



FOR INFORMATION

PUBLIC

OPEN SESSION

TO: Planning and Budget Committee

SPONSOR: Vivek Goel, Vice-President, Research & Innovation
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PRESENTER: As above
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DATE: April 26, 2017 for May 10, 2017

AGENDA ITEM: 7

ITEM IDENTIFICATION:

Revisions: *Guideline on Full Cost Recovery*

JURISDICTIONAL INFORMATION:

The *Research Administration Policy* was approved by Governing Council on October 30, 2013. The Policy includes the *Research Administration Guideline* and *Guideline on Full Cost Recovery*. The Vice-President, Research & Innovation is responsible for the administration of the *Policy*, and is authorized to approve guidelines, regulations and procedures pursuant to the *Policy*. Modifications are reported annually to the Planning and Budget Committee of the Governing Council.

GOVERNANCE PATH:

1. **Planning and Budget Committee [for information] (May 10, 2017)**

PREVIOUS ACTION TAKEN:

HIGHLIGHTS:

In 2016, the Research Services Office, Division of the Vice-President, Research and Innovation renegotiated the University's U.S. Federal Government indirect cost rate. The process was supported and informed by the University's Financial Services. The attached (track changes) version captures the new rate. The current cost rate remains in effect until the Research Services Office makes its next submission by October 31, 2018.

FINANCIAL IMPLICATIONS:

N/A

RECOMMENDATION:

This item is *for information only*.

DOCUMENTATION PROVIDED:

- Marked Copy with Revisions: *Guideline on Full Cost Recovery*

Guideline on Full Cost Recovery in Research

This Guideline is issued by the Vice-President, Research and Innovation under the University of Toronto *Research Administration Policy* (the “Policy”) to assist Principal Investigators to recover the full costs of Research whenever possible.

Capitalized terms used in these Guidelines have the meanings prescribed by the Policy.

1. Principle of Full Cost Recovery in Research

1.1 The University is committed to full cost recovery in Research. Therefore, Research projects should recover the maximum amount of their Indirect Costs and Direct Costs.

1.2 In compiling a budget for a Sponsored Research project or proposal, the rates for cost recoveries and basis of calculation set out in these Guidelines apply unless an alternate rate and/or basis of calculation is:

- (a) specified in the published terms or policies of the sponsor available at the time of proposal submission; or,
- (b) otherwise requested by a Principal Investigator;

and the head of the academic division housing the Administering Unit (or designate) has so approved.

1.3 The Principal Investigator is responsible for obtaining any approvals required by section 1.2 above before submitting a proposal for Sponsored Research to the Office of the Vice-President, Research and Innovation for institutional review and approval.

2. Indirect Cost Rates

2.1 Standard rate:

not less than 40% of total Direct Costs

2.2 In certain cases, sponsors have formal, published policies and specify, in particular, maximum rates for recovery of Indirect Costs. Examples include:

- (a) Government of Canada, excluding its agencies CIHR, NSERC and SSHRC:

- 65% of on-campus salaries, wages and benefits
- 30% of off-campus salaries, wages and benefits
- 2% of travel and living expenses

- (b) United States government:

- i. National Institutes of Health:

- 8% of total Direct Costs

- ii. all other United States Federal Government:

44.353.50% of total Direct Costs salaries and wages, excluding capital expenditures and subcontract amounts in excess benefits (for campus-based research)

13% of \$25,000 each salaries and wages, excluding benefits (for off-campus research)

This rate is established by periodic negotiation between the U.S. Federal Government and the University, as represented by the office of the Vice-President, Research and Innovation.

3. Administration

3.1 The recovery of Indirect Costs from sponsors is administered by the office of the Vice-President, Research and Innovation. The distribution of the recovery to academic divisions is administered by Planning and Budget. Academic divisions are encouraged to recognize and incent academic units and Principal Investigators in the application of Indirect Costs.

Issued ~~October 30, 2013~~ November 29, 2016