**APPENDIX A**

**Guideline on Overhead on Sponsored Research – Faculty of Environment**

University of Waterloo Policy 26 spells out the role and purpose of overhead on sponsored research:

<http://uwaterloo.ca/secretariat/policies-procedures-guidelines/policy-26>

**Policy 26 states:**

**1. GENERAL**

It is intended that the University recover the cost (direct and indirect) of sponsored research activities. Whenever possible, provision for University overhead (the indirect cost) must be made when applying for funding for sponsored research activities. Contract and industrial grant sponsors must allow for overhead recovery; for other grant and research sponsors, an overhead factor must be used whenever possible. Overhead rates and methods of application are dependent on the sponsoring body and the type of sponsored activity. Details of the rate ranges and methods of application are available from the Office of Research.

**2. PURPOSE**

Overhead is to provide compensation to the University for the use of space, heat, light, power, furniture, administrative services, library, central computing, etc. Overhead recovery received by the University will be credited to the University's operating budget and distributed on a slip-year basis.

**3. ADMINISTRATION**

Responsibility for the administration and application of this policy rests with the Vice-President, University Research.

**Rates to be charged for overhead can be found at this link:**

<http://uwaterloo.ca/research/find-and-manage-funding/apply-funding/building-budget/overhead>

**What does this mean for researchers in the Faculty of Environment?**

As Policy 26 makes clear, the overhead charged on research grants and contracts is intended to help pay for the costs of conducting research at the University of Waterloo. It helps to pay the cost of providing and maintaining the research infrastructure used in the process of research. In other words, the overhead funds help to maintain the work environment in which research takes place.

If you are applying for funds from an agency that allows overhead to be paid, you must include overhead costs (at the appropriate rate indicated in the university policy or the amount allowable by the granting agency) in your project’s budget.

There are some exceptions to the overhead rules. If you apply for Tri-Council funding (SSHRC, NSERC, CIHR), no overhead charges need to be included in your budget, because the Tri-Council agencies do not allow overhead to be charged (the Tri-Council transfers indirect research costs directly to the university under a separate arrangement). Some agencies only allow a certain amount of overhead to be included in a grant’s budget (e.g. at IDRC, the rate is around 10%).

It is your responsibility to ascertain whether overhead charges are allowed by the granting agency (or contracting agency) to which you are applying. If the agency allows for overhead to be paid at rates recommended by the University, you must include that rate of overhead in your budget. If the agency (other than Tri-Council) does not allow for overhead to be paid, or only allows for a maximum overhead rate that is below the university’s suggested rate, it is your responsibility to provide evidence of that policy with your Office of Research Cover Sheet that you must have signed at the time of applying for a grant or contract (e.g. a print out of the policy from the webpage should be sufficient evidence of this policy).

The overhead charges on grants and contracts are typically allocated as follows once those funds are paid to the university:

* a portion goes to the University of Waterloo Office of Research and is used to help maintain UW research infrastructure
* a portion goes to the Faculty of Environment and is used to help maintain ENV research infrastructure
* a portion also goes back to the individual researcher to be allocated as appropriate on research support and activities