

## Faculty of Arts Guidelines for Negotiating Overhead on Sponsored Research Activities

Overhead provides cost recovery from sponsored research activities conducted by University of Waterloo researchers. Overhead is calculated based on the direct costs of research, and is primarily meant to cover the indirect costs of research.<sup>i</sup> These indirect costs associated with providing the physical facilities and the administrative and regulatory support functions that make research possible, have been increasing due to the growing complexity of research, at the same time that budgets have been constrained. Some of these costs include direct administration of the grant funds and management of the human resources associated with the grant. Adequate funding for indirect costs of research is essential to sustain high quality research in the Faculty of Arts.<sup>ii</sup>

The Faculty of Arts recognizes that special circumstances may arise in the research agreement negotiations with granting agencies that necessitate a variation of the standard cost recovery rates, which can be found in the university's Overhead page (<https://uwaterloo.ca/research/find-and-manage-funding/apply-funding/building-budget/overhead>).

A faculty member may request a reduced recovery rate – providing the adequate rationale (see below) - with the Dean of the Faculty, who will decide on the matter in consultation with the Associate Dean of Research and the Executive Officer.

### *Considerations in Making a Request*

The modification of the cost recovery rates will essentially depend on the Faculty's assessment of the value of the sponsored research to the Faculty and the University, and the risk to the research project should the modification not be allowed. Consideration will be given to

- (a) the significance and duration of the sponsor's support;
- (b) the support that the sponsored research generates for students;
- (c) the impact of the sponsored research on the research agenda of the researcher;
- (d) whether the researcher is obtaining additional monetary or in-kind compensation through the sponsored research and
- (e) the potential impact of the grant on the administrative burden of the Faculty.

The extent of the reduction to standard rates will depend on the strength of the arguments that can be offered along the lines described above. The rate negotiated will in no case fall below 50% of the standard rates.

### *Initiating a Request*

To begin the process, the faculty member must notify the **Dean's office** by contacting the Associate Dean of Research in a written document that includes sufficient information about the nature of the sponsored research, including a budget, to evaluate the significance of the sponsored research along the criteria described above.

Priority will be given to

- Sponsored research involving Not-for-Profit organizations
- Sponsored research that nurtures a continuous and significant relationship with the sponsor
- Sponsored research that supports graduate students
- Sponsored research that does not include other benefits for the researcher, such as consultation fees or course buyouts

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<sup>i</sup> **Direct Costs** are commonly known as those that can be identified with a particular project or activity, such as salaries and benefits of research assistants, equipment and supplies costs, and travel and publication costs. **Indirect Costs**, sometimes known as Overheads, include expenditures that though necessary to support research may not be directly linked to any one research project, such as occupancy costs or support of the University research environment (infrastructure or administrative) costs.

<sup>ii</sup> In the case of Tri-Agency grants, although no overhead amounts appear in individual grant applications, the university does receive support for indirect costs of research through the Government of Canada's Research Support Fund (RSF) (<https://uwaterloo.ca/research/research-excellence/research-support-fund>). These RSF funds, which are calculated as a percentage of tri-council funding received, also contribute to cost recovery.