

**TO: Deans, Directors, Department Chairs and Administrative Officers**

Last fall I wrote to advise of an increase in the indirect cost rate for industry initiated and supported clinical trials to 26% (of total direct costs). I am now writing to advise that effective July 1, 2006, this same rate will be applied to Principal Investigator-initiated industry funded clinical trials. Thus the indirect cost rate for all industry supported clinical trials will be 26.0% (applied to total direct costs) effective July 1, 2006.

This rate change is intended to help promote an increase in the amount of PI-initiated clinical trials research conducted at UCLA, which in turn will support the campus' research mission. The change also reflects a UC-wide effort to standardize the overhead rate for all industry funded clinical trials research.

Please note that the new 26% rate is applicable *only* to industry funded clinical trials. Implementation of the 26% indirect cost rate in relation to PI-initiated clinical trials will be phased in as follows:

- As of July 1, 2006, the 26% indirect cost rate will be applicable to any new PI-initiated industry funded clinical trial for which the clinical trial contract agreement has not yet been executed.
- For any partially executed clinical trial agreements (e.g. signed by only one party) the rate reflected in the agreement will continue to apply.
- For clinical trial agreements that were fully executed by all parties prior to July 1, 2006, all related amendments within the original term of the agreement will continue to use the originally negotiated overhead rate. If the agreement is amended to extend the study beyond the original term of the agreement, with no additional monies, the originally negotiated indirect cost rate will apply. However, if an agreement is amended to extend the term of the clinical trial and to add supplemental funds, the budget associated with research for the period beyond the original study end date may use the 26% overhead rate.

If you have any questions about the application of the clinical trials rate, please contact Helene Orescan (Ext. 40137) or your assigned Industry Contracts Officer in the Office of Clinical Trials.

Sincerely,

**Roberto Peccei**  
Vice Chancellor for Research