



McGill

Memorandum Note de service

**Office of the Vice-Principal
(Research & Innovation)**

James Administration Building, Suite 419
Tel.: 514-398-2995 – Fax: 514-398-8257

**Bureau de la vice-principale
(recherche et innovation)**

Pavillon de l'administration James, bureau 419
Tél.: 514-398-2995 – Téléc.: 514-398-8257

Date : 26 January 2017

To/Destinataire(s) : Deans, Associate Deans Research

From/De la part de : Rose Goldstein, Vice-Principal (Research and Innovation)

c.c. Christopher Manfredi, Provost and Vice-Principal (Academic)
Ghyslaine McClure, Associate Provost (Budget and Resources)

Subject/Objet : Revision of McGill indirect costs of research

In its 2014 *Politique nationale de la recherche et de l'innovation (PNRI)*, the Quebec provincial government recommended that institutions recuperate the full costs arising from sponsored research to ensure financial sustainability and adequate support to researchers. Aligned with the Quebec government's recommendations to recover the full costs of research whenever possible, the Research and Innovation (R&I) proposes revision and simplification of McGill indirect cost rates as follows:

- 40% - for grants and contracts sponsored by industry and other *for-profit* organizations (27% reduced rate for industry contribution to partnered federal and provincial programs); *40%- this remains unchanged as per current rates; 27% - an increase from 25% to align with the Quebec provincial rate*
- 27% or maximum allowable by sponsor – for grants from *not-for-profit* organizations and government; *an increase from 15% to align with the Quebec provincial rate*
- 27% - for contracts and agreements from *non-for-profit* organizations and government; *a reduction from 40% for contracts and service agreements*
- 30% - for clinical trials: *this remains unchanged as per current rates*

It should be noted that the above rates are not applicable when a sponsor has an existing, established rate that differs from McGill rates. The table-summary of indirect costs rates is attached.

Exceptions: For research grants totaling less than \$100,000 per annum inclusive of indirect costs from the same not-for-profit sponsor, where the Principal Investigator (PI) is requesting a rate lower than McGill standard indirect costs rate, the PI submits a written justification to the Office of Sponsored Research (OSR) and does not require any other approval.

All other requests for an exception to the indirect cost rates must be approved by the relevant Dean(s) and Vice-Principal (Research and Innovation). It is the responsibility of the Principal Investigator (PI) to obtain all appropriate approvals/signatures.

The new rates will become effective on March 1, 2017.

The implementation of these rates will not affect grants and/or contracts that are funded or negotiated prior to March 1, 2017.

Funding category	Rate of Indirect Costs
Grants from government and not-for-profit organizations	27% on total direct costs or maximum rate allowed by sponsor
Contracts and agreements with government and not-for-profit organizations	27% on total direct costs or maximum rate allowed by sponsor as per written guidelines or as pre-negotiated by McGill University (please contact OSR for specific sponsor rates)
Grants, contracts, and agreements from industry and other for-profit organizations	40% on total direct costs (<i>Industry sponsored grants and contracts that are matched through industry-partnered federal and provincial programs - e.g. NSERC CRDs, Strategic Networks, Networks of Centres of Excellence, Quebec consortia, etc. carry 27% indirect costs.</i>)
Clinical Trials	30%
Gifts	Indirect costs on gifts in support of research are negotiated by University Advancement
Examples of sponsors specific rates	
Grants and Contracts with U.S. Federal agencies (except NIH grants)	57% on direct salaries and wages, including fringe benefits (in accordance with McGill University's DHHS Rate Agreement dated December 19, 2013).
National Institutes of Health (NIH)	8% on total direct costs except equipment (in accordance with NIH Grants Policy Statement).
Contracts through Public Works and Government Services Canada (PWGSC)	65% on direct salaries and benefits, including fringe benefits; 2% on travel.