



Full Cost of Research Policy

Approving Authority: University of Guelph Executive Leadership Team

Responsible Office: Office of Research

Responsible Officer: Vice-President Research

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1. Preamble

Conducting Research is expensive. Most funding for university research is obtained by faculty members through research funding competitions offered by various External Sponsors (e.g., private sector, provincial or federal governments, foundations, non-governmental and not-for-profit organizations, and individual(s)). The Full Cost of Research comprises Indirect Costs and Direct Costs. The Direct Costs of performing Research are usually well understood, but there are many other significant costs called — Indirect Costs — involved in research that are not immediately obvious, nor can they always be attributed to a specific research project. Nonetheless, Indirect Costs are real costs and are incurred by the University for all research activities.

Recovery of Indirect Costs of Research is a standard practice at universities throughout Canada and elsewhere. The U15 Group of Canadian Research Universities note the importance of "... those participating in research — researchers, administrators, partners, funders and regulators — work together to ensure we fully fund research supports."¹ In addition, a survey sponsored by the Canadian Association of University Business Officers (CAUBO) and the Canadian Association of Research Administrators (CARA) reported indirect costs were between 40% and 60% of the direct costs of research.²

Indirect Costs of Research are significant and real, and if they are not recovered from research sponsors, they must be found within the operating budgets of the University. This may not be possible without detrimental impacts on other core functions of the University. This Policy and its Procedures specify how the University will recover the Full Cost of research activities from External Sponsors, which includes Indirect Cost recovery rates that will apply uniformly and equitably to all types of Sponsored Research.

2. Purpose

To state the position of the University of Guelph on the recovery of the full cost of Sponsored Research activity.

¹ <https://u15.ca/publications/statements-releases/u15-statement-on-the-indirect-costs-of-research/>

² https://www.caubo.ca/wp-content/uploads/2016/03/Indirect_Costs_of_Research-CAUBO_2013.pdf

3. Jurisdiction/Scope

- 3.1. All Sponsored Research activity conducted on campus, Off Campus, or at an Agricultural Research Institute of Ontario (ARIO) Research Centre.
- 3.2. All University researchers, meaning anyone who conducts research at the University who is responsible for managing, billing, invoicing, and/or administering Sponsored Research activity.

4. Definitions

- 4.1. Direct Costs are University expenditures incurred in the conduct of Sponsored Research that can accurately be identified and itemized and directly attributed to Research activity; for example, the salaries and benefits of research assistants and graduate students, equipment and supplies costs, and travel and publication costs.
- 4.2. External Sponsors are entities or an individual(s) that provide direct support for Research at the University.
- 4.3. The Full Cost of Research is an aggregation of all costs associated with Research activities including both Direct Costs and Indirect Costs.
- 4.4. Indirect Costs include expenditures that are necessary to support research and (i) may not be directly attributable to any one Research activity but rather provide general support for the University research environment as a whole (e.g., libraries and computer networks); (ii) may or may not be measurable and attributed to specific research activities, for example occupancy costs (such as heat, light, energy, and waste management), research and financial administrative support, insurance, and human resource management; and (iii) may not be eligible for funding through Sponsored Research.
- 4.5. Off Campus Research means Sponsored Research activity that occurs substantially off the premises of the University excluding (ARIO) Research Centres.
- 4.6. Research includes a studious investigation or experimentation aimed at the discovery or interpretation of knowledge; the systematic collection or revision of knowledge or accepted theories in the light of new facts, or practical application of such new or revised theories; creative works that have been produced through writing, making, composing, designing, recording, performing or curating; and the development and application of methodologies to increase knowledge and the practical application of knowledge to specific problems or circumstances.
- 4.7. Research Agreement means an agreement entered into or proposed to be entered into by the University in respect of Research, as well as letters of funding commitments from External Sponsors, with or without conditions, and

includes any Sponsored Research and any agreement to provide or receive materials, information or data, or any other tools to facilitate Research.

- 4.8. Sponsored Research is Research undertaken or proposed to be undertaken using financial and/or other in-kind support from an External Sponsor, whether by participation in a competition, call for or request of a proposal, or pursuant to a Research Agreement.
- 4.9. University shall mean the University of Guelph and its regional campuses, including, Guelph-Humber and Ridgetown, as well as all ARIO research stations and any and all research facilities of any type that are controlled by the University.

5. Policy

The University requires recovery of the Direct and Indirect Costs of research in all Sponsored Research activity to the extent possible.

The Indirect Costs recovery rate will be no less than 40% of the total Direct Costs, or the maximum allowable rate as published by the External Sponsor, where funds will be supplied under a Research Agreement subject to the following recovery rate exceptions³:

- 25% of the Direct Costs where the External Sponsor's funds are successfully matched with funds from the Tri-Agencies (NSERC, SSHRC and CIHR) that are contingent upon the External Sponsor's contribution; or
- 0% for funding available under the OMAFRA-University of Guelph Agreement (known as the Ontario Agri-Food Innovation Alliance); or
- where the External Sponsor prescribes a different recovery rate in published terms or policy, which are accepted by the University; or
- low-value Research Agreements for which the total budget is \$5,000 or less will be exempt from Indirect Cost recovery.
- 10% for funding received for registration/orthogonal and performance variety trials conducted under the Recommending Ontario Crop Committees (Ontario Corn Committee, Ontario Cereal Crops Committee, Ontario Soybean and Canola Committee, Ontario Pulse Crop Committee).

³ There are several types of costs incurred for research projects that are already intended to be fully cost-recovered and that are, therefore, exempt from the direct cost base upon which Indirect Costs are calculated. Exempted costs include the following (this list is subject to change and will be updated as required):

- a) External per diem rates for Central Animal Facility and Isolation Unit.
- b) Services provided by the Ontario Veterinary College Health Sciences Centre.
- c) Fees for ARIO Research Centres or User Fees for University Facilities that are part of the Ontario Agri-Food Innovation Alliance.
- d) Analytical service fees paid to the Laboratory Services Division for which indirect charges are already calculated into the unit pricing.

The University recognizes special circumstances may arise in Research Agreement negotiations requiring a variation in the Indirect Costs recovery rate (e.g., gifts, see Procedure, Section 7.2). The college dean, in consultation with the Vice-President (Research), or designate, has authority to approve variations to this Policy. Depending on the circumstances, however, the University retains the discretion to decline funding if insufficient Indirect Costs funding is provided/available.

6. Responsibilities

- 6.1. Individuals preparing research proposals or planning research funding requests to External Sponsors must anticipate and include all applicable Direct and Indirect Costs in research project cost estimates. (See procedures)
- 6.2. All Sponsored Research must be approved by the Vice-President (Research), or designate, and the college dean (or designate) before proposal submission to any External Sponsor. Research Agreements must be signed in accordance with the [University of Guelph Signing Authority Policy](#).
- 6.3. The Vice-President (Research) is responsible for the administration of this policy. The Research Services Office is authorized as the administrative unit to oversee the implementation of this policy and associated procedures.

7. Related Policies, Procedures & Documents

- 7.1. Procedure: Incorporating the Full Cost of Research into Project Budgets
- 7.2. Procedure: Gift or Research Agreement & Indirect Costs of Research
- 7.3. [University of Guelph Signing Authority Register](#)

Next Review: April 2026