



**STAR**

**STRENGTHENING  
ADMINISTRATION  
OF RESEARCH**

2023 Workshop Series

Welcome!

Thank you for joining us.

The workshop will begin shortly.

# Reminders

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- Please mute your audio and turn off your video.
- We will have time for questions at the end of the session. Please type your questions into the chat box.
- Turn on captioning if needed.
- We will be recording today's session.
- Slides and recording will be shared following the session.

# Access Check

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If there is anything (presenter screen, sound, general tech issues) that may affect your participation in this session, please use the Zoom chat to send a private chat message to **Garin Ohanessyan**.

# Land Acknowledgement

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"I (we) wish to acknowledge this land on which the University of Toronto operates. For thousands of years it has been the traditional land of the Huron-Wendat, the Seneca, and the Mississaugas of the Credit. Today, this meeting place is still the home to many Indigenous people from across Turtle Island and we are grateful to have the opportunity to work on this land."

STAR Workshop # 1

January 18, 2023

# Indirect Costs of Research: The Full Story

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**Jeremy Knight**, Director, Research Development, RSO

**Tara Train**, Manager, Partnerships, IPO

**Donna Walker**, Director, Research Financial Reporting & Audit, ROCO

# Icebreaker

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## What was your favourite class in school?

- a) Math
- b) English
- c) History
- d) Phys Ed
- e) Geography
- f) Music
- g) Science
- h) Art
- i) Other

# Agenda

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- "What are Indirect Costs?" and the Research Support Fund
- Indirect Cost Rates, Policy and Budgeting
- Accounting for Indirect Costs
- Question and Answer

# What?....

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## Indirect Costs Pay for:

- Lighting
- Heating
- Modern research spaces and equipment
- Access to knowledge resources (e.g. journal subscriptions)
- Research management and administrative support (salaries)
- Meeting regulatory and ethical standards
- Ensuring safety of researchers, and human & animal subjects
- Knowledge transfer
- Etc.



# Full Indirect Cost of Research



# How are indirect costs paid?

**Whether by the sponsor or by the institution – full indirect costs of research are paid.**

A shared responsibility - if sponsor awards 40%,  
U of T still pays the difference of 17.4%

# How is overhead redistributed to the divisions?

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100% of indirect costs recovered are distributed to academic divisions



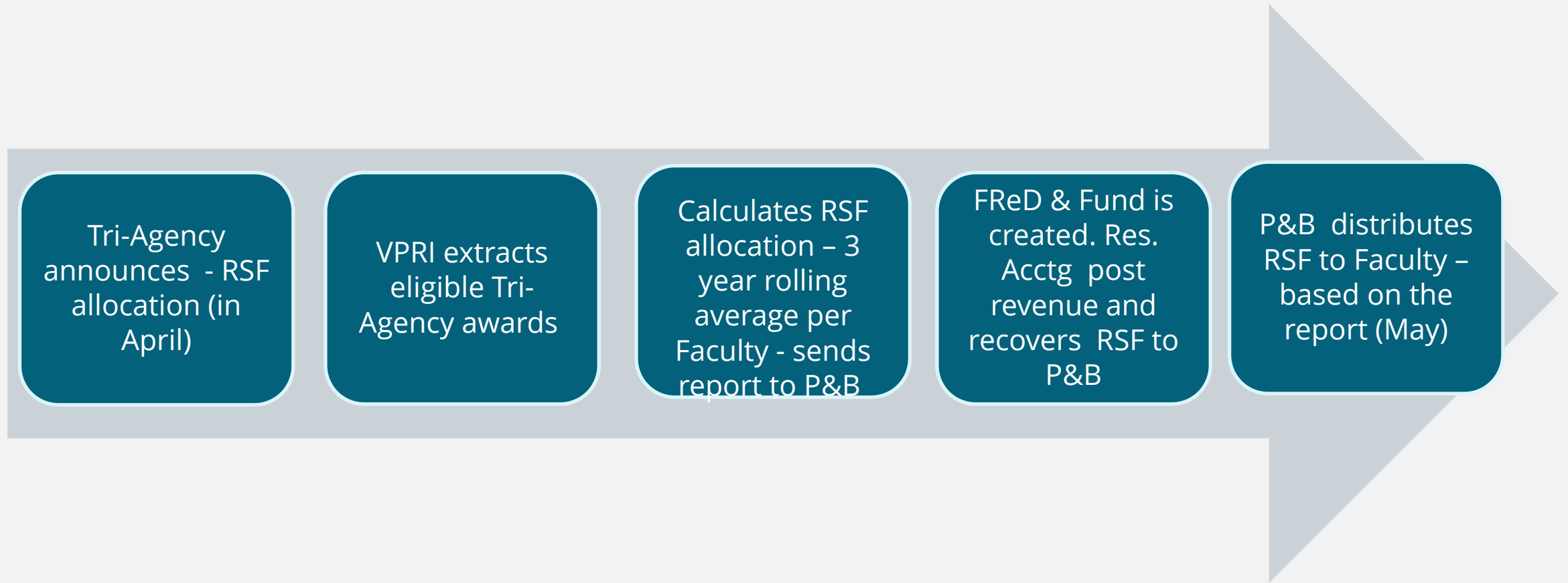
# Project-Level IDC vs Tri-Agency Support Fund

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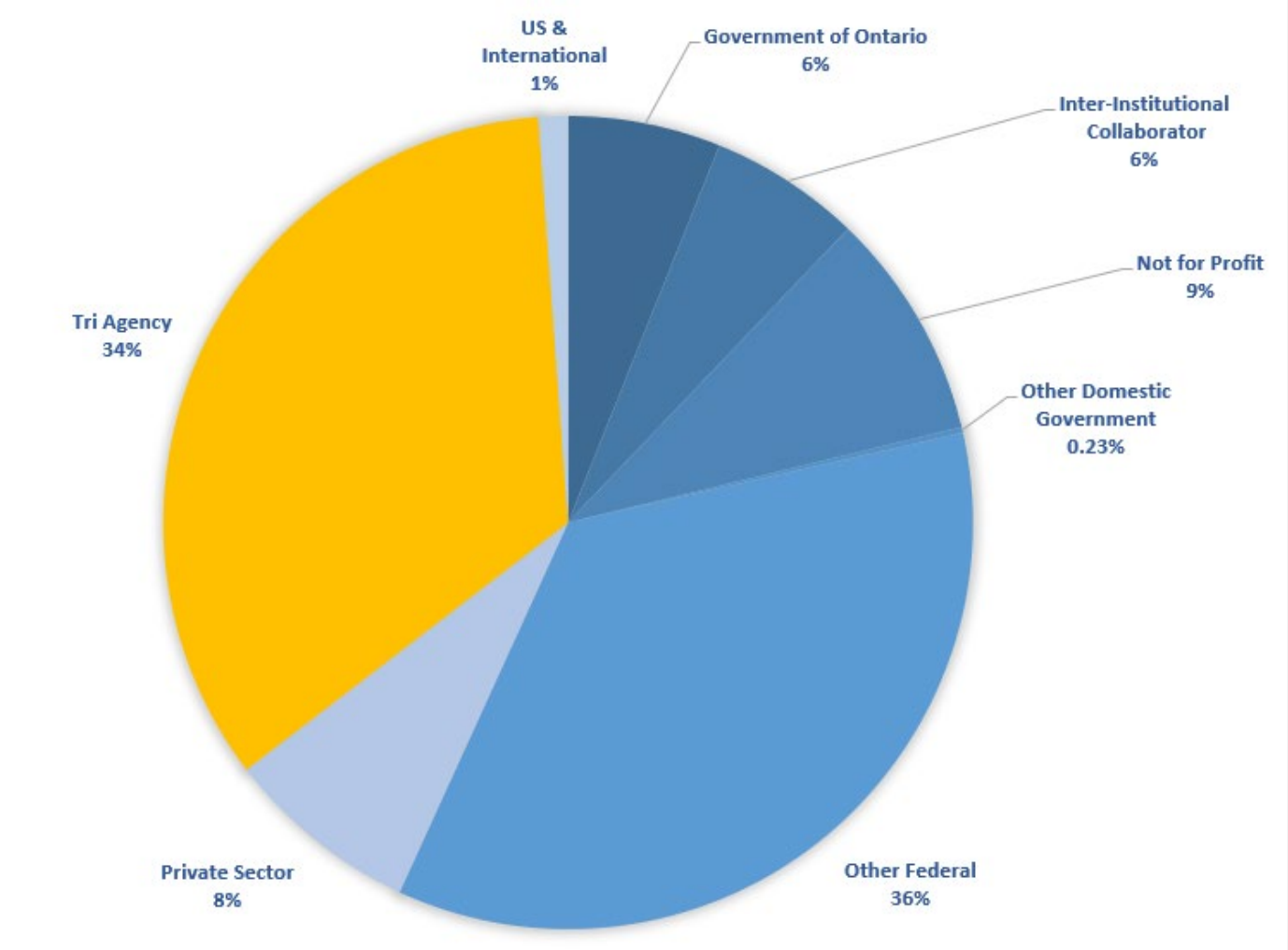
- There are **2 types** of IDC
  - Project-Level - IDC embedded in each individual research Fund (OVERHEAD-S)
  - Research Support Fund (RSF) - IDC on Tri-Agency funding (NSERC, SSHRC, CIHR), awarded separately from direct costs
  
- How does RSF **differ** from all other IDC?
  - The difference is how sponsors sends the money to U of T
    - RSF/IPG method – one lump sum
    - Project Level IDC is recovered from individual research fund
  - **Ultimately** – 100% of the IDC goes back to the Academic Division via Planning and Budget

# RSF Flow Process

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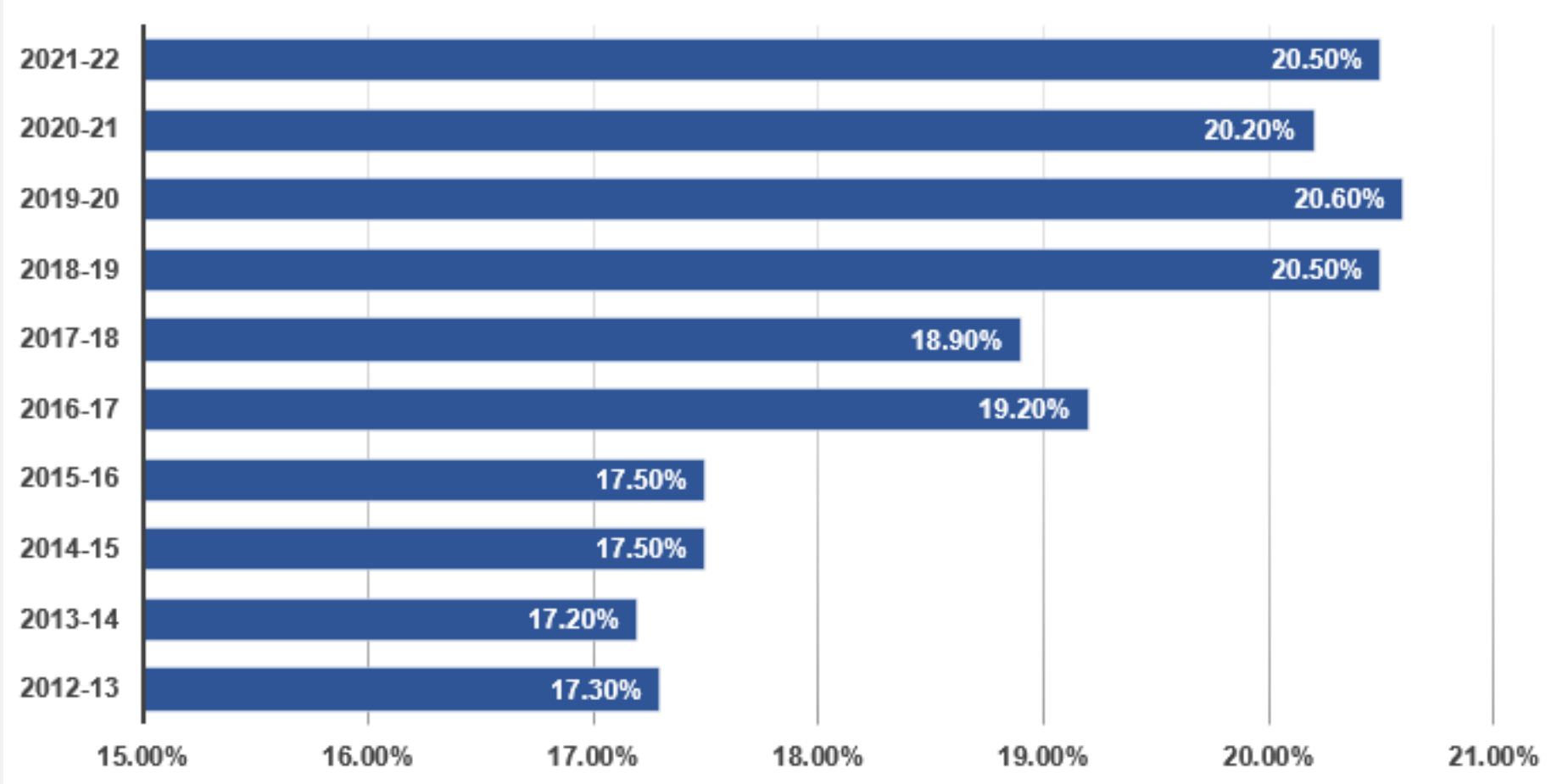


# Research Funds Awarded to U of T: 2021 - 22



# RSF Rate for U of T

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# Research Support Fund

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**U of T and hospitals:**

**\$58M**

Received annually from the Research Support Fund and Incremental Project Grant (IPG) to support indirect costs of Tri-Agency grants.

**\$228M**

Incurred annually in indirect costs related to Tri-Agency grants.

**\$170M**

Annual unmet indirect costs for Tri-Agency grants.



# Poll Question # 1

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## What is the difference between Project-Level IDC vs the Tri-Agency Research Support Fund (RSF)?

- a) Project-Level IDC is received in one lump sum and is awarded separately from the Direct Costs, while the RSF is embedded in each individual research Fund (Overhead-S commitment item in FIS)
- b) Project-Level IDC is embedded in each individual research Fund (Overhead-S), while the RSF is awarded in one lump sum and awarded separately from Direct Costs
- c) There is no difference between these two IDCs

# Indirect Costs of Sponsored Research

# Poll Question # 2

## **Who can approve a reduced indirect cost rate?**

- a) The Principal Investigator leading the project
- b) VPRI staff
- c) The PI's department chair (or equivalent)
- d) The PI's department chair (or equivalent) and the Dean of their division (or VP Research at UTM/UTSC)

# Roles and Responsibilities

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<b>Party</b>	<b>Responsibility</b>
<b>Governing Council</b>	Sets the policy
<b>VPRI</b>	Provides guidelines and ensures appropriate amount of indirect cost is requested
<b>PI</b>	Builds budget
<b>Chair/Dean</b>	Approves budget
<b>Sponsor</b>	Pays
<b>Planning and Budget</b>	Distributes
<b>Academic Division</b>	Receives

# Research Administration Policy

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## Full Cost Recovery in Research

5.1 The university is committed to the principle of recovering the full costs incurred in support of Research. Costs include the Direct and Indirect Costs of Research unless the Research is subject to more restrictive formal, publicized terms or policies regarding cost recovery associated with a sponsor.

# Guideline on Full Cost Recovery in Research

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## 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 VPRI for institutional review and approval.

# Rates for Calculating Indirect Costs

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- When calculating IDC rates for a research budget, use the maximum rate permitted by the sponsor, for example:
  - Tri-Agency (CIHR, SSHRC, NSERC) – no IDC is included in budgets for individual projects
  - NIH – 8%
  - US government funding – U of T has a negotiated rate of 53% on wages/salaries for work taking place on campus
  - Bill & Melinda Gates Foundation – 15%
- If the sponsor does not specify a rate, use U of T's standard 40%
- For all other rates, refer to the Guideline on Full Cost Recovery in Research

# Indirect costs across university peers

- Many Canadian peers mandate 40%
- American peers mandate 50% to 70%



# Budget set up for Indirect Costs

Where a research budget has indirect costs, as indicated on the Funded Research Digest (FReD), a **separate budget (commitment) item within the award is established** to charge the indirect costs (overhead) to the award.

## **BUDGET**

	<b>Feb 2021</b>	<b>Total Budget</b>
Open	5,000.00	5,000.00
Total compensation	74,000.00	74,000.00
Supplies&Services	29,500.00	29,500.00
Total overhead	45,714.00	45,714.00
Total equipment	5,786.00	5,786.00
Total Expense	<u>160,000.00</u>	<u>160,000.00</u>

# Accounting for Indirect Costs

# Types of Indirect Costs

## **Automated**

- 1) Percentage of Direct Costs
- 2) Fixed
- 3) Manual

# Distribution of Indirect Costs – How...

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Indirect costs are incurred at three levels – Institution, Faculty and Department.

It is the University's practice that the distribution of indirect costs which have been recovered from Research Funds be **applied to indirect costs incurred**.

Accordingly, the indirect costs recovery is **distributed to the academic division that is the administrative home** to the funded research initiative.

The **division** determines the internal distribution of indirect costs revenue at **its own discretion**.

# Collaborating Departments and Departmental Shares

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When a fund is shared by **two or more departments** who are incurring indirect costs:

- indirect cost revenues flow to the administering division,
- administering division may share a portion by reallocating the overhead budget using a Budget Transfer Revision.

[Refer to the GTFM section: Changing the original budget: Authorization and Procedures]

# Poll Question # 3

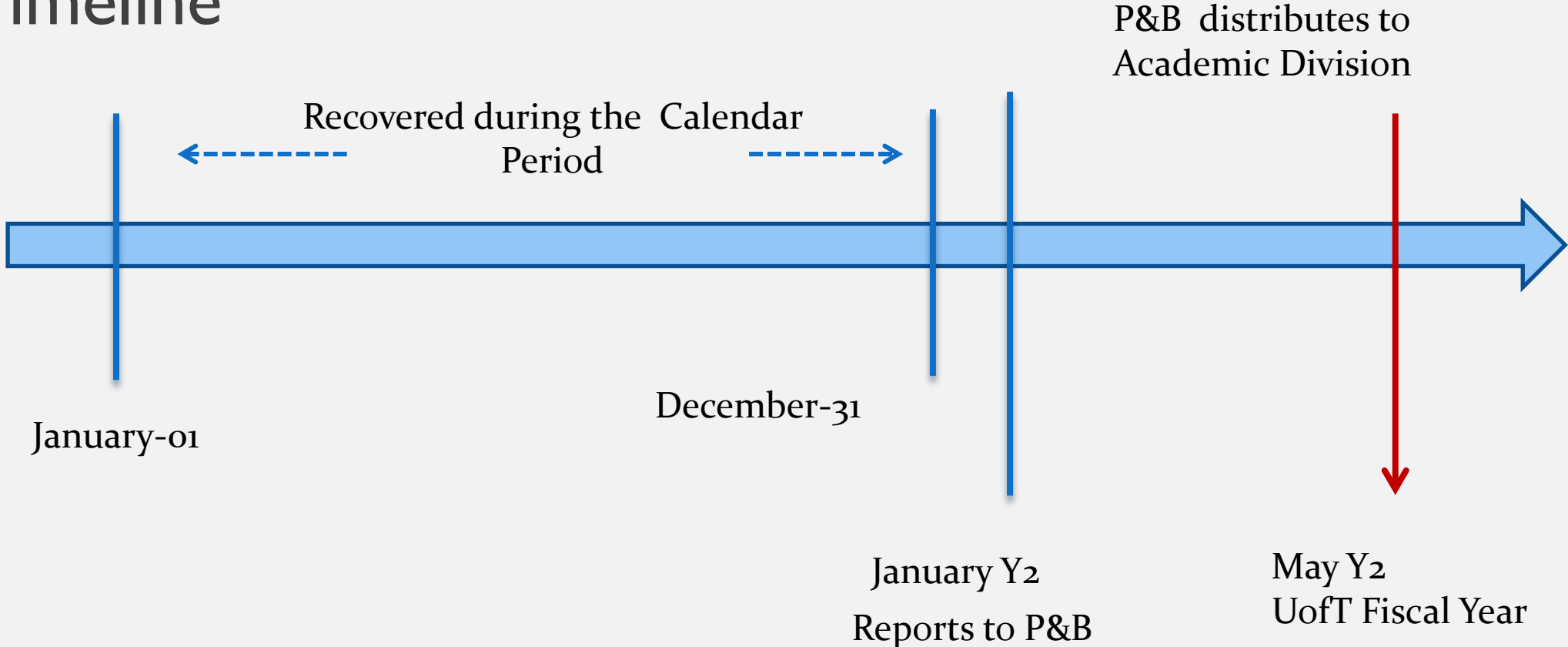
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**Indirect Cost Revenue is passed on to Divisions via Planning & Budget based on Indirect Costs earned on Research Projects during which one of the following periods?**

- a) University Fiscal Year (May – Apr)
- b) Calendar Year (Jan – Dec)
- c) Slip year (Feb – Jan)

# Distribution of Indirect Costs – When...

## Timeline



# Reporting

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An **annual report** on the distribution of the indirect cost recoveries for the upcoming fiscal year is produced by a VPRI Research in **January**.

The report details the total indirect costs by award, the distribution of that indirect cost, and the total indirect cost for the recipient unit (e.g. department).

The report is distributed to faculty financial officers in **February/ March** by the Planning and Budget Office.



# How is overhead redistributed to the divisions?

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100 % of indirect costs recovered are distributed to academic divisions



# Resources

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- **U of T Research Administration Policy**

<http://www.governingcouncil.utoronto.ca/Assets/Governing+Council+Digital+Assets/Policies/Policy/resagree.pdf>

- **U of T Guideline on Full Cost Recovery in Research**

[http://www.research.utoronto.ca/wp-content/uploads/documents/2017/02/Guideline-on-Full-Cost-Recovery-in-Research\\_Revised29Nov2016.pdf](http://www.research.utoronto.ca/wp-content/uploads/documents/2017/02/Guideline-on-Full-Cost-Recovery-in-Research_Revised29Nov2016.pdf)

- **U of T Long Range Budget Guidelines 2016-17**

<http://www.planningandbudget.utoronto.ca/Assets/Academic+Operations+Digital+Assets/Planning+2016+Budget/Budget+Report+2016-17+and+LRBG.pdf>

- **Research Support Fund**

<http://www.rsf-fsr.gc.ca/home-accueil-eng.aspx>

<http://www.research.utoronto.ca/federal-research-support-fund/>

- **VPRI Website**

[http://www.research.utoronto.ca/wp-content/uploads/2017/05/UofT-Public-Acknowledgement\\_RSF\\_May-2017.pdf](http://www.research.utoronto.ca/wp-content/uploads/2017/05/UofT-Public-Acknowledgement_RSF_May-2017.pdf)

<http://www.research.utoronto.ca/faculty-and-staff/secure-research-funding/apply-for-funding/>

# Question & Answer

# Feedback, please!

