



To: All faculty and staff

From: J. Michael Gower, Executive Vice President-Chief Financial Officer, and University Treasurer
Michael E. Zwick, Senior Vice President for Research

Date: February 10, 2025

Subject: Update on the capping of indirect cost recovery rate on NIH Grants

On Friday, the National Institutes of Health announced that it would be capping the indirect cost recovery rate on new and existing grants at 15%, effective today. This action will have a significant and troubling impact on Rutgers' biomedical and other scientific research projects and the university's ability to support them.

For every grant, universities are reimbursed for related but indirect costs for facilities and administration, commonly called F&A costs—like the operation and maintenance of our buildings and laboratories, our required regulatory and financial teams, and other support staff—that make research possible. The university's F&A rate, which is negotiated with and approved by the federal government, is 57%.

This sudden policy change is especially concerning for Rutgers, where NIH funding currently supports nearly 1,200 separate grants. In Fiscal Year 2025, Rutgers has been awarded almost \$250 million in NIH grants spanning critical areas of medical research, including heart disease, cancer, neuroscience and brain health, and infectious disease. These impressive achievements in the exceptionally challenging competition for funding demonstrate the success of our research faculty, students, and staff.

The NIH's new policy will have a destabilizing financial impact on how Rutgers advances medical research in support of its patients, communities, and the state of New Jersey, not to mention on the livelihoods of our faculty and staff researchers. The announced cap is equivalent to cutting the university budget in Fiscal Year 2025 by \$22 million, although we know the impact on multi-year awards is far greater. If the cap continues into Fiscal Year 2026, the university predicts a \$57.5m annual loss.

The university is aggressively working with our academic alliances, congressional delegation, state partners, and agency contacts to pursue every possible option to reverse this decision. At the same time, in the event of a sustained change in NIH policy, we are doing all we can to develop mitigation strategies for the potential impact.

As we move forward together and assess this development, our guidance for those faculty with NIH grants is to continue spending your grant dollars as you pursue your research aims. We continue to encourage you to apply for new NIH grants.

We understand the deep uncertainty this news has caused and continues to cause. We will keep you informed of any changes. We aim to continue supporting our faculty, students, and staff to every extent possible.

If you have any questions, please e-mail them to federal-tracking@rutgers.edu. FAQs about this new development are posted under the research section of the [Navigating New Federal Government Actions and Requirements](#) website.

Sincerely,

J. Michael Gower
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Michael E. Zwick, Ph.D.
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