

 جامعة الإمارات العربية المتحدة United Arab Emirates University 	Research and Sponsored Projects Policies Manual	Policy Number	RA-06
		Effective Date	12-Aug-2018
	Subject Indirect Cost Recovery Rate (Overhead), and Faculty Time Buy-Out	Most Recent Review Date	15-Apr-2018
		Due Date for Next Review	01-Sep-2021
	Responsible Office: Associate Provost for Research	Page Number	1 of 1

6. Indirect Cost Recovery Rate (Overhead), and Faculty Time Buy-Out

Overview

The direct costs of performing the research and other services are usually well understood. There are, however, many other significant costs associated with research or other services that are not immediately obvious, nor can they always be attributed to a specific project. Nonetheless, they are real costs and are incurred by the University for all activities. These additional, non-project specific costs, are known as Indirect Costs.

The Policy defines the Indirect Cost Recovery Rate (overhead) for externally funded projects and graduate programs and the distribution of the recovered funds. It also defines the faculty member's time buy-out that could be requested in relation to executing research, consultancy, or service projects.

Scope

1. This policy shall apply to four general classes of fee-based activities: 1) Tuition-paying graduate programs, 2) Externally-funded projects, consultations, and laboratory testing services, 3) Fee-based continuing education programs, workshops, and courses, and 4) Scientific conferences, workshops, and symposia that involve registration fees.
2. Exceptions
 - a) This policy does not apply to i) Laboratory equipment grants, ii) External sponsorships to support the organization of conferences, workshops, symposia, or meetings held by the university, iii) All student activities and projects or iv) Continuing Professional (Postgraduate) Educational Activities.
 - b) Any request for an exception other than those listed above must be presented to the Provost or APR through the relevant Dean and must be approved by the Vice Chancellor.

Objective

The University maintains the right to receive compensation for the use of facilities and resources by all fee-based programs, services, and activities for the general public. This policy outlines the contribution required and the use of overhead claimed.

Policy

The University will seek compensation for the use of resources and facilities in fulfillment of externally funded programs and projects.

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Procedures of Policy No. (6) - Indirect Cost Recovery Rate (Overhead), and Faculty Time Buy-Out

1. Budgeting of Indirect Costs

- a) Indirect Costs of educational programs, research, and service projects are significant and real and, therefore, they must be recovered from the sponsors for the University's operating budget.
- b) Indirect Costs must be included in budgets for all externally funded educational programs, research grants or contracts and service or consultancy contracts, except when exempted. They must also be included in budgets for subcontracts, where another institution or organization is the primary recipient of the funding. Where UAEU is the subcontractor, the UAEU's rate of Indirect Costs will apply to the portion allocated to it from the primary recipient.

2. Indirect Costs Recovery Rate

- a) The indirect costs recovery rate shall be classified as per the following:
 - (i) 15% of the revenues from tuition-paying graduate programs.
 - (ii) 20% of the total direct cost is added for externally funded grants and contracts for research, provided such a provision exists in the bylaws of the funding agency.
 - (iii) 40% of the total direct cost is added for externally funded grants and contracts for consultancy, laboratory testing, and other services.
 - (iv) 25% of the revenues from continuing education programs and courses. All such activities should be coordinated by the University Continuing Education Center (CEC).
 - (v) 15% of revenues from the registration fees for Conferences, Workshops, or Symposia.
 - (vi) 100% of other revenues generated from property subleases and similar commercial activities.
- b) The Vice Chancellor can define/modify the Indirect Cost rate based on a recommendation by the Central Fund Board. Lower or no overhead may be assigned to externally funded programs, projects, or activities, especially those offered to the Federal Government or its employees, or funded by foundations or philanthropic organizations, subject to the approval of the Vice Chancellor.

3. Distribution Formula of Funds Recovered from Indirect Costs

- a) Funds recovered of overhead from work performed for a grant or contract are generally distributed to the following units: (1) the Department and College or Center where the actual work is performed to support research, (2) the Offices of APR and DVCAA to support the overall administration and commercialization (including compliance and patent filing) for research and graduate studies.
- b) The distribution of funds collected from Indirect Costs shall be made according to the following table:

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Grant/Contract Type	Distribution of Indirect Cost Funds		
	Department & College or Center	DVCAA Office	APR Office
(a) Graduate Programs	0%		100%
(b) Research	40%		60%
(c) Consultancy and other service projects	60%		40%
(d) Continuing Education programs	80% (50% CEC* and 30% College)	20%	
(e) Conference registration fees	50%		50%
(f) Other revenues	20%	40%	40%

* Continuing Education Center (CEC) handles rent, maintenance, and utilities for the off-campus sites.

Note: If a grant or contract involves multiple principal investigators from different Colleges or Centers/Institutes, then the College/Center's share is divided proportionally based on the number of affiliations of the PIs or the number of training hours conducted of the total hours, where applicable.

- c) The DVCAA and APR can modify the distribution percentages after consulting with the Central Fund Board.
- d) The University shall carry out the distribution of the money upon its collection from the sponsor.

4. Payroll Cost

- a) Payroll cost means the cost of salary and wages plus paid benefits for University personnel (e.g., faculty who are released from their academic duties to be assigned to work on a specific, sponsored project). This is also known as the "buy-out" cost.
- b) Releases and buy-out offset normal College/unit budget costs by charging a portion of the person's salary to a grant account instead of to the unit.
- c) The release time is the proportional reduction in credit hours from the normal (24) credits per year workload that the faculty member is expected to provide for full-time employment at the University. The cost of this release for externally-funded research, consultations, or service projects requiring release from regular duty is generally set at the same proportion of this release time from the faculty member's annual salary and benefits. For University-funded research, the cost is set at an average cost of 15,000 AED for one credit-hour release or 90,000 AED for quarter release in an academic year. In all cases, the Vice Chancellor, based on the recommendation of the Provost and the APR, may adjust this rate for certain assignments.

5. Exemptions and Waivers

- a) Certain grants or contracts may be exempted partially or fully from indirect cost charges provided the exemption is agreed upon in writing by the University ahead of the solicitation of proposals or explicitly requested in writing (e.g., in a letter or a Request For Proposals document) by the funding organization or sponsor.
- b) Furthermore, the concerned Dean or Center Director may approve to waive a portion or all of the indirect cost charge that is allotted to the College or Center. The DVCAA or APR as pertinent, and the Vice Chancellor must approve any request for a waiver beyond the College or Center's share. In all exemption cases, a clear justification must be provided with each request.