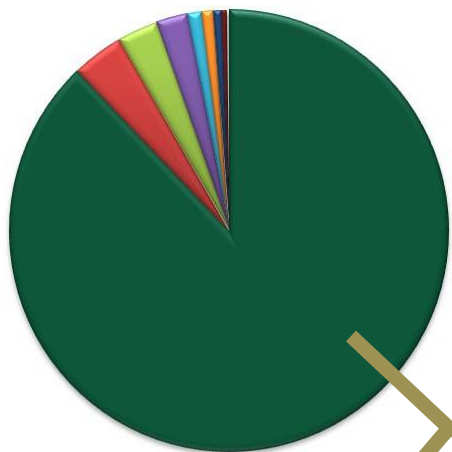
- **Federal (\$191.8M - 87.86%)**
- **Nonprofit Organization (\$8.3M - 3.81%)**
- **Business and Industry (\$6.5M - 2.96%)**
- **State Government (NC) (\$5.1M - 2.32%)**
- **Ed and Research Inst (\$2.3M - 1.07%)**
- **Foundation (\$1.9M - 0.87%)**
- **Local Government (\$1.3M - 0.58%)**



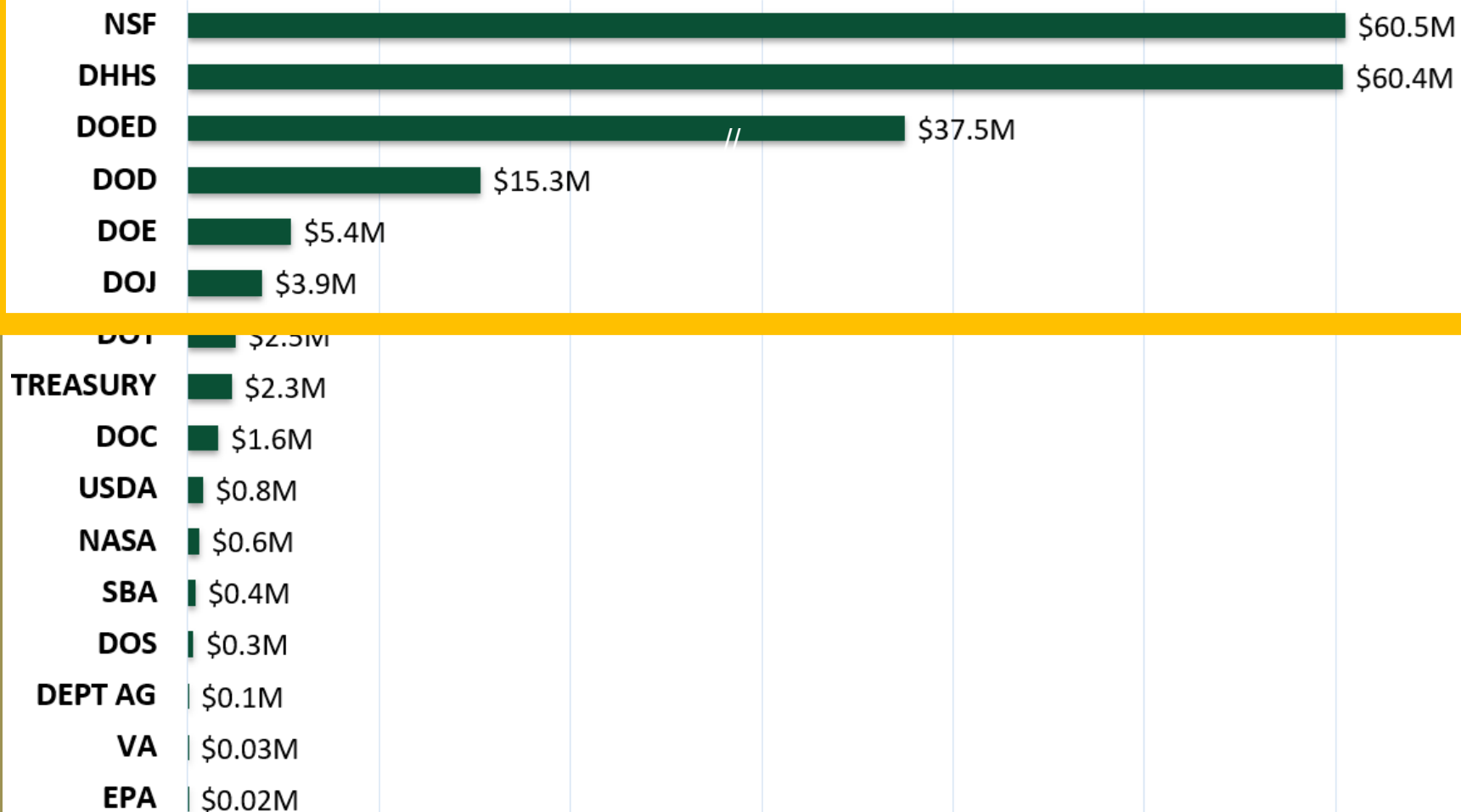


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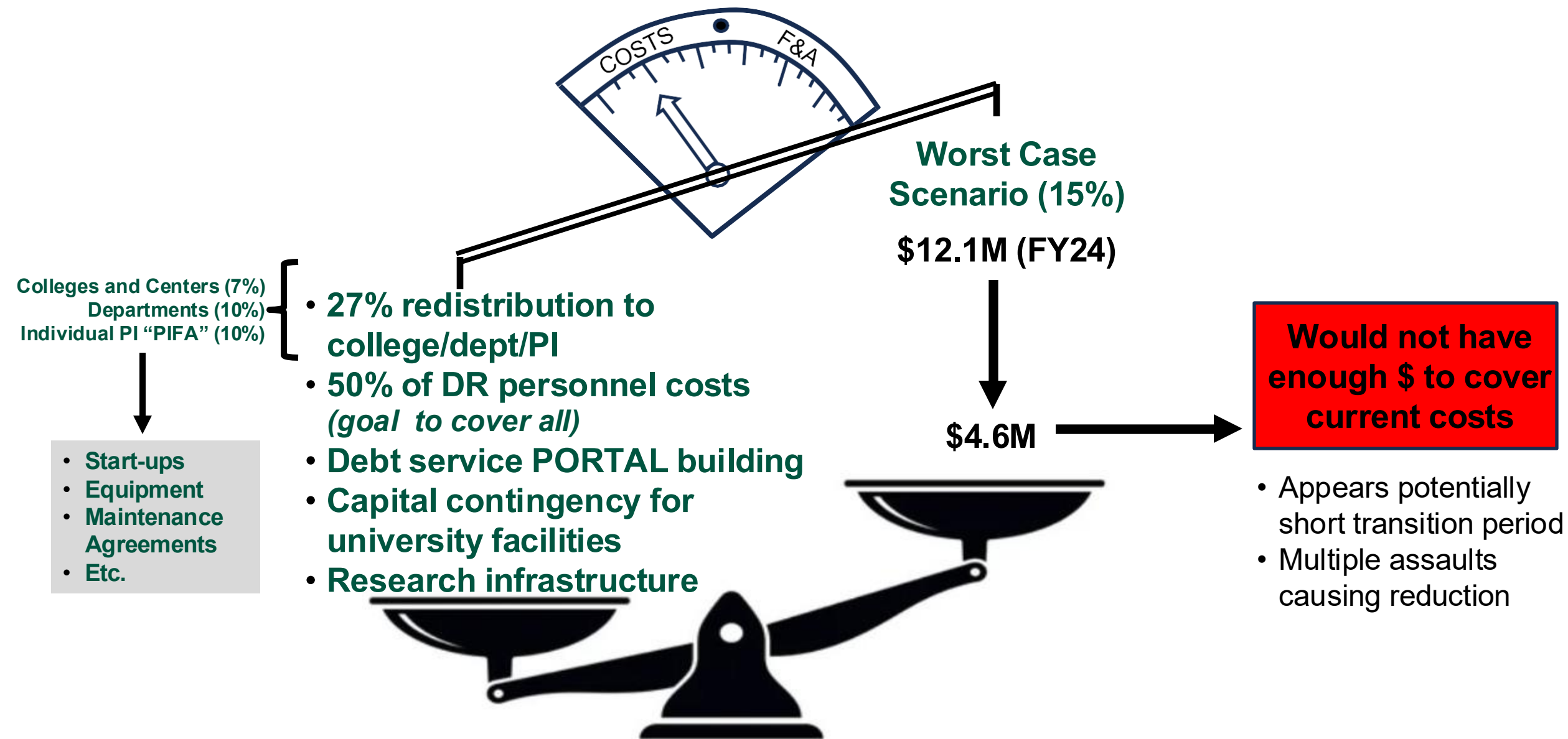
## **Litigation Update**

- Federal agencies attempted to enforce a 15% cap on F&A
- Caps are currently frozen
- F&A limitations could still be enforced in alternative ways

## **Reduced F&A through Uniform Guidance Changes**

- Executive Order #14332 “Improving Oversight of Federal Grant Making”
- Indicating preference for institutions with lower indirect cost rates

# Current Context & Why We Need to Act



**Litigation solves 15% issue, administration back tracks and everyone goes back to business as usual**

*Unlikely*

**Administration finds legal way to mandate 15%**

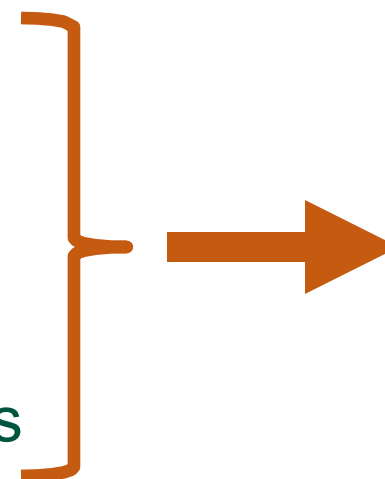
*Possible*

**Alternative F&A models under negotiation**

*Most likely*

## • Research Response

- Partnered & teamed with Provost, Deans and ADRs, as well as BA, to both respond and plan strategically to best of ability in uncertainty; set up in Jan and have been nimble since
- Managing our current resources wisely
- NO student lost a position, including forward commitments
- NO post-doc lost a position
- NO lay offs of faculty/staff
- NO closing of centers
- Continued hiring RA & post-docs on grants/contracts



**This has  
happened  
at many  
other  
institutions**

## • Financial impact tracking & scenario forecasting

- F&A scenarios, including if now included in contracts



- x Stop all F&A flow and claw back unspent F&A accounts? **Not now**
- x Stop all F&A flow? **Not now**
- ✓ Reduce F&A flow? **Effective August 1**
  - ✓ Redistribute 10% of F&A to Colleges and Centers
    - *10% to lead college if no center involved*
    - *7% to college and 3% to lead center if center(s) involved*
    - *Distributed quarterly*
  - ✓ Reevaluate when we know what the cap will be

## Higher Education Under Scrutiny

- [Harvard Is Asking Corporations to Fill Its Federal Funding Gap](#)
- [How Trump Blew Up Northwestern's Business Model](#)
- [Trump's Crackdown on Foreign Students Threatens to Disrupt Pipeline of Inventors](#)
- [The Punch That Launched Trump's War on American Universities](#)
- [The Billionaire Hotel Scion at the Center of the Fight Over Harvard](#)
- [Harvard Digs In for Battle, but Trump's Blows Are Landing](#)
- [Financial Reckoning Hits Universities: Pay Cuts, Layoffs and No Coffee](#)
- [Meet the Bureaucrats Tearing Through American Universities](#)

- Continued unevenness across agencies and uncertainty across entire funding landscape

- Targeted universities: [antisemitism](#); [anti-discrimination](#)
- EOs targeting research (e.g. *Gold Standard Science, Improving Oversight of Federal Grantmaking*): [Tracker if interested](#)
- Our [website](#)

- Potential cuts to agencies
- F&A cap potential very real
  - litigation
  - OMB- Uniform Guidance
  - JAG

## “Phase I”: Terminations

- 19 awards paused/terminated
  - ~\$6M lost
  - 8 (\$1.5M) reinstated
- F&A rate renewal submitted and under review

## “Phase II”: Lags

- F&A language in contracts
- RFAs adjusted/recalled, reorganization
- Delays in awards, NCEs

## “Phase III”: New Landscape

- Reduction in agency budgets
- Continued shifts in priorities
- New review layers at agencies
- Faculty morale balanced with opportunities
- T&P/job market for trainees
- New opportunities