POLICY ON INDIRECT COSTS RECOVERY FROM RESEARCH FUNDING AGENCIES NOT ACCREDITED BY SIRU

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SCOPE

This policy applies to all grants received by University researchers with the exception of those originating from agencies accredited by the Quebec government's système d'information sur la recherche universitaire ("SIRU").

PURPOSE

The purpose of this policy is to appropriately recognize and recover the costs incurred by the University in supporting research grant activity.

DEFINITIONS

For the purpose of this policy:

Direct costs means costs that can be directly attributed to the research itself and includes items such as materials and supplies, salaries for research assistants and technicians or professionals and honoraria for faculty members. Other direct costs include specific equipment and research or dissemination related travel.

Indirect Costs means costs which cannot be associated specifically with a particular research program or other activity. Indirect costs include the provision and maintenance of physical space and facilities, library services, financial services, computing services, furniture, departmental services (including secretarial), heating, cooling, insurance and like costs.

PREAMBLE

The cost of research entails both direct and indirect costs. In Quebec, the Ministry of Education ("the Ministry") recognizes this reality by compensating universities in the amount of 15% of their total research revenues from certain grants. This 15% is disbursed into the operating budgets of the respective universities. The Ministry calculates the 15% based on grants received from accredited agencies according to the list provided by SIRU.

However, many grants are awarded from agencies not accredited by the Ministry. As such, certain research grant activity is not supported by external funding for overhead and is, in fact, subsidized by the University's operating budget. In view of this situation, all Quebec universities, through the Conférence des recteurs et des principaux des universités du Québec (CREPUQ), unanimously adopted a policy on overhead charges for research grants not covered by SIRU.

Several Canadian and American studies have been done to determine as accurately as possible the true rate of the indirect costs of research. These figures differ widely depending upon the nature of the funding, and whether it is in the form of a grant, contract, grant-in-aid, con-grant or other.

In the United States, indirect cost rates are negotiated by the federal government on behalf of federal and government department granting bodies. The rates vary from 30% to 40% of the total cost of the research. This rate increases to an average of 75% where university research is being funded by the private sector.

In Canada, discussions between the Canadian Association of University Business Officers and the federal government have led to a policy which recovers indirect costs as a charge of 65% on salaries and benefits plus 2% on travel in contract research agreements.

When overhead rates are calculated on the basis of the total direct cost of a project and not simply of the salary component, it is estimated that universities should charge between 30% and 40% of the total direct cost of funded research so as to ensure adequate cost recovery.

POLICY

General

1. The University, in conjunction with all universities in Quebec, shall charge an overhead rate of 15% on all grants received. For grants from agencies such as FCAR, NSERC and SSHRC which are accredited by SIRU, this charge will continue to be paid by the Ministry. For grants from an agency which is NOT accredited by SIRU, the 15% shall be retained by the University upon receipt of the funds.

Exceptions

2. This policy shall not apply to contracts, internal grants, travel grants, scholarships, bursaries, fellowships administered by the University or research chairs. Equipment grants shall also be exempted from this policy, provided the cost of installation has been included in the original budget.

3. Any request for an exception other than those listed above must be presented to the Dean of Graduate Studies through the office of the relevant Faculty Dean.

Procedure

4. At the grant pre-application stage, the Office of Research (OOR) shall:

   a. when the application is received, verify if the agency is accredited by SIRU;

   b. check the budget for inclusion of 15% overhead component if the agency is not accredited.

5. At the grant post-application stage, the Research Funds Unit of Financial Services shall:

   a. receive the cheque from either the researcher, OOR or the agency when awarded;

   b. verify whether the issuing agency is an accredited organization;

   c. if not, calculate 15% of grant award and retain that amount;

   d. distribute such overhead according to the following formula:

University Operating Budget	50%
Principal Investigator ("PI")	20%
Department/Research Unit of PI	30%

6. The distribution will be carried out on a semi-annual basis.