MEMORANDUM

To: Deans, Research Associate Deans

From: Dr. Rathindra Bose, VC/VP for Research and Technology Transfer

Cc: Dr. John Antel, Sr. VC/VP for Academic Affairs and Provost
    Dr. Carl Carlucci, Exec. VC/VP for Finance and Administration
    Dr. Elizabeth Anderson Fletcher, Assoc. VC/VP for Research and Tech Transfer

Date: September 28, 2011

Re: Implementation of new IDC rate plan

The University of Houston has negotiated a four-year, pre-determined indirect cost (IDC) rate plan with our cognizant federal agency, the U.S. Department of Health and Human Services. The resulting rates are effective immediately and are retroactively applicable as of September 1, 2011. The off-campus rate will remain unchanged at 26%, but the on-campus rates will be adjusted according the following schedule:

<table>
<thead>
<tr>
<th>FY</th>
<th>Rate</th>
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</thead>
<tbody>
<tr>
<td>2012</td>
<td>49.5%</td>
</tr>
<tr>
<td>2013</td>
<td>50.0%</td>
</tr>
<tr>
<td>2014</td>
<td>50.5%</td>
</tr>
<tr>
<td>2015</td>
<td>50.5%</td>
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</tbody>
</table>

Although this four-year plan is a bit more complex than usual, UH will continue to follow its long-established policies regarding indirect cost rates: multi-year awards (new projects and competitive renewals) will be charged IDC at the rate in effect at the time the project starts and the rate will remain fixed for the life of that award. We are immediately implementing the new rate plan as follows:

- For sponsored projects awarded before September 1, 2011, nothing will change. The rate at the time of the start of the project will remain in effect for the life of the project.

- Projects awarded during FY 2012 will be modified to the new rate of 49.5% for the life of the project. As awards are received, budgets will be adjusted from the proposal budgets to reflect this rate.

- All proposals currently being submitted will utilize the rates in effect for the year the project starts, as listed above. Looking beyond this four-year timeframe, the last known rate should be used for projects starting after 2015. Therefore, a proposal being submitted now for a project beginning in 2017 will use the 2015 rate of 50.5%

The immediate effect of this plan is a 0.5% reallocation from indirect to direct cost which would benefit research projects.

Please do not hesitate to contact us if further clarifications are needed.