



February 13, 2014

Summary of Modifications to Indirect Costs Policy

1. Modified policy format to meet new UOIT administrative code requirements with procedures removed from the policy document
2. Modified language throughout (edits)
3. Clarified, through examples, costs that are deemed “indirect”
4. Modification to the procedures for waiving of indirect costs.
5. Modified the distribution of indirect costs, with greater amount of funds going to the Dean of the Faculty and Principal Investigator(s)
6. Introduction of reporting requirement
7. Minor modifications to the procedures for the Research & Innovation Fund (now Part F).

Item	
Approved by	PROVOST COUNCIL
Date approved	November 7, 2012

Indirect Costs of Research Policy

1. PURPOSE

The University shall charge Indirect Costs on research and scholarly activities sponsored by external agencies, government, and collaborating industries and not-for-profit associations.

2. PREAMBLE

The University is committed to supporting all forms of research and scholarship. All University research and scholarly activities involves the commitment of University resources.

In order to support such a commitment of resources, it is essential to the financial health of the University's scholarly and research mandates that the University recover the Indirect Costs associated with research activities.

The University has established an Indirect Costs of Research Policy.

2.1 Definitions

Indirect Costs (also known as Overhead, Facilities and Administration (F&A)), in contrast with direct costs, are expenses that are incurred for all research projects but which may not be identified and charged directly to each individual research project. These expenses range from faculty salaries, technicians and administrative support, space/specialized laboratories, utilities, building maintenance and renovation, security, research accounting, payroll, research management and administration, animal care, human subjects ethics, radiation and biosafety, licensing and accreditation of research facilities, and technology transfer.

Currently, a standard rate structure is used for most research.

It must be emphasized that the Indirect Costs are University and Faculty Indirect Costs and do not include any special or discretionary expenses that the academic unit or the individual researcher may incur as a result of the research (e.g., course release, extra clerical support, materials and supplies).

3. SCOPE AND AUTHORITY

This policy applies to all research conducted at the University of Ontario Institute of Technology.

The Vice-President Research, Innovation & International is responsible for ensuring that the University's responsibilities in this area are met and that all revenues are distributed in accordance with this policy.

4. RATE ESTABLISHMENT

Indirect Cost rates are determined by the Office of the Vice-President Research, Innovation & International, based on national and provincial guidelines that reflect reasonable recovery of Indirect Costs and a biennial assessment of Indirect Costs of research at UOIT. Indirect Costs of research vary in specific cases based on the nature of the infrastructure and services used, on- or off-campus research, and the rights and deliverables provided to research sponsors (Appendix A).

The Vice-President Research, Innovation & International shall consult with Deans of Faculty and the Chief Financial Officer (CFO) in the establishment of Indirect Costs of research rates.

Faculty members and Deans do not have the authority to establish the Indirect Costs of research rate for specific projects.

5. DISTRIBUTION OF INDIRECT COSTS REVENUE

Indirect Costs Revenue is distributed according to the approved procedures (Appendix B).

6. WAIVER OF INDIRECT COSTS OR SPECIAL APPLICATION OF INDIRECT COSTS

Normally, Indirect Costs will not be waived.

In some cases, an individual faculty member may request a reduced rate of Indirect Costs on a specific project. Procedures for waivers of indirect costs of research (Appendix C) require that each recipient of the Indirect Costs be responsible for waiving its share of revenues.

In very exceptional cases, it may be desirable for some Indirect Costs revenues received by the University relating to a specific project to be reallocated to support of unique Indirect Costs related to that project (Special Allocation of Indirect Costs) for laboratory renovations or for project management support for a large research project. However, these expenses are normally eligible costs in most sponsored research projects.

7. USE OF INDIRECT COSTS REVENUES

Indirect Costs revenues shall be used only for eligible costs (Appendix D).

Indirect costs cannot be used to subsidize the direct costs of research of specific projects.

8. REPORTING

On an annual basis and no later than September 1 of each academic year, the Office of the Vice-President Research, Innovation & International shall prepare a report on all revenues derived from and the use of all Indirect Costs of Research.

This report will be posted on the webpage of the Office of the Vice-President Research, Innovation & International.

9. REVIEW

This policy shall be reviewed by September 2015.

The Vice-President Research, Innovation & International shall report to the Research Board and other University committees and councils, as required.

APPENDIX A
Indirect Costs Charges

Effective September 1, 2012

The following are the general guidelines for Indirect Cost rates to be charged by UOIT and the procedures for determining Indirect Costs charges for externally funded research at UOIT.

Section 1: Indirect Costs Rate Guidelines for Funded Research Projects

In general the following principles will apply:

1. For government-funded programs, the highest published allowable rate for indirect cost recovery will normally be charged.
2. Indirect Costs on industry-funded projects will be charged at rates consistent with other Ontario universities, specifically as agreed by the Council of Ontario Universities Policy on Indirect Costs of Research of which UOIT is a signatory (Appendix E).

Program/Sponsor	Normal Overhead Rate	Notes
Industry Contracts	40% of Total Direct Costs	Contracts typically contain provisions which grant the sponsor access to IP rights through a royalty-bearing license or option.
Sponsored Grants	20% of Total Direct Costs	The grant rate will typically be applied for non-industrial sponsors seeking written reports and have no access to IP rights.
Industry Grants-in-Aid	20% of Total Direct Costs	Grant is given as a charitable donation with no conditions or deliverables (e.g., IP rights) other than reports on the progress of the research and/or a final report.
Contracts specifying sponsor ownership of IP	Case-by-case, but greater than the normal overhead for Industry Contracts	Contracts calling for surrender of IP ownership will require justification on a case-by-case basis but no less than 40% of total direct costs will be requested.
Government Contracts	(a) 40% of Total Direct Costs; or (b) 65% of payroll for on-campus research, 30% for off-campus research, plus 2% for travel costs	Contracts typically contain provisions which grant the sponsor access to IP rights through a royalty-bearing license or option.
OCE Grants and Collaborative Projects	35% of Total Direct Costs	The University will normally retain control over IP.
Student Awards and Technology Transfer Grants	Variable	Indirect Costs may be waived depending on terms of the award (e.g., no transfer of IP rights to the sponsor).

Section 2: Procedure for Establishing Indirect Costs Rates for Funded Research Projects

Although the rate guidelines in Section (1) will apply in most situations, the rates may vary depending upon the particular program and such factors as intellectual property rights granted to the sponsor, other inter-institutional agreements or accepted practices (e.g. the Council of Ontario Universities Policy Statement on Indirect Costs), and other benefits to the university of the project or agreement (e.g. funding for major equipment purchases, lab renovations, faculty salaries, etc.).

The Vice-President Research, Innovation & International, in consultation with Deans of Faculty and the Chief Financial Officer (CFO), set the Indirect Costs.

Appendix B
Distribution of Indirect Costs Revenues

Indirect Costs Revenues shall be distributed according to the following formula:

Share of Project Indirect Costs		Eligible Costs
Vice-President Research, Innovation & International	25%	The Vice-President Research, Innovation & International will use Indirect Costs revenues to support the general operations of research development and management, including responsible conduct of research infrastructure, knowledge and technology mobilization and the Research Innovation Fund (30% of the Vice-President Research, Innovation & International Fund) (Appendix F).
Faculty Dean	40%	<p>The Faculty Dean(s) will use Indirect Costs revenues to support research and innovation in the Faculty including but not limited to administrative support for research, core equipment and services (e.g., technician for common equipment), equipment maintenance and service contracts, research promotion, conference and meeting support.</p> <p>Normally, the decanal allocation is shared between the Faculties in which the PI and co-PIs reside in proportion to the number of co-PIs.</p> <p>In departmentalized Faculties, it is the discretion of the Dean on the proportion of Indirect Costs allocated to departments.</p>
Faculty Member	10%	<p>These revenues are not intended to be used for professional development or direct costs of the specific research project or to supplement the income of the faculty member, but to be used for general research costs such as administrative support, equipment maintenance and service contracts, project management, laboratory renovations and services, development of collaborations.</p> <p>The faculty member will not be distributed any Indirect Costs until the project has been completed and all necessary reports and deliverables are submitted to the University and/or sponsor.</p> <p>Where a faculty member has an accumulated over expenditure on research accounts, the faculty member's share of the Indirect Costs will be used to eliminate the over-expenditure.</p> <p>Normally, the Indirect Costs of research for a specific project allocated to the PI shall be shared, proportionately, amongst the UOIT PI and co-PI(s).</p>
General Revenues	25%	Managed by the Chief Financial Officer and is allocated through the University Budget Process to Library Services, Research Financial Services, Facilities Management (for renovations and upgrades, maintenance, environmental services, heating, cooling, light, building costs, maintenance and depreciation, renovations required for research laboratories, janitorial services, etc.), payroll, accounting, purchasing and accounts receivable, occupational health and safety, legal services, Information Technology Services (ITS), Risk Management, Human Resources, and Faculty salaries and benefits (faculty salaries where those are not directly charged to a research contract or grant).
University Centres and Institutes		For projects that are administered through a University Centre/Institute, 25% of the Indirect Costs shall be allocated to the University Centre or Institute. The balance (75%) of the Indirect Costs shall be allocated according to the formula above, with the exception of the PI portion, which would remain with the Faculty Dean.

Appendix C

Procedures for requesting a Reduction in or Special Allocation of Indirect Costs

In certain special instances, the Principal Investigator (PI) may request a reduction in the University's recovery of Indirect Costs. Such appeals are expected to be rare and should only include cases where one of the following applies:

- Different funding levels or Indirect Costs rates are required as a result of inter-institutional agreements.
- Severe hardship could result due to a lack of funds, e.g. termination of a graduate student's funding leading to incomplete thesis work.
- Other unique circumstances exist that warrants a different overhead rate.

Circumstances, such as a desire to maximize matching funds, insufficient project budget or a desire to please an industry partner, do not warrant a reduction in Indirect Costs recovery.

In order to obtain a waiver or reduction to Indirect Costs, the Principal Investigator (PI) must obtain a waiver of the Indirect Costs recovery from the office at the university where the Indirect Costs would otherwise be directed.

For the purposes of waivers, reduced rates or special application of Indirect Costs revenues, the decision to waive or reallocate overhead revenues shall be as follows:

- The PI must waive all indirect costs for which they might be eligible.
- The general revenues share of University overhead shall not be reallocated, except in exceptional circumstances, which requires the written confirmation from the Chief Financial Officer;
- Reallocation of the Faculty/Faculties share shall require written confirmation from the Dean(s).
- Reallocation of the Office of the Vice-President Research, Innovation & International's share shall require written confirmation from the Vice-President Research, Innovation & International.
- Reallocation of the Research Infrastructure Fund (RIF) share shall require written confirmation from the Vice-President Research, Innovation & International.

In order for the Indirect Costs recovery to be reduced, the reduction must be specified in a memo to the Director of Research Services originating from the appropriate officer as indicated above, specifying the exact dollar amount of Indirect Costs to be reduced and the justification for the reduction. Without receipt of the written memo prior to submission of a grant application/contract there will be no reduction in Indirect Costs recovery allowed.

Appendix D
Use of INDIRECT COSTS Revenues

Overhead revenues shall be used in the following fashion:

1. General Revenues

Overhead revenues received into general revenues of the university will be used for support of UOIT's research mission through funding of related physical infrastructure and operations, including but not limited to library services, information technology, laboratory facilities, and research and financial administration.

2. Faculty

Overhead revenues received by Faculties will be used for support of UOIT's research mission. Use of revenues may vary by Faculty. Nevertheless, all such revenues will be directed into research accounts and shall be spent on appropriate research-related expenses.

3. Office of the Vice-President Research, Innovation & International

Overhead revenues received by the Vice-President Research, Innovation & International will be used for costs related to research administration and technology transfer, or other special expenditures related to research.

4. Research Infrastructure Fund (RIF) – See Appendix F

Appendix E

OCUR Agreement on Indirect Costs

**Council of Ontario Universities
Conseil des Universités de L'Ontario**

ONTARIO COUNCIL ON UNIVERSITY RESEARCH

Official Policy on the Indirect Costs of Research

On September 18, 2003, the Ontario Council on University Research (OCUR) formally adopted the following policy on the indirect costs of research. All Ontario universities will strive to ensure that this policy is followed when research contracts and grants are negotiated. This policy has been formally endorsed by the Executive Heads of the universities.

It is agreed:

1. That all OCUR members negotiate a rate of Indirect Costs of Research (ICOR) normally no lower than that received from the federal tri-council funded research (currently around 25%) for
 - a) Other federal government programs;
 - b) All provincial agencies; and
 - c) All private sector grants;
2. That all OCUR members seek to negotiate overhead on research contracts of at least 40% or at least 10% above the ICOR rate received from the federal tri-council funded research (whichever is greater), with the ultimate objective of covering the true costs of research (i.e. 50% to 60%);
3. That OCUR hold discussions with major foundations and charitable organizations concerning a reasonable contribution to indirect costs of research;
4. That all OCUR members advocate a common approach at the national level.

Appendix F

Research Innovation Fund

The Research Innovation Fund (RIF) is managed by the Office of the Vice-President Research, Innovation & International in consultation with the Provost and the Deans of Faculties.

Examples of use of RIF funds can include:

- Scientific apparatus
- Special-purpose computer equipment
- Special-purpose communications equipment for research
- Laboratory development and upgrades (e.g. network connections, water lines, fume hoods)
- Dual-purpose equipment (e.g. teaching laboratory equipment which is also used for research) may be eligible for support from the RIF if it meets the key criteria of importance to UOIT's research mission
- Support for major collaborative research initiatives at the developmental stage (A biennial competition will be held when sufficient funds are available.)

RIF Application Procedure:

The Vice-President Research, Innovation & International will report annually to the Provost's Council on the amount of funding available for competition.

Applications will be solicited from the Deans of Faculties.

Applications will be submitted to the Vice-President Research, Innovation & International and will be limited to three pages including the budget summary. Applications will include a:

- Description of the infrastructure/research initiative
- Justification for the request
- Description of the research activity and new research funding enabled by any equipment or infrastructure requests
- Budget including all sources of funding (e.g., co-funding)
- Sign-off from both the PI and the Dean(s)

From the applications received, the Vice-President Research, Innovation & International will create a short-list of proposals to be considered for funding. A committee established by the Vice-President Research, Innovation & International will evaluate the proposals.

In evaluating proposals, the committee will consider the following criteria:

- Impact of the proposed innovation or infrastructure on UOIT research
- Impact of the innovation or infrastructure in attracting new sources of research funding
- Number of UOIT researchers and Faculties impacted by the innovation or infrastructure improvement
- Sustainability of any proposed infrastructure (e.g., how will on-going maintenance, warranty and operating costs be covered)
- Support for the infrastructure refurbishment/upgrade from other sources (e.g. PI, Dean, Provost, etc.)
- Need for funding (e.g., lack of specific external funding opportunities)