

## UPDATED NEGOTIATED INDIRECT COST RATE (NICRA) – EFFECTIVE JULY 1, 2025

UTIA has finalized an updated **Negotiated Indirect Cost Rate Agreement (NICRA)**, effective **July 1, 2025, through June 20, 2029**. This update reflects required changes to our indirect cost rates and subaward threshold, which must be incorporated into new proposals and awards as outlined below.

These changes are required to comply with our new NICRA, federal regulations, and University policy. UTIA administration thoroughly reviewed and evaluated these updates in determining the implementation approach to ensure consistency across all sponsored projects. Given the scope of these updates—including adjustments to indirect cost rates, fringe rates, and subaward thresholds—award processing times may be longer than usual. OSP staff may also need to engage in additional communication with PIs on individual projects to fully implement these changes. We appreciate your patience and cooperation during this transition.

### Updated Indirect Cost Rates

Function	New Rate (effective 7/1/25)	Old Rate
Research, on-campus	<b>48% MTDC</b>	46% MTDC
Research, off-campus	26% MTDC	26% MTDC
Extension, on-campus	<b>23.5% MTDC</b>	20% MTDC
Extension, off-campus	<b>16% MTDC</b>	14.5% MTDC
Instruction, on-campus	<b>40% MTDC</b>	42% MTDC
Instruction, off-campus	26% MTDC	26% MTDC

### Other Significant Changes

- **Subaward Threshold Increase:** The threshold has increased from **\$25,000 to \$50,000**. Indirect costs will now be charged on the first **\$50,000** of each subaward.
- **Fringe Rate Incorporation:** Uniform fringe rates have now been formally incorporated into the agreement. (OSP has been applying uniform rates in budgets since August 2024.)
- **Note:** Our equipment threshold remains the same at \$5,000 (and a useful life of one year or more.)

### Proposal Instructions

1. **New proposals with a start date prior to July 1, 2025, including competing continuations and renewals:**
  - Indirect costs: Use the previous rate for the first annual budget period. Apply the updated rate for subsequent budget periods.
  - Fringe rates: Apply the new fringe rates.
  - Subawards: Apply \$25k threshold.
2. **New proposals with an anticipated start date of July 1, 2025, or later including competing continuations and renewals** – Must apply the new indirect cost rates, fringe rates, and subaward threshold.

### Award Instructions

1. **Amendments, additional funds, or actions on existing awards:**
  - Indirect costs: No change to indirect costs. The indirect cost rate effective at the time of the original award remains in place for the duration of the award.
  - Fringe rates: Award should be revised to update the fringe rates.

- Subawards: No changes.
- 2. **New awards with a project start date prior to July 1, 2025, and a period of less than one year:**
  - Indirect costs: Apply the proposed (previous) indirect cost rate and subaward threshold as originally proposed. UTIA will waive any additional indirect costs.
  - Fringe rates: No changes.
  - Subawards: No changes.
- 3. **New awards with a project start date prior to July 1, 2025, and a period of more than one year** – Budgets should be revised as follows:
  - Indirect costs:
    1. **Budget Period 1**: Apply the proposed (previous) indirect cost rate. UTIA will waive any additional indirect costs.
    2. **Budget Period 2-N**: Apply the new indirect cost rate.
  - Fringe rates: Budget should be revised to update the fringe rates.
  - Subawards: No changes.
  - Notes:
    1. *Direct costs available to the PI may be affected by the change in indirect rates, fringe rates, and subaward threshold.*
    2. *Some sponsors may require budgets to be revised to the new rates, while others may not allow changes. Sponsor guidelines will be followed.*
- 4. **New awards with a project start date of July 1, 2025, or later** – Budgets should be revised to apply the new indirect cost rate, new fringe rates, and subaward threshold.
  - Notes:
    1. *Direct costs available to the PI may be affected by the change in indirect rates, fringe rates, and subaward threshold.*
    2. *Some sponsors may require budgets to be revised to the new rates, while others may not allow changes. Sponsor guidelines will be followed.*

**Example:** 5 year, on-campus research project, beginning 6/1/25 with annual budget periods:

Period 1, 6/1/25-5/30/26	46%
Period 2, 6/1/26-5/30/27	48%
Period 3, 6/1/27-5/30/28	48%
Period 4, 6/1/28-5/30/29	48%
Period 5, 6/1/29-5/30/30	48%

**Example:** 3 year, off-campus extension project, beginning 5/1/25 with annual budget periods:

Period 1, 5/1/25-4/30/26	14.5%
Period 2, 5/1/26-4/30/27	16%
Period 3, 5/1/27-4/30/28	16%

For any questions regarding this update, please contact [aggrant@utk.edu](mailto:aggrant@utk.edu).