External Research Funding Agreements: Indirect Costs Recovery (Appendix A)

PREAMBLE

1.1 Indirect costs of research are ongoing, necessary operating expenses that are attributed to the University or a specific department, but cannot be attributed to the specific project or product. Indirect costs are real costs that are directly related to research projects, and include:

1.1.1 Space allocated to the specific projects including utility costs, cleaning, and maintenance;
1.1.2 Faculty and departmental services such as shops, secretarial and office assistance, purchasing, or shared equipment;
1.1.3 Academic services such as the Library and Information Technology;
1.1.4 University-provided administrative services such as Purchasing, Finance, and Human Resources;
1.1.5 Research and contract administration and support such as Research Services; and
1.1.6 Regulatory compliance activities and support from units including Research Ethics, Animal Care, and Biohazards/Biosafety.

1.2 The indirect cost recovery rate is only a partial recovery of the University’s cost of supporting research. CAUBO (2013) estimates the average indirect cost for Canadian institutions as 49% of direct costs.

2.0 PURPOSE

2.1 To define indirect costs recovery rates for research agreements.
3.0 DEFINITIONS

3.1 Research Funding Agreements
refers to agreements with the University to provide funding intended for research purposes, whether the agreement is considered a grant, contract, contribution agreement, or whether the agreement takes any other form, and whether it is legally enforceable or not.

3.2 Indirect Costs of Research
refers to those costs which are real but not easily identifiable with a particular research project such as, but not limited to, utilities, the provision of institutional facilities, space, accounting, payroll and personnel services, or janitorial services.

4.0 PROCEDURE

4.1 Indirect costs at the rate set out below must be included in any research project budget, except when expressly prohibited (or limited) by the funding organization’s policy.

<table>
<thead>
<tr>
<th>Funding Category</th>
<th>Indirect Costs (Overhead) Rate</th>
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</thead>
<tbody>
<tr>
<td>Research grants from government and not-for-profit organizations; contracts with government and not-for-profit organizations; and matching funds on Tri-Agency grants</td>
<td>A minimum of 25% of direct costs, unless specifically dictated by law or formal policy. Examples include: Government of Canada Contracts: 65%* of salaries and benefits, 2% of travel. US Government: 62.9%* on direct salaries and wages including all fringe benefits</td>
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<tr>
<td>Tri-Agency grants</td>
<td>No overhead</td>
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</tbody>
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* Subject to change

4.2 Distribution: With the exception of programs and contracts that have a university-wide impact, all indirect costs realized from research agreements will normally be divided evenly between University centralized services and the initiating Faculty.

4.3 With the exception of Tri-Agency grant proposals, budgets should be presented as a total “price” to the sponsoring agency with the indirect cost built into each budget line item, unless a sponsoring agency requires the indirect recovery charge to be presented as a separate line item. The indirect cost recovery will be automatically deducted from research accounts.

5.0 INTERPRETATION

5.1 Application of this procedure is the responsibility of the Vice-President, Research and International, normally through the Director, Research Services.