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## Research Overhead Policy

Office of Research Services

Policy

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*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 precisely related to specific research activities; indirect costs are costs incurred by Departments, Faculties, Central, and other 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-Agency) – the Natural Sciences and Engineering Research Council (NSERC), the Social Sciences and Humanities Research Council (SSHRC), and the Canadian Institutes of Health Research (CIHR) – and to address the internal university needs.*

*NOTE: UNB researchers engage with a wide range of research partners in the public and private sector; some have fixed indirect cost rates and others have variable rates. Rates can even differ within agencies and organizations. 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 works with researchers to find rates appropriate to all potential projects and partners.*

### 1. Purpose and Principles

- 1.1 To ensure appropriate participation in overhead recovery and distribution.
- 1.2 To provide a standard framework for overhead recovery and distribution that aligns with standard practises.
- 1.3 To acknowledge flexibility in support of diverse research activities.
- 1.4 To ensure redistribution of recovered overheads in support of research activities and infrastructure.

### 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.
- 3.3 This policy does not apply to funding from the Tri-Agency to support indirect research costs, as this is covered under the Research Support Fund program.

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3.4 This policy shall not supersede the UNB Act, collective agreements, policies, and regulations as they apply to specific types of transactions, and/or agreements (including but not limited to gifts to the university and property development).

### 4. Responsibility

- 4.1 Principal Investigators, UNB employees and others conducting research and/or approving research budgets will be familiar with the Policy.
- 4.2 Deans, Chairs, and Institute and Centre Directors 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:

NOTE: The rates posted below for some granting organizations (e.g., Federal Government) are fixed by the organization. Hence, they are set by the organization itself and not by UNB. In other cases, the rates are default rates established by UNB following rates common at other Canadian Universities, but they are also subject to adjustment depending on the rate that the sponsoring organization allows.

Overhead Recovery Rates		
	Contracts	Grants <sup>1</sup> & Contributions
Federal Government (PWGSC) <sup>2</sup> <small>Set by granting organization</small>	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) <small>Set by granting organization</small>	PWGSC rates or other rates of the Sponsor	15% (total direct costs) <sup>3</sup> or other rates of the sponsor
Canadian Provincial Government - New Brunswick	30% (total direct costs) <sup>3</sup> or other rates of the Sponsor	15% (total direct costs) <sup>3</sup> or other rates of the Sponsor
Other non-Federal Canadian Government	40% (total direct costs) <sup>3</sup> or other rates of the Sponsor	15% (total direct costs) <sup>3</sup> or other rates of the sponsor
United States and other Foreign Government <small>Set by granting organization</small>	Allowable rate of the Sponsor (varies by program)	

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Overhead Recovery Rates		
Private Sector <sup>3, 4, 5</sup>	40% (total direct costs, contract value over \$10,000) 20% (total direct costs, contract value between \$5,000 and \$10,000) 10% (total direct costs, contract value less than \$5,000)	15% (total direct costs)
Non-profit <sup>3</sup>	15% (total direct costs) or other rates of the Sponsor	
Tri-Agency (NSERC, SSHRC and CIHR) <sup>5</sup>	N/A (indirect costs are provided directly to Universities by Tri-Agency under the Research Support Fund program)	

Notes:

1. Grants do not normally include funds for overheads, except in cases where the Sponsor accepts overhead as an allowable expense
2. Public Works and Government Services Canada's Supply Manual, Section 10.090
3. Default rates established by the university
4. Contracts cannot be divided so as to attract the lowest overhead rate on components of what is in essence one contract. If those separate components of the one contract are awarded simultaneously, the rate applicable to the full value of the contract will be applied
5. Private sector funds used for matching Tri-Agency partnership program are subject to 15% (total direct costs)

### 5.3 Exceptions to the overhead recovery rates:

- 5.3.1 Grant funding in which the purpose of the grant is solely to support a graduate student thesis, paid via Graduate Academic Awards (GAAs) or Graduate Research Awards (GRAs) stipends, will not be subject to overheads. This does not refer to the costs of student employment (labour) or student stipends (including GRAs and GAAs) that are incurred as part of a broader research project. Written request not required.
- 5.3.2 Student employment (labour) such as undergraduate students, Graduate Student Research Assistantships (GSRAs), Graduate Student Teaching Assistantships (GSTAs), and student stipends (GRAs and GAAs) incurred as part of a larger research project will be subject to a minimum overhead rate of 10% for administrative costs. Overheads recovered in this fashion will be returned directly to the Generating Unit (as per Section 6.3.1). Written request not required.
- 5.3.3 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 a written approval from the Dean of the Generating Unit, the Dean of a Constituted Research Centre, or the Director of a Constituted Research Institute. In the case where the PI is the Dean or Director, then the request requires approval of the person to whom the PI administratively reports.

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### 6. Distribution

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

6.2 Overhead distribution rates:

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

Notes:

1. Generating Units are advised to direct a minimum of 50% of their recovered Overhead to 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

6.3 Exceptions to the overhead distribution rates:

6.3.1 100% of overheads generated from student employment (labour) and student stipends will be returned to the Generating Units, or in the case of Constituted Research Institutes or Centres will be returned to the generating institute or centre to be used 100% in support of student salary, stipends, or other student related activities.

6.3.2 A Constituted Research Institute or Centre may be eligible for an Overhead Exemption at the time of receiving official UNB designation or if during operations it is deemed necessary. A request, including rationale for the exemption, must be submitted in writing to the Vice-President (Research). The Vice-President (Administration and Finance) has final approval of the Overhead Exemption.

6.3.2.1 The percent retained and the duration required shall be based on the needs of the institute or centre, and subject to regular review.

6.3.3 If the Principal Investigator has an approved request for an overhead recovery rate lower than the published university rates (as per Section 5.3.3), then any reduction in overheads will be borne by the Generating Unit. The distribution to the applicable campus and to the research initiatives and graduate training programs remain as if the published university rate was applied.

### 7. Annual Reporting

7.1 Generating Units shall report yearly both to their members and to the Vice-President (Research) on the use of overhead recovered.

7.2 UNB Central shall report yearly to the university at large on the use of overhead recovered.

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7.3 The Office of the Vice-President (Research) shall report yearly to the university at large 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 Rooms 212 and 215 of Sir Howard Douglas Hall. Questions concerning this Policy may be directed to the Vice-President (Research) at [ypr@unb.ca](mailto:ypr@unb.ca) or the Executive Director at [ors@unb.ca](mailto: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 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 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**, also referred to as overhead 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; unquantified consumables; utilities; and the provision of

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related professional services such as project documentation, accounting and audit supervision, payroll, personnel, and purchasing services.

**Overhead Exemption** 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.

**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. Payments are tied to a set of deliverables. The Sponsor may have certain rights to the foreground intellectual property (FIP) generated by the activity.

**Research Grant** is a Research Agreement that details funding 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 could be a publication(s) in the literature. The Sponsor has no rights to FIP generated by the activity. No direct remuneration, including Principal Investigator Fees, may be paid to

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the Principal Investigator(s) involved. Payments are typically in advance (not tied to a set of deliverables).

**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 FIP generated by the activity. The Sponsor may not cover full costs of the work being undertaken, those costs being both Direct Costs and Overheads. Typically, no direct remuneration, including Principal Investigator Fees, may be paid to the Principal Investigator(s) involved.

**Research Support Fund** 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-Agency) – 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 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, Hospitality and Travel Policies, and all other UNB policies. Overhead funds distributed to the Generating 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, and purchase of research equipment and supporting technologies or services. Overhead funds will also support a risk fund in the Generating 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 7.1) 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, Hospitality and Travel Policies, and all other UNB policies. 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, and conference or research travel. Overhead funds are subject to annual reporting requirements indicated in Section 7.3.