



Research Overhead - Understanding the Basics

What is Research Overhead?

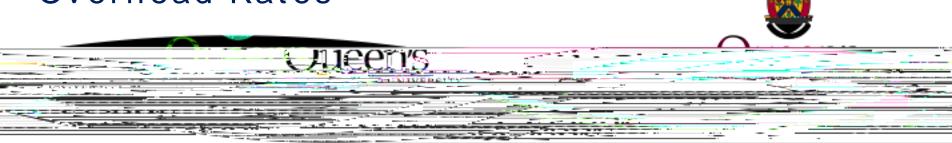


Research overhead or indirect costs include expenses necessary to support research, which may not be attributable to a specific research project.

Overhead costs provide general support for the university research environment.

Examples include utilities costs, insurance, and research administration support services.

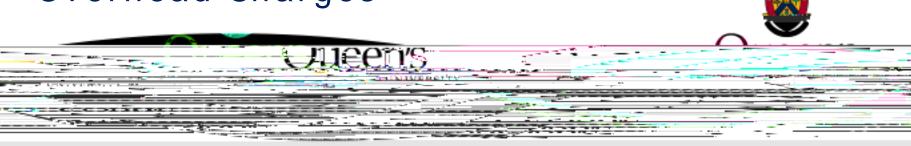
Overhead Rates



Research overhead rates are determined through the negotiation dependence of segurity and south south

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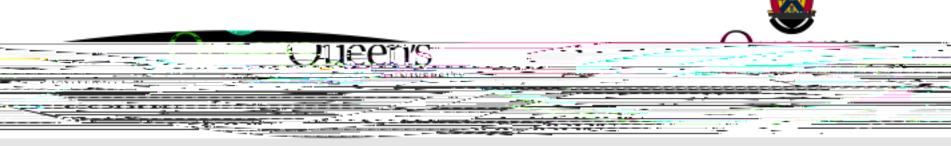
Overhead Charges



Research overhead is charged based on expenses incurred in a given month. Overhead is charged at the end of each fiscal month through a process administered by Research Accounting.

Account 693001 is used to record overhead expenses charged to research projects.

Overhead Commitments



Overhead commitments reflect funds budgeted to pay for indirect costs, not yet expensed General Ledger. Overhead commitments are calculated and posted to applicable research projects at the end of the fiscal month.

Overhead commitments provide researchers with a more accurate view of funds available for the <u>direct</u> costs of research.

How are Commitments Calculated?



Overhead commitments are calculated as follows:

Budgeted Overhead less

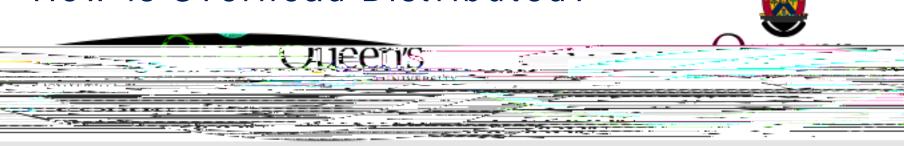
Overhead Expenses to date =

Overhead Commitment

Does my Project include Overhead?



How is Overhead Distributed?



Account is used to distribute overhead revenues. Overhead revenues are distributed by Research Accounting immediately following the overhead charge process at the end of each fiscal month.

Overhead revenues are distributed to the Faculty or School of the <u>primary investigator</u>, or <u>shared</u> among faculties and schools for interfaculty/school research agreements and contracts. A negotiated percentage of overhead may be distributed to affiliated hospitals for sponsored research projects.

Variances to Overhead Distribution



Exceptions to overhead distribution must be <u>negotiated</u> and <u>approved</u>.

To request an exception, a Request for Exception to the Distribution of Funding Received to Support the Indirect Cost of Sponsored Research Policy form must be completed. This form may be found on the Tools For website,

under the Awards (Grants & Contracts) tab, within Awards Supportive Documents.



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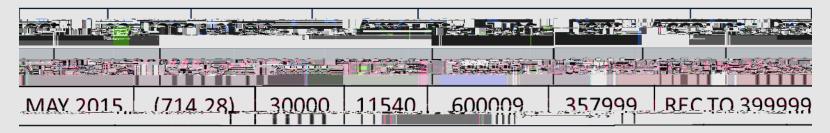
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Sample Journal Entry



Example: The overhead rate is 40% and there is \$1,000.00 remaining in research project 399999.

Step 1: \$1,000.00/1.40 = \$714.28



Step 2: \$1,000.00 - \$714.28 = \$285.72

Once overhead is charged, the remaining balance will be expensed:

 $$714.28 \times 40\% = $285.72 \text{ represents overhead charge}$

 $$714.28 + $285.72 = $1,000.00 \text{ represents } \underline{\text{total}} \text{ expenses}$



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