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Subject: MGH FY23 Fringe Benefit and Indirect Cost Rates

I am writing to communicate the FY23 Fringe Benefit and Indirect Cost Rates that will be applied to MGH research funds from October 1, 2022, through September 30, 2023.

Fringe Benefit Rates

The fringe rate for Professional staff will increase to 33% in FY23. The fringe rate for Non-professional staff will decrease to 33% in FY23.

The FY23 Fringe Benefit Rates are being applied to all MGH research funds effective October 1, 2022. For FY24 and FY25 and after, we recommend that grant budgets incorporate the following multi-year fringe rate assumptions. Note: We are assuming a 1% increase to the fringe rate for Non-professional staff in FY25. The change in this fringe rate is driven by changes in interest rates and their effect on the actuarial determination of the cash balance pension costs.

Employee Category	Fringe Rates			
	FY22	FY23	FY24	FY25 and after
<i>Professional Staff (MDs and PhDs)</i>	32%	33%	33%*	33%*
<i>Non-professional Staff (Weekly Staff, Interns, Residents, Fellows)</i>	35%	33%	33%*	34%*
<i>Bulfinch Temporaries</i>	12%	12%	12%*	12%*

* anticipated rates for budgeting purposes only

Indirect Cost Rates

The table below reflects the current federal rates negotiated with our cognizant agency (rate Agreement pending). The most recent Rate Agreement is dated September 28th, 2018. The rates are applied to all MGH research grants (and some contracts) effective October 1, 2022, and should be used in all contract, grant, and subcontract proposals submitted to extramural sponsors.

Rate Type	Indirect Cost Rates			
	FY21 & FY22	FY23	FY24	FY25 and after
<i>Onsite Research</i> Applied on MTDC* Base	68% Fixed	67% Fixed	67% Fixed	67% Prov.
<i>Offsite Research**</i> Applied on MTDC* Base	34% Fixed	34% Fixed	34% Fixed	34% Prov.
<i>Industry-Sponsored Clinical Trials</i>	30% Total Direct Cost Base; Cancer Trials 35% on TDC			
<i>Research Gifts and Sundry Funds</i>	20% 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.