Date: November 3rd, 2020

From: Harry W. Orf, PhD

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Subject: MGH FY21 Fringe Benefit and Indirect Cost Rates

I am writing to communicate the FY21 Fringe Benefit and Indirect Cost Rates that will be applied on MGH research funds, effective October 1, 2020.

Fringe Benefit Rates

The fringe rate for Professional staff will decrease to 32% in FY21 and FY22. The decrease is due to the three- month freeze in pension expenses in FY20 spread over two years. The fringe rate for Non-professional staff will increase to 34% in FY21. Although the pension benefits have a three-month freeze for Non-Professional staff, this increase in FY21 is due to higher pension expenses caused by current low interest rates.

The FY21 Fringe Benefit Rates will be applied to all MGH research funds effective October 1, 2020. While the FY22 fringe benefit rates will not be established until next September based on updated known costs, we are recommending that grant budgets for future years incorporate the following multi-year fringe rate assumptions.

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| *\* anticipated rates for budgeting purposes only* | **Fringe Rates** |
| **Employee Category** | **FY20** | **FY21** | **FY22** | **FY23****and after** |
| *Professional Staff**(MDs and PhDs)* | 35% | **32%** | 32%\* | 34%\* |
| *Non-professional Staff**(Weekly Staff, Interns, Residents, Fellows)* | 32% | **34%** | 34%\* | 35%\* |
| *Bulfinch Temporaries* | 12% | **12%** | 12%\* | 12%\* |

Indirect Cost Rates

The federal rate agreement rates (per Rate Agreement dated September 28th, 2018) are reflected in the table below. A new rate agreement which will establish Fixed Rates for FY21 and FY22 is pending. The rates are anticipated to remain unchanged. The rates will be applied to all MGH research grants (and some contracts) effective October 1, 2020 and should be used in all contract, grant and subcontract proposals submitted to extramural sponsors.

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|  | **Indirect Cost Rates** |
| **Rate Type** | **FY20** | **FY21** | **FY22** | **FY23****and after** |
| *Onsite Research*Applied on MTDC\* Base | 68% Fixed | 68% Prov. | 68% Prov. | 68% Prov. |
| *Offsite Research\*\**Applied on MTDC\* Base | 34% Fixed | 34% Prov. | 34% Prov. | 34% Prov. |
| *Industry-Sponsored Clinical Trials* | 30% Total Direct Cost Base; Cancer Trials 35% on TDC |
| *Research Gifts and Sundry Funds* | 15% MTDC\* Base |

\*Modified Total Direct Cost (MTDC) Base: Total direct costs, excluding: equipment costs; those portions of subcontracts in excess of

$25,000; alteration and renovation costs; hospitalization and other fees related to patient care.

\*\*Off-Site Rate Definition: For all activities performed in facilities not owned by the organization and to which rent is directly allocated to the project(s), the off-site rate will apply. Grants or contracts will not be subject to more than one indirect cost rate. If more than 50% of a project is performed off-site, the off-site rate will apply to the entire project.