



# DIVISION OF RESEARCH

OFFICE OF THE VICE PRESIDENT AND CHIEF RESEARCH OFFICER

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January 6, 2025

## **MEMORANDUM**

**TO:** Vice Presidents, Deans, Directors  
and Department Chairs  
College Budget Officers

**FROM:** Patrick G. O’Shea *Patrick O’Shea*  
Vice President and Chief Research Officer

**SUBJECT:** Implementation of New Indirect Cost and Fringe Benefit Rates

The Indirect Cost Rate (IDC) agreement between the University of Maryland and the U.S. Department of Health and Human Services has recently been updated. The updates impacting both the Indirect Cost and Fringe Benefit cost rates are summarized below. The official rate agreement has been finalized and posted at: <https://ora.umd.edu/sponsored-research-toolbox/um-resources/f-information>.

### **Indirect Cost Rates**

Effective July 1, 2026, until amended, the previous indirect cost rates have been extended for four additional years. The indirect cost rates for the University are as follows:

	<u>On-Campus</u>	<u>Off-Campus Remote</u>	<u>Off-Campus Adjacent</u>
Organized Research	56%	26%	27.5%
Instruction	53%	26%	27.5%
Other Sponsored Activities	40%	26%	27.5%
IPA	11%	11%	11%
DoD Contracts	58.5%	30%	31.5%

**All rates are pre-determined through June 30, 2030, and become provisional as of July 1, 2030, until the agreement is amended.**

### **Existing Awards**

Grants, contracts and other agreements currently in effect will continue with the existing indirect cost rate and MTDC base for the duration of the award.

## **New Awards**

New awards will be charged the proposed indirect cost rate and MTDC base stipulated in the award agreement from the initial budget period through the project period awarded. For example, NSF awards often project a three-year grant based on a three-year proposal, all three years will carry the rate in the approved proposal. Subsequent *competitive* renewal or continuation periods will be assessed, the new rate and MTDC base in effect at that time.

## **Existing Proposals**

Proposals that have been submitted and endorsed by ORA will continue with the indirect cost rate and MTDC base that was proposed, should they result in an award.

## **New Proposals**

All proposals that are routed for submission on January 20, 2026, or later, must budget the new indirect cost rate for budget periods beginning July 1, 2026. Proposals in process prior to January 20, 2026, are encouraged to use the new rates.

## **Subawards**

For all existing awards issued prior to July 1, 2026, the selected indirect cost rate will be applicable to the first \$25,000 of each subaward. Effective, for new awards issued July 1, 2026, and beyond the selected indirect cost rate will be applicable to the first \$50,000 of each subaward.

## **Off-Campus**

An off-campus project is defined as one which, for three or more continuous months, does not make use of facilities or space supported by UMD.

In cases where a single project has a mix of on-and off-campus costs, separate accounts will be created for the on- and off-campus portions. In order to have an off-campus account, the off-campus portion must be 25% or more of the direct costs of the project and meet the off-campus definition. Justification for use of other than the on-campus rate should be included in the proposal's budget explanation. The off-campus site is to be provided in the Organizations & Locations tab in Kuali Research.

## **Off-Campus, Remote**

A remote project is one that meets the criteria for an off-campus project and is outside commuting distance (50 miles) of College Park.

## **Off-Campus, Adjacent**

An adjacent project is one that meets the criteria for an off-campus project and is within commuting distance (50 miles) of College Park.

## **DoD Contracts Rate**

In accordance with DFARS 231.303, no limitation (unless waived by the institution) may be placed on the reimbursement of otherwise allowable indirect cost rates incurred by an institution of higher education under a DOD contract awarded on or after November 30, 1993, unless the same limitation is applied uniformly to all other organizations performing similar work. Accordingly, these rates do not reflect the application of the 26% limitation on administrative indirect costs imposed by 2 CFR 200.

## **Fringe Benefits**

The updated agreement includes new Fringe Benefit cost rates. The University's current Fringe Benefit rates for fiscal year 2026 are summarized below.

The following rates are effective **July 1, 2025, through June 30, 2026:**

<b>Group</b>	<b>FY26 Rate</b>	<b>Object Codes</b>
Faculty	30.70%	SC00002 (1011), SC00003 (1012), SC00006 (1015), SC00007 (1016), SC00008 (1018) -- Includes 12-month and academic year faculty
Staff	36.60%	SC00004 (1013), SC00005 (1014) -- Includes exempt and non-exempt staff
Limited Benefits	22.70%	SC00009 (1020), SC00014 (2069), SC00012 (2072), SC00017 (2073), SC00025 (2090) -- Includes contractual faculty and staff and graduate assistants
Legislated Benefits	5.8%	SC00012 (2067), SC00013 (2068), SC00015 (2071), SC00018 (2074), SC00019 (2075), SC00023 (2080), SC00024 (2081), SC00027 (2100), SC00029 (2120), SC00010 (1099), SC00026 (2099) -- Includes students with hourly wages, and faculty/staff additional pays

These rates should now be used for all grant and contract proposals and planning purposes for non-sponsored funding sources. Kuali Research and Workday Financial System will be updated to reflect these new rates for fiscal year 2026. Additional steps are being planned to address retroactive corrections for fiscal year 2026 pay periods impacted by use of fiscal year 2025 rates. Any necessary coordination required to complete these steps will be communicated as soon as possible.

If you have any questions, you may submit a ServiceNow ticket or please contact:

Debra Murray, Assistant Vice President, Sponsored Programs Accounting and Compliance, at [dymurray@umd.edu](mailto:dymurray@umd.edu)

Steven Zuraf, Director, Cost Accounting and Analysis, at [szuraf@umd.edu](mailto:szuraf@umd.edu)

Additional information on the application of indirect cost rates to sponsored projects can be found here <http://ora.umd.edu/sites/default/files/documents/um-resources/fa/application-of-fa.pdf>.