
Framework for Research Overhead Policy

Office of Research Services

Policy

Conducting research at the University of New Brunswick (UNB), as at any university, includes both direct and indirect costs. Direct costs are those costs that can be directly related to specific research activities; indirect costs are costs incurred by Departments, Faculties and Central units to support research but that cannot be directly attributed or easily quantified with respect to specific research projects. The indirect costs of doing research are also often referred to as research overhead, and it is important that all research-intensive universities have comprehensive overhead policies that govern both the recovery of indirect costs (overheads) and how recovered overhead is subsequently distributed. Overhead recovery and distribution are thus standard elements of the research accounting practice, recognized as being critical to maintaining the requisite environment and supports for competitive, high-quality research programs.

This document outlines UNB processes and rates associated with both overhead recovery and its distribution. The processes and rates are guided by currently accepted best practices and by comparisons to processes and rates used at comparable institutions in Canada. In addition, UNB seeks to be consistent with the three federal research granting agencies (Tri-council) – the Natural Sciences and Engineering Research Council (NSERC), the Social Sciences and Humanities Research Council (SSHRC), and the Canadian Institutes of Health Research (CIHR) – as well as address the internal university needs.

Note that UNB researchers engage with a wide range of research partners in the public and private sector, some of which have fixed indirect cost rates but also ones that can differ between agencies. As a result, the table of Overhead Recovery Rates below provides default rates applicable to many typical grants and contracts; however, it cannot anticipate all possible research partnerships and rates. Hence, the Office of Research Services is committed to working with researchers to find rates appropriate to all potential projects and agencies.

1. Purpose and Principles

- 1.1 To provide a standard framework for the recovery and distribution of overhead associated with funded research.
- 1.2 To encourage overhead recovery and to ensure redistribution in support of research activities.

2. Definitions

- 2.1 Refer to Appendix A for definition of terms.

3. Applicability

- 3.1 Funded research with associated Research Agreements.
- 3.2 University-wide, including Fredericton, Saint John and Moncton Campuses.
- 3.3 This policy does not apply to the annual allocation provided by the Tri-Council Agencies to support indirect research costs in the form of the Research Support Fund program.
- 3.4 This policy shall not supersede the UNB Act, collective agreements, nor policies, procedures or regulations as they apply to specific types of transactions and/or agreements (including but not limited to gifts to the university and property development).

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4. Responsibility

- 4.1 Principal Investigator, UNB employees and others conducting research and/or approving research budgets will be familiar with the Policy.
- 4.2 Deans and Chairs will be familiar with the Policy and ensure that overhead is recovered and distributed in accordance with the Policy.
- 4.3 Vice-President (Research) and/or the Executive Director of the Office of Research Services shall have discretionary authority in the recovery of overhead under this Policy, but that discretion shall be governed and limited by the principles contained herein.
- 4.4 Vice-President (Administration and Finance) shall have discretionary authority in the distribution of overhead under this Policy, but that discretion shall be governed and limited by the principles contained herein.

5. Recovery

- 5.1 Overhead from Research Agreements shall be recovered in accordance with this Policy.
- 5.2 Overhead recovery rates:

Overhead Recovery Rates		
	Contracts	Grants & Contributions
Federal Government (PWGSC) ^{1, 2}	65% direct labour costs (on-campus) 30% direct labour costs (off-campus) 2% Travel and living expenses 0% Materials and supplies (all other direct costs)	
Other Federal Government (other departments)	PWGSC rates or other rates of the Sponsor	15% (total direct costs) ²
Canadian Provincial Government - New Brunswick	40% (total direct costs) ³	15% (total direct costs) ²
Other Government (other Canadian Provincial Government, municipal, foreign, etc.)	40% (total direct costs) ³	15% (total direct costs) ²
United States Government ²	Allowable rate of the Sponsor (varies by program)	
Private Sector ³	40% (total direct costs over \$10,000) 30% (total direct costs between \$5,000 and \$10,000) 20% (total direct costs between \$2,500 and \$5,000) 10% (total direct costs less than \$2,500)	15% (total direct costs)
Non-profit ³	15% (total direct costs)	
Tri-council (NSERC, SSHRC and CIHR)	N/A (indirect costs are provided directly to Universities by Tri-Council Agencies under the Research Support Fund program)	

Notes:

- Public Works and Government Services Canada's Supply Manual, Section 10.090
- Allowable rate of the Sponsor (varies by program)
- Default rates established by the university

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5.3 Exceptions to the overhead recovery rates.

- 5.3.1 Student labour will be subject to an overhead rate of 10% for administrative costs;
- 5.3.2 The cost of capital equipment, such as rentals, under the terms of the Agreement or when it is not the property of UNB, will be subject to an overhead rate of 10% based on total purchase cost, including all applicable taxes;
- 5.3.3 Subcontracted services, such as the cost of consultants and contractors, will be subject to an overhead rate of 10% based on total cost, including all applicable taxes; and
- 5.3.4 If the Sponsor does not allow for overhead to be paid or only allows for a maximum overhead rate that is below the university's published rate, or if the Principal Investigator requests an overhead rate that is below the university's published rate, a written request for an exception to the overhead rates must be made to the Vice-President (Research) and/or Executive Director of the Office of Research Services and include:
 - 5.3.4.1 A copy of the Sponsor's policy and / or a rationale for the request; and
 - 5.3.4.2 Approval from the Dean of the Generating Administrative Unit, the Dean of a Constituted Research Centre, or the Director of a Constituted Research Institute.

5.4 Where uncertainty in any aspect of the application of this Policy may arise with respect to the recovery of overhead, overhead rates shall be governed by rates normal to the trade, and should not compete with nor undercut private sector entities in New Brunswick. It is UNB's preference to have its expertise utilized in support of New Brunswick entities and to provide them with competitive advantages through partnerships.

6. Distribution

6.1 Overhead recovered from Research Agreements research shall be distributed in accordance with this Policy.

6.2 Overhead distribution rates:

Overhead Distribution Rates	
40%	Generating Administrative Unit ¹
40%	General revenue of the applicable campus ²
20%	UNB research initiatives and graduate training programs ³
100%	

Notes:

1. Generating Administrative Units are advised to direct at least a portion of their Overhead recovered for use by the originating Principal Investigator(s). Refer to Appendix B for guidelines on use of funds
2. Overhead collected by UNB central to offset the overhead costs associated with administering research
3. Overhead collected by the VPR, refer to Appendix C for use of funds

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6.3. Exceptions to the overhead distribution rates.

- 6.3.1 A Constituted Research Institute or Centre may be eligible for an overhead “holiday” at the time of receiving official UNB designation or if during operations it is deemed necessary. A request, including rationale for the holiday, must be submitted in writing to the Vice-President (Research). The Vice-President (Administration and Finance) has final approval of the overhead “holiday”.
- 6.3.2 If the Principal Investigator requests overhead recovery rates lower than the published university rates due to the Sponsor’s policy (as per Section 4.3.3), then the distribution to the Generating Administrative Unit shall remain as identified in Section 6.2.
- 6.3.3 If the Principal Investigator requests overhead recovery rates lower than the published university rates due to their own identified need (as per Section 4.3.3), then the distribution to the Generating Administrative Unit shall be adjusted accordingly. The distribution to the applicable campus, and to the research initiatives and graduate training programs remain as if the published university rate was applied.
- 6.3.4 If the Principal Investigator does not include any overhead recovery in their grant or contract, then the Generating Administrative Unit shall direct funds to the applicable campus, and to the research initiatives and graduate training programs in the amount that would have been recovered.

7. Annual reporting

- 7.1 Generating Administrative Units shall report yearly to the Vice-President (Research) on the use overhead recovered.
- 7.2 UNB Central shall report yearly on the use of overhead recovered.
- 7.3 The Office of the Vice-President (Research) shall report yearly on the use of overhead recovered through the research initiatives and graduate training programs.

8. Questions

- 8.1 The Vice-President (Research) and Office of Research Services are located in Room 215 of Sir Howard Douglas Hall. Questions concerning this Policy may be directed to the Executive Director at ors@unb.ca.

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Appendix A

Definitions

Constituted Research Institute or Centre is an organization constituted by the appropriate campus Senate and the Board of Governors of the university to undertake research in a specific discipline or interdisciplinary area. Such research institutes and centres are not considered to be academic units, but are one type of Generating Administrative Unit under this policy.

Direct Costs are costs that are directly related to the activity called for by any Research Agreement subject to this policy. The funding provided under any one Research Grant or Collaborative Research Agreement may or may not cover the entire Direct Costs associated with the activity in question. Research Contracts, however, must cover all associated Direct Costs. Direct Costs fall into two major categories:

Labour

- Principal Investigator Fees
- Salaries, including employment burden (cost required by either statute or UNB policy that is borne by UNB through the employment of a person) for any UNB employee, full or part time, or student providing service under a Research Agreement
- Funds paid to students and/or fellows providing service under a Research Agreement

Expenses

- Equipment purchases and equipment user fees
- Identified consumables
- Travel
- Consultant and/or contractor fees
- Other identified legitimate expenses

Generating Administrative Unit refers to the academic Faculty (whether departmentalized or non-departmentalized) or the Constituted Research Institute or Centre where the Principal Investigator responsible for completing the work under a Research Agreement is primarily appointed. Such units have a legitimate expectation to a portion of the returned overhead if they provide support, and, in some circumstances, they may be responsible for covering a portion of associated overhead costs.

Indirect Costs are central, faculty and departmental costs that are incurred to support research and other operations which are not attributed to *or easily quantifiable with regard to* a specific university research project but are nevertheless real costs to the university. Included are such things as: the provision of office and laboratory space and their on-going operation and maintenance; insurance (liability, general building and other coverage to the benefit of UNB as a whole; excluding vehicles and equipment); library resources;

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unquantified consumables; utilities; and the provision of related professional services such as project documentation, accounting and audit supervision, payroll, personnel and purchasing services.

Overhead “holiday” is a temporary measure to support the establishment and sustainability of a Constituted Research Institute or Centre. A larger percentage of overheads earned by an Institute or Centre may be retained, above the distribution rate(s) set out in Section 6.2. The percent retained and the duration required shall be based on the needs of the institute or centre.

Principal Investigator, or a co-Principal Investigator, is a person who oversees a Research Project that is subject to a Research Agreement and who is either:

- an employee of UNB with Professorial, Instructor or Librarian rank who receives employment remuneration from the university;
- a retired employee of UNB who previously held Professorial, Instructor or Librarian rank during their tenure and who is now designated as “Emeritus / Emerita” or “Honorary Research Professor”; or
- a position formally recognized by UNB as being able to oversee a Research Project that is subject to a Research Agreement; examples include adjunct professors and other individuals seconded to UNB and whose presence at UNB is detailed by documentation that allows them Principal Investigator status.

Principal Investigator Fee is a consulting fee paid to the Principal Investigator or co-Principal Investigator by the Sponsor via the university as consideration for their professional services provided in relation to a Research Contract. Normally, the calculation of this fee is based on the Principal Investigator’s salary or salary range or in the case of a retired person, the former salary or salary range if applicable, given market conditions. Market conditions may be taken into account when calculating the Principal Investigator Fee.

Research Agreement is any agreement entered into by UNB and a Sponsor that results in a payment to UNB for goods purchased and/or services rendered, related to research and development activities. UNB recognizes three basic types of such agreements: a Research Contract, a Research Grant and a Collaborative Research Agreement.

Research Contract is a Research Agreement that details the commitments of the parties to the agreement. The Sponsor is contracting UNB to conduct a specific piece of work under a defined cost structure, schedule and set of deliverables. The work is undertaken at the request of the Sponsor, who is covering full costs of the work including, at a minimum, all Direct Costs and overhead. Involved Principal Investigator(s) may be paid a Principal Investigator Fee. The Sponsor expects to receive goods and/or services in return for the funds being expended. The Sponsor may have certain rights to the foreground intellectual property (FIP) generated by the activity. Any such Sponsor rights to FIP must be defined in writing at the outset as part of the Research Contract.

Research Grant is a Research Agreement that details a contribution that is made to support a defined research activity at UNB. The Sponsor places no conditions on the research activity other than the anticipated production of a report of the activity, which

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could be a publication(s) in the literature. The Sponsor has no rights to the foreground intellectual property generated by the activity. No direct remuneration including Principal Investigator Fees may be paid to the Principal Investigator(s) involved.

All Direct Costs associated with undertaking work funded by a Research Grant must be covered either directly from the proceeds of the grant itself or in combination with other funding sources. Funding details must be provided in writing at the initiation of the research account opened to receive the funds provided by a Research Grant.

Collaborative Research Agreement is a Research Agreement that details a contribution that is made to support a defined research activity at UNB. The Sponsor may place limited conditions on the research activity and may have rights to the foreground intellectual property generated by the activity. The Sponsor does not cover full costs of the work being undertaken, those costs being both Direct Costs and Overheads. No direct remuneration including Principal Investigator Fees may be paid to the Principal Investigator(s) involved.

Collaborative Research Agreements may include eligible and ineligible costs; as a result, caution must be exercised in the implementation of such Agreements since all Direct Costs associated with the work must be covered by some combination of funding sources delineated in writing prior to initiation of the work.

Research Support Fund, formerly the Indirect Costs Program, is a Federal Government program that supports research investment by helping Canadian postsecondary institutions, and their affiliated research hospitals and institutes, fund a portion of the indirect costs associated with research. Research Support Fund allocation to UNB is based on the amount of funding received by the university and its researchers from the three federal research granting agencies (Tri-council) – the Natural Sciences and Engineering Research Council (NSERC), the Social Sciences and Humanities Research Council (SSHRC), and the Canadian Institutes of Health Research (CIHR).

Sponsor is the entity providing the funds associated with a research project / Research Agreement.

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Appendix B

Use of funds distributed to the Generating Administrative Unit

Funds expended from any university account must be for a purpose that is related to the mission of the university and must be in accordance with the UNB Financial Services Expenditure Guidelines Policy. Overhead funds distributed to the Generating Administrative Unit are to be used to enhance and strengthen research activity at UNB. The goal of this element of the policy is to ensure consistent and appropriate use of funds in support of research. Appropriate uses of funds in support of research include but are not limited to faculty start-up support, graduate student support, conference or research travel, purchase of research equipment and supporting technologies or services. Overhead funds will also support a risk fund in the Generating Administrative Unit to cover insurance costs outside UNB's standard insurance coverage as well as costs related to non-receipt of payment from research Sponsors.

Overhead funds are subject to annual reporting requirements (refer to Section 6.1) and carryforward limitations. Unit carryforwards will be reviewed annually. Carryforward balances in excess of a Unit's 3-year total annual overhead recovery will be subject to review, and therefore, may require some re-distribution to general revenue of the applicable campus and to UNB research initiatives and graduate training according to the proportions indicated in Section 6.2.

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Appendix C

Use of funds distributed to UNB research initiatives and graduate training programs

Funds expended from any university account must be for a purpose that is related to the mission of the university and must be in accordance with the UNB Financial Services Expenditure Guidelines Policy. Overhead funds distributed to the Vice-President (Research) are to be allocated in equal proportion (50:50) to support research initiatives and to support graduate student training, both with the intent of enhancing and strengthening research activity at UNB. Appropriate uses of funds include but are not limited to faculty start-up funds, matching funds for grants, seed money for new research initiatives and graduate student stipends, or conference or research travel. Overhead funds are subject to annual reporting requirements indicated in Section 6.3.