

*** REVISED ***

University of Calgary
Questions and Answers of the Overhead Policy

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1. **Where do I find the University of Calgary Overhead and Indirect Costs of Research Policy (the “Overhead Policy”)?**
 - The [Overhead Policy](#) is available on the University website
 - Click on the [Procedures](#) hyperlink under the Overhead Policy

2. **Who is responsible for ensuring compliance with the Overhead Policy?**
 - Researchers are responsible for being familiar with the Overhead Policy and making allowance for overhead in their budgets for sponsored research projects.
 - Researchers may seek assistance from their Faculty Research Office or Research Services in determining applicable overhead rates for projects.

3. **What are the essential points that I must understand in the Overhead Policy?**
 - Researchers preparing proposals for funding must anticipate applicable overhead charges and include them in cost estimates.
 - Overhead is calculated as a percentage of all direct costs of a research project. In certain cases, overhead is calculated only on the payroll and travel components of direct costs. (See procedures under Overhead Policy for details)
 - Research Grants are generally subject to an overhead rate of 25%, subject to certain exceptions noted in the Overhead Policy.
 - Research Contracts are generally subject to an overhead rate of 40%, subject to certain exceptions noted in the Overhead Policy.
 - Research Contracts for clinical research, which are governed by the Clinical Trials Policy, are subject to overhead at the rate of 30%. (For further information contact the Faculty of Medicine Research Office.)

4. **How do I know if I am dealing with a “Research Grant” or a “Research Contract”?**

Researchers are asked to consult with the Faculty Research Office or Research Services early in the application or negotiation process for guidance on whether they are dealing with a grant or a contract.

The key factors which may be considered in determining whether funding is a “grant” or a “contract”, are outlined below:

	Grant	Contract
Substantial Sponsor Direction on Research Tasks?	No	Yes
Specific Deliverables beyond report?	No	Yes
Sponsor Obtains License to use Intellectual Property?	No	Yes
Sponsor Providing Confidential information?	No	Yes
Sponsor Review of Publication?	No	Yes

The decision to characterize funding as a “Contract” or “Grant” is based on an evaluation of the entire project by Research Services, considering the context of the research and all of the foregoing factors, with special emphasis on whether the University is required to grant the Sponsor a license to use Intellectual Property emerging from the project.

Please note that donations or gifts to the University are not subject to the Overhead Policy.

5. **Is it necessary to consider overhead in a grant application?**

- Yes. Any grant application to be approved by the University must be clear on the issue of overhead.
- The standard overhead rate for grants is 25% with certain exceptions. (see procedures under Overhead Policy for details)

- Some funding agencies do not permit the University to charge overhead, or restrict overhead to below our standard rates. In such cases, Researchers must include the maximum overhead permitted by the funding agency in the application
- Research Services will check to make sure the appropriate allowance has been made. When it is not, the approval process will be delayed until the overhead issue is resolved.

6. How do I get information on overhead rates charged by the University?

- Start by consulting the Procedures attached to the Overhead Policy for an outline of basic rates and procedures.
- Check the website of the relevant funding agency for possible guidelines on overhead charges.
- For specific details on the overhead rate permitted by a specific funding program, please contact the Grants department in Research Services.
- For clinical health research overhead questions, please contact the Faculty of Medicine Research Office

7. What are some examples of grant programs which do not allow any overhead charges?

- Several grant programs sponsored by the Government of Canada will not accept overhead charges on individual research projects, including:

SSHRC

NSERC (Discovery, CRD, Chairs, Strategic Network) (Note that industry funding for these programs may be subject to overhead, researchers are requested to contact Research Services for the specific rules for each program)

CIHR

NCE's (National Centres of Excellence)

Western Economic Diversification

Human Resources Development Canada

- There are also some provincial grant programs which do not accept overhead, including:
 - **Alberta Cancer Board**
 - **Alberta Innovates – Technology Futures**
 - **Alberta Innovates – Health Solutions**
 - **Alberta Water Research Institute**
 - **Prion Institute**

8. What rules apply if the grant is made by a charity?

- A charity is an independent organization (not a government agency) that is created to provide a public benefit and has been granted a registration number by the Canada Revenue Agency.
- If the charity does not allow for overhead charges, it is not necessary for the researcher to include overhead.
- If the charity specifically allows for overhead charges, the researcher must request the maximum permitted overhead amount.

9. What rules apply if the grant is made by a “not-for-profit” organization?

- A “not-for-profit” is an independent organization (not a government agency) which is created to provide a public benefit and its articles of incorporation specifically state “not for profit”. This category includes “societies” and “associations”.
- The standard overhead rates of 25% for a grant and 40% for a contract apply to “not-for-profit” organizations.
- If the organization specifically limits overhead to below our standard rates, the Researcher must request the maximum overhead amount permitted by the organization.
- If the organization does not allow overhead then no overhead will be charged by the University.
- If the grant amount is \$25,000 or less, then no overhead will be charged by the University. This practice recognizes the large volume of small one-time grants received by the University from the not-for-profit sector.

10. Can researchers ask the University to approve an exception from overhead requirements?

- Yes. Researchers have the option to apply for a reduction to the University’s overhead charge or elimination of the requirement for overhead on a specific grant or contract, however these exceptions are rarely approved.
- The application for an exception must be made prior to finalization of the application for a grant. The application will not be accepted after an award has been made.

- Researchers must prepare a written justification for the exception (also called a “waiver”) in accordance with criteria set out in the Procedures of the Overhead Policy.
- The Researcher must first submit an e-mail request to the relevant Associate Dean of Research and Dean (or, in the Faculty of Medicine, the Senior Associate Dean Research) who, upon approval will forward to the Vice-President (Research) and the Legal & IP Unit in Research Services. Final decisions are issued by the Vice-President (Research).
- Requests to modify overhead rates should only be made in exceptional circumstances.

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