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## Overhead (Indirect Cost) Recovery

Office of Research Services

Policy

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### 1.0 Purpose

- 1.1 A charge for overhead or indirect costs is normally levied only on all payroll costs (wages plus fringe benefits), and must be included in all contract proposals. Exceptions may be permitted when alternative compensation is provided or favourable terms, such as ownership of intellectual property, are offered.

### 2.0 Applicability

- 2.1 University-wide

### 3.0 Definitions

- 3.1 Overhead refers to those costs that are real but not easily identifiable with a particular research project. Such costs include utilities, the provision of institutional facilities, space, accounting, payroll and personnel services, janitorial services, and provision for equipment replacement.

### 4.0 Implementation

- 4.1 Grants do not normally include funds for overhead costs, except in cases where the sponsor accepts overhead as an allowable expense. Agreements - as distinguished from grants - usually have fairly basic terms defined largely by the researchers themselves, but within a more rigorous legal framework than is normally the case with grants. Occasionally, overhead funding is included in agreements.
- 4.2 With some exceptions, all revenue received by UNB as overhead recovery shall be distributed within the university as follows:
- 50% - Originating Research Unit (except on graduate students) plus
  - 50% - General University Revenue
- Or
- 100% - Originating Research Unit in the case of graduate students
- 4.3 APPLICABLE RATES : Overhead is recovered according to the following rate schedule:
- 4.4 FEDERAL GOVERNMENT CONTRACTS

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- On-campus work: 65% of payroll (including benefits)
  - Off-campus work: 30% of payroll (including benefits)
  - Travel: 2% of travel costs
- 4.5 CANADIAN INTERNATIONAL DEVELOPMENT AGENCY (CIDA):54% of payroll (including benefits)
- 4.6 INTERNATIONAL DEVELOPMENT RESEARCH CENTRE (IDRC):13% of total direct costs
- 4.7 INDUSTRY RESEARCH CONTRACTS/OTHER GOVERNMENT: These are governed by:
- rates normal to the trade;
  - a maximum not to exceed 125%; and
  - a need not to compete with or undercut the private sector.
- 4.7.1 It is important that all the direct costs of the planned research be included within the budget. UNB should not be left in a position in which it must subsidize the cost of work commissioned by external agencies.
- 4.7.2 Occasionally, after negotiation with the departmental administrator and the faculty dean, special arrangements may be made regarding the rates to be charged for certain departmental facilities and services. Normally, all such facilities and services must be charged at the full rate set by the department/institute/school concerned.
- 4.7.3 UNB follows federal government guidelines for overhead recovery. These guidelines can be found at [<http://www.tpsgc-pwgsc.gc.ca/app-acq/ga-sm/chapitre10-chapter10-eng.html#s10-40>]

**5.0 Interpretation and Questions**

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