

## **RESEARCH AND CONTRACT OVERHEAD FUNDS**

### **6.12 Research and Contract Overhead Funds**

The appropriate allocation of research or contract overhead funds will be governed by the following considerations which recognize both the origin of the proposals and uses for which the funds may be utilized.

The University, as a part of its normal operations, provides heat, light, space and other services which are supported out of the fixed operating costs of the University. Grant funds which are used for activities that would not otherwise be undertaken should provide a portion of the support for such facilities and services. Many contracting agencies from which research grants are received make explicit provision for reimbursing the University for such overhead costs.

In some circumstances, however, explicit compensation for overhead cost recovery is not provided by a contracting agency; and in some of these instances it is appropriate to assume that overhead funding is included in the grant. In other cases, such an assumption may not be warranted. There are occasional instances when the contracting agency may explicitly inform the University that grant funds are not intended to be used to cover institutional overhead.

A uniform rate should be applied as a percentage of all direct labor costs to compute the overhead compensation from any grant in which overhead funds are either explicitly or implicitly provided. The University has an audited overhead rate as a percentage of all direct wages and salaries for the computation of overhead.

In those circumstances in which overhead compensation is obtained from a grant, it is reasonable that the funds should be distributed for the benefit of the University and the Department responsible for developing and administering the grant.

The Office of Administration and Campus Life is informed of each proposal and should make a determination as to the appropriateness of applying the established rate of compensation of overhead. The Office should also be responsible for its distribution.

Research and contract overhead funds must be spent within the policy and guidelines of the state, the Board of Regents and the University governing the expenditures of restricted fee accounts. The fiscal procedures for the expenditure of such funds are already in effect for restricted fee accounts.

The University must administer all grants which will result in any discernable liability to the University and/or which will require a utilization of University facilities and resources. All funds generated from grants of \$5,000 or less are to be used by the proposer in accordance with the contract specifications.

The following procedures will be followed for each contract in excess of \$5,000 which is to be administered through the University:

A. Prior to the acceptance of a research grant or contract, the individual(s) responsible for administering the contract shall submit a copy of the contract along with an approval sheet to the Office of Research and Grants.

B. Prior to the President's (or his/her designee) accepting the contract or grant on behalf of the institution, a determination will be made as to whether it is appropriate to assess overhead costs to the contract or grant.

C. When overhead is assessed on such a grant or contract, the rate to be applied should be that authorized by the University's audited rate within the limitations specified with the granting of the contracting agency.

D. All overhead funds collected will be distributed as follows: 55 percent to general University support with the remaining 45 percent to be distributed to the Dean or Director (15 percent) and to the Department responsible for administering the grant (30 percent).

E. The individual(s) responsible for administering the grant may request in writing an exception to the established overhead rate of the University or an exception to the distribution of such funds as indicated above (item d.) The rationale for such a request should be clearly stated.

F. The final decision as to the applicability of an overhead charge or for any exception to the established rates shall be made by the President of the University.