



Recovery of indirect costs from non-NCE MEOPAR research grants

Effective Date: 7 September 2017

1. Purpose and Application

- 1.1. To establish a standard percentage of research grants that universities may retain to offset indirect costs of research, from partner funds administered by MEOPAR. A consistent approach ensures equal treatment of all researchers across Canada, and ensure clarity for researchers, their university, MEOPAR and funding partners.
- 1.2. This policy does not apply to NCE Funds, or to any funds that a MEOPAR partner on a research project separately grants to a university.
- 1.3. This Policy applies to all projects approved by the MEOPAR Board of Directors on or after 7 September 2017.

2. Summary of Policy

- 2.1. Universities receiving flow-through funds from MEOPAR are permitted to take up to **10%** of those funds to offset indirect costs of research.

3. Authority

- 3.1. This policy was reviewed by the Executive Committee of the Board of Directors. The Board of Directors discussed the Policy on 7 September 2017, and adopted it by resolution on 7 September 2017.
- 3.2. In accordance with the bylaws of MEOPAR Inc., the decision to implement the policy has been recorded in the Board Minutes.

4. Definitions

- 4.1. **Flow-through funds or Non-NCE Funds:** Research funding originating from sources other than the three federal research Granting Agencies, but that is awarded and administered by MEOPAR. (Definition adapted from the Research Support Fund).
- 4.2. **Indirect Costs:** Costs to a university not attributable to an identifiable project or beneficiary at that university, but that are incurred when providing goods or services to the benefit of or in support of research. These include costs of, e.g. buildings, libraries, security, insurance, waste disposal, etc. Synonyms: overhead costs, administrative costs, institutional costs or core costs.
- 4.3. **NCE Funds or Grant:** Funds provided to MEOPAR by the Granting Agencies that are in turn disbursed to University network members hosting a researcher receiving funds to support a MEOPAR project.
- 4.4. **Network Funds:** All funds managed by the Network, including the Grant and Non-NCE funds provided by Network Members and by other sources in support of the activities of the Network. (Definition from Network Agreement, clause 1(xvi)).
- 4.5. **MEOPAR Partner:** An external partner, other than a granting agency, which provides flow-through funds to MEOPAR to support research projects.
- 4.6. **Research Grant and Research Contract:** Funds provided to a researcher to undertake work, as characterized in Appendix 1.

5. Context

- 5.1. This policy was developed following a review of the 2013 study on the issue by the Canadian Associate of University Business Officers (CAUBO), supplemented with a review of the indirect cost policies of 17 universities, all of whom are currently members of MEOPAR, Inc. The 2013 CAUBO Study notes that indirect costs are “real, substantial and necessary”.
- 5.2. Universities are prohibited from offsetting indirect costs by taking a portion of NCE funds. The Research Support Fund (RSF; formerly the Indirect Costs Program) provides universities with a separate annual grant to offset a portion of the indirect costs related to federally funded research. This exclusion does not apply to non-NCE funds administered by MEOPAR.
- 5.3. MEOPAR is a registered not-for-profit corporation. The members of the MEOPAR corporation are the universities that receive grant funds.
- 5.4. Section 2 of the Network Agreement, signed by all Members and MEOPAR, is “Obligations of Network Members”:
 - 2.1.1 Each Network Member receiving Network Funds shall:
 - v) Provide their Network Investigators with sufficient space, time and institutional support to allow them to contribute to Network Research.

5.5. The definition of 'Network Funds' explicitly includes non-NCE funds:

1. Definitions

- xvi. "Network Funds" means all funds managed by the Network, including the Grant and Non-NCE funds provided by Network Members and by other sources in support of the activities of the Network.

6. Principles and Rationale

6.1. The indirect cost recovery rate for flow-through funds will be:

- pre-identified (i.e. not imposed as a reaction to an overhead charge on a specific research grant);
- applied only to research grants and not research contracts;
- generated by a process appropriate to the governance of MEOPAR; and,
- applied across the country to all universities.

6.2. MEOPAR has adopted a fair and transparent approach to recovery of indirect costs that balances members' expectations of recouping appropriate indirect costs with the desire to ensure that maximum research occurs from grant expenditure, to show impact for the NCE program.

6.3. As the Research Support Fund offsets a portion of universities' indirect costs for tri-agency and NCE grants, MEOPAR will allow a modest cost recovery rate for non-NCE funds. This rate will be at the low end of the scale for recovery rates because:

- MEOPAR is a not-for-profit, dedicated to advancing research;
- Network Members have undertaken to provide space, time and administrative support to contribute to research; and
- because a portion of the projects' indirect costs will be covered by credits from the NCE portion of the project funding through the RSF, the rate need not cover the full indirect costs associated with the research project.

Appendix 1: Grants and Contracts

Category	Research Grant	Research Contract
Research specification	Objectives are defined	Scope and nature of the research are defined
Deliverables	Generic description of deliverables, with some flexibility in content and timing	Specific deliverables with timelines
Payment	Payment fully committed in advance; no penalty apart from potential for funding reallocation	Payment by instalment on completion of deliverables; possible penalty clause
HQP/Students	High level of HQP involvement	HQP involvement optional
Payment to investigator	None	Potential for salary remuneration to investigator
Publication/ dissemination of results	No limitation or restriction on publication and encouragement of wide dissemination	Possible limitation on publication and possible review of material for publication to check for confidentiality or IP issues
Intellectual property (IP)	Sponsor usually does not claim an ownership interest in results, but may have rights of use. IP owned by the investigator and/or university according to their arrangement	Sponsor claims an ownership on results; IP rights are negotiated
Liability	None	Hold harmless and indemnity clause