To: Faculty and Research Administrators

From: David Tirrell, Provost
Charlie Lane, Vice President and Chief Operating Officer

Date: October 3, 2025

Subject: Fiscal Year 2026 F&A Rate and Other Rates

As of this writing, federal policy regarding recovery of indirect costs remains highly uncertain. This memo summarizes current indirect cost and graduate tuition remission rates. Should federal policy change, all of the rates listed here (both overhead and tuition remission) will be subject to reconsideration.

The table below lists important information relevant to research awards for the 2026 fiscal year (effective October 1, 2025) along with comparative information for the previous fiscal year. Caltech has negotiated with the Office of Naval Research for on-campus and off-campus Facilities and Administrative Rates ("F&A") and for the Staff Benefits Rate. The table also provides information on the paid leave rate, graduate tuition remission rates, and the overhead rates on non-federal funds.

	FY2026	**FY2025**
On-campus F&A rate (FY2026 provisional)	70.00%	70.00%
Off-campus F&A rate (FY2026 provisional)	24.95%	25.00%
Staff benefit rate (FY2026 predetermined)	25.10%	25.08%
Paid leave rate (FY2026 provisional)	18.75%	18.75%
GRA tuition remission rate		
All federal funds that provide full federal overhead	55.00%	52.00%
Non-federal funds that provide effective overhead of 20% or higher	63.00%	60.00%
Non-federal funds that provide effective overhead		
between 15% and 19.9%	74.00%	71.00%
between 10% and 14.9%	83.00%	80.00%
less than 10%	91.00%	88.00%
Minimum overhead on non-federal funds and endowment payouts that provide annual gross funding		
less than $350k	20.00%	20.00%
between $350k and $399k	22.20%	22.20%
between $400k and $449k	25.90%	25.90%
between $450k and $499k	28.80%	28.80%
$500k or more	30.00%	30.00%

Implementation of New Rates

F&A Rate for Proposals: The FY2026 70.0% provisional F&A rate should be used for all new and renewal proposals submitted with a start date of October 1, 2025 or later.

F&A Rate for Ongoing Awards in Effect Prior to October 1, 2025: Grant and contract awards in effect prior to October 1, 2025 will continue to be assessed F&A using their existing F&A rates until the next funding cycle or request for additional funding is proposed and received. For most federal awards, the F&A rate that is in effect at the beginning of an awarded, multi-year project period remains unchanged until the beginning of the next awarded project period. Formal modification by the sponsor to an already awarded project for additional funds and work may result in reassessment of the applicable overhead rate to the additional funds.

F&A Rate for New and Renewal Awards: New and renewal awards will take the applicable F&A rate based on the award date* of the award rather than the submittal date of the proposal or budget. Awards with award dates on or after October 1, 2025, regardless of the date received, will take the provisional 70.0% F&A rate. Awards with award dates on or after October 1, 2025, that have already been processed at the FY2025 F&A rate will be adjusted to the FY2026 F&A rate. Awards with award dates prior to October 1, 2025, regardless of the date received, will be assessed using the applicable F&A rate. If the FY2026 final approved rate is different from the provisional rate, already incurred charges may be adjusted, as appropriate.

Staff Benefit Rate: The Staff Benefit Rate for FY2026 has been approved at a predetermined rate of 25.10% and is effective October 1, 2025. If the FY2026 final approved rate is different from the provisional rate, already incurred charges may be adjusted, as appropriate.

Paid Leave Rate: The Paid Leave Rate for FY2026 is an internally determined provisional rate of 18.75% and is effective October 1, 2025. If the FY2026 final approved rate is different from the internal provisional rate, already incurred charges may be adjusted, as appropriate.

Graduate Tuition Remission Rates: In FY2026, the Graduate Tuition Remission Rate will be 55.0% for federal awards. For non-federal funds that provide at least 20% effective overhead the rate will be 63.0%. The Institute expects to increase tuition remission rates in future fiscal years by roughly 3.0 percentage points per year until they return to FY2023 levels. Therefore, it is recommended that Principal Investigators escalate tuition remission rates accordingly for proposal budgets that project out beyond FY2026. Non-federal funds and endowment payouts that provide less than 20% effective overhead will be subject to the tuition remission rates shown in the above table.

Overhead on non-federal funds and endowment payouts: The minimum overhead rate (20.0% of Total Costs; the equivalent of 25.0% on Total Direct Costs) applies to all new non-federal funds and annual endowment payouts. Non-federal funds and endowment payouts that provide total gross funding of $350,000 or more per year will be subject to the overhead rates shown in the above table.

Use of the Off-Campus F&A Rate

The Off-Campus F&A Rate may be used when a Caltech project is carried out at a location that is not owned by Caltech. In general, only one F&A rate, either on-campus or off-campus, is applied to an extramural award made to Caltech. Where an extramurally funded project is carried out at both on-campus and off-campus locations, the F&A rate applied to the project is determined on the basis of where the majority of the Caltech effort is conducted; the portion of a project carried out by subcontractors or other non-Caltech collaborators is not part of this determination. Only the programmatic effort performed by Caltech personnel is used to make this determination. A proposal that will utilize the off-campus rate should clearly describe the project activities that qualify it for an off-campus rate.

For particularly large projects with clearly identifiable on- and off-campus components, it is possible to apply both on- and off-campus F&A rates. Such situations should be anticipated at the proposal stage and discussed with Sponsored Research prior to inclusion in the proposal. Exceptions to these principles for use of the off-campus rate must be approved by the Provost prior to submission of a proposal.

Please contact David Mayo (david.mayo@caltech.edu; x6219) in the Office of Sponsored Research if you have questions regarding the applicability of these rates to federal awards. For questions about overhead on non-federal funds, please contact the individual within Fund Accounting or Sponsored Research assigned to your division.

*Based on guidance from the National Science Foundation, beginning FY2024 Caltech is changing its methodology for determining the applicable F&A rate for new and renewal awards. Previously, Caltech applied a particular F&A rate on new and renewal awards based on the begin date stated in the sponsor-issued award document. Going forward, Caltech will use the “award date” stated in the sponsor-issued award document to determine the applicable F&A rate.