Indirect Cost (IDC) Rate Increase for Industry-Funded Clinical Trials (Industry-Initiated and PI-Initiated): Frequently Asked Questions (FAQ)

1. What is changing?

Effective October 1, 2026, the indirect cost (IDC) rate for industry-funded and PI-initiated clinical trial agreements at UC San Diego will increase from 33% to 36%.

2. Which clinical trials are affected by this change?

The new 36% IDC rate applies to all industry-funded clinical trials, including both:

- PI-initiated clinical trials
- Sponsor-initiated clinical trials

3. Does this change affect federally funded or nonprofit-funded clinical trials?

No. Federally funded and nonprofit-funded clinical trials will continue to use the indirect cost rates and application methodologies required by their sponsors.

4. How was the decision made to increase the IDC rate to 36%, and what role did the departments have in the review and decision-making process?

Establishing and changing the IDC rate for clinical trials are at the discretion of the Vice Chancellor for Health Sciences (VCHS) and the Vice Chancellor for Research and Innovation. The determination to adjust the rate was made following a review of UC San Diego's operational needs, current and anticipated fund flows, and IDC rates at peer institutions. The change will better align UC San Diego with comparable institutions and support investments in clinical research infrastructure and services.

5. Why is UC San Diego increasing the IDC rate?

The increase aligns UC San Diego with peer research institutions and will support continued investment in clinical research infrastructure, operational capacity, and services that benefit investigators, study teams, and research participants. The resources will be targeted to departmental and non-departmental Clinical Research Units (CRUs) and will create sustainable support for these activities.

6. How will the 36% IDC rate be distributed?

The incremental 3% will be allocated as follows:

a. 2.5% will be dedicated to supporting CRUs and managed within the VCHS office. The increased funding creates a sustainable resource, with funds provided to departmental and non-departmental CRUs to cover costs of project managers, regulatory support and other needs.
b. 0.5% clinical trial incentive fund to provide additional resources to departments and CRUs that meet benchmarks

Departments will continue to receive their IDC allocation. The additional 3% IDC increase is intended to create dedicated funding for clinical research infrastructure, including support for CRUs and a clinical trial incentive program. The funding associated with this increased IDC is returned to research units that generated it rather than going into a general fund.

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7. Why wasn't the IDC rate simply redistributed based on existing departmental allocations?
Institutional leadership considered multiple approaches to increasing support for clinical research infrastructure. The selected approach increases the IDC rate and dedicates the incremental revenue to support CRUs and clinical trial incentive programs, while maintaining current departmental IDC allocations.

8. When does the new rate take effect?
The new 36% IDC rate applies to all industry-funded clinical trial agreements that are fully executed on or after October 1, 2026. New agreements and major budget amendments signed on or after October 1, 2026, will be subject to the 36% IDC rate. See answers to questions 13 and 14 for additional information about amendments.

9. Does the new rate apply to existing clinical trial agreements?
Existing industry-funded clinical trial agreements that are fully executed before October 1, 2026 may continue at the current 33% IDC rate until October 1, 2028. All such agreements are expected to transition to the 36% IDC rate no later than October 1, 2028.

10. What qualifies as an existing agreement?
An existing agreement is any fully executed industry-funded clinical trial agreement, whether PI-initiated or sponsor-initiated, executed before October 1, 2026. These agreements may continue at the 33% IDC rate until October 1, 2028.

11. How will the additional IDC revenue be used?
Additional resources generated through the rate increase will be invested in clinical research infrastructure and operational support, including:

- Project management support
- Clinical research finance services
- Regulatory support
- Recruitment and participant-matching services
- Process improvements that enhance efficiency, quality, and compliance
- Collection of metrics

12. How will departments, investigators and study teams benefit from these investments?
The investments are intended to:

- Provide resources for departmental and non-departmental CRUs
- Accelerate study activation timelines
- Improve operational efficiency
- Strengthen regulatory compliance and research quality
- Expand support available to study teams
- Enhance participant recruitment capabilities

13. How will amendments to existing studies be handled?

Amendments to existing agreements will be evaluated based on the nature and scope of the changes.

- Administrative or budget-neutral amendments generally will continue under the existing IDC rate.
- Minor protocol amendments involving limited changes in study procedures or budget will generally continue under the existing IDC rate.
- Major amendments that substantially change the scope of work, add study arms, introduce significant new procedures, or require significant budget revisions may be treated similarly to a new agreement and may be subject to the 36% IDC rate.

The contracting office will make these determinations in consultation with institutional leadership when needed.

14. Who determines whether an amendment is considered major or minor?
The contracting office will assess amendments on a case-by-case basis. If there is uncertainty as to whether an amendment constitutes a substantial change requiring application of the new IDC rate, the contracting office may consult with the VCHS or their designee.

15. What happens if an existing study does not have a budget amendment before October 1, 2028?
Existing agreements operating under the transitional 33% IDC rate are expected to be renegotiated to the 36% IDC rate no later than October 1, 2028, regardless of whether a budget amendment has occurred. Additional implementation guidance will be provided as the transition deadline approaches.

16. Where can I find additional information?
For additional guidance, visit https://uchealth.service-now.com/ucsd_fin.