Indirect Costs of Research and Overhead at UBC

Overview of recommended changes based on VPR Task Force
Full Costs of University Research

*Direct* costs = directly attributable to a specific research project

*Indirect* costs = real costs associated with university research enterprise, but difficult to attribute to specific research project.
Indirect Costs of Research

Examples:

- lab utilities
- animal care
- ethics review
- technician support (IT, shops, …)
- research library
- tech transfer office
- res. accounting support
- shipping/receiving/ordering

Indirect costs of research covered by: UBC Central, Faculty, Department, Investigator….
At UBC, we use different terms for the indirect costs of research:

*Indirect costs* – Federal funding for Tri-council grants, commonly referred to as ICR (indirect cost research)

*Overhead* – non-Tri-council grants/contracts. We currently charge industry “contracts” overhead, but not industry “grants”.

*Building Occupancy Costs* – Heat, light, security, housekeeping… ICR do not cover.
What are the real “indirect” costs of university research?

In the United States

- Each university independently negotiates the “Facilities & Administrative” costs of research.
- Almost all research universities have approved F&A rates of 40-60%.
- Major effort, subject to detailed audits
Canada – ICR and Overhead

• 2002 Federal ICR programme
  Currently ICR = 26% of Tri-council funding
  (N.B. larger universities receive less, UBC ~20%)

• Overhead rates vary by institution.
• Most charge 40% overhead on indust/govt contracts
• Overhead on indust/govt grants varies:
  Toronto = 20% (moving to 40%)
  Western = 40%, Calgary = 15-25%
  Alberta = 15%, UBC = 0%
Current UBC ICR/Overhead Distribution
Pt-Grey Campus

Before 2006 ICR (Tri-council):
  88% retained UBC Central
  approx 12% to FoM ($566K since 2002)
    (50% to Research 50% FoM RO)

Overhead (Non-tri-council):
  50% retained Centrally
  12% to Faculty (FoM received $170K in 07-08)
  38% to Departments ($540K in 07-08)
Current UBC ICR/Overhead Distribution

Health Authority Campuses

ICR (Tri-council)*:
50% retained UBC Central (to 2007, over 2007 0%)
50 - 100% Health Authority Research Institute (HARI)

Overhead (Non-tri-council):
20% retained Centrally
80% HARI

HARI distribution differs by campus

*Clinical Trials 20% UBC 80% HARI
New Overhead Charges

Tri-council grants – NO change, except ICR will be distributed to Departments and Investigators on Pt Grey

All other grants and contracts will be subject to 25% overhead, this includes BC Provincial Govt RESEARCH contracts (not MSFHR, Genome BC) (Health Charities apply for exemption so no charge)

US Funding Agencies overhead of 37.2% (excludes NIH & NSF)
Proposed UBC ICR/Overhead Distribution for PT-Grey Campus

Same Distribution algorithm to be used for both ICR (Tri-council) and Overhead (Non-tri-council):

- 25% Central
- 25% VP-Research
- 20% to Faculties
- 20% to Departments
- 10% to Investigators

Will require several years to phase in.

*Note DISTRIBUTION changes ONLY affect Pt-Grey campus
Benefits

All Faculties & Departments (and investigators) should receive more funds to defray the indirect costs of research

ICR/Overhead will be proportional to research funding

Eliminate confusion and tensions related to research grants vs. research contracts

Potentially provide seed funding for research

May eliminate need for Departments to “tax” research grants to defray indirect costs