

PRESS RELEASE

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**US Approach to Payment of Research Overheads Recommended in
Report to HEA and Forfás**

A Steering Group established by Forfás and the Higher Education Authority (HEA) to examine the issue of payments in relation to overheads incurred in the performance of publicly funded research has recommended that standard rates should be adopted by funding bodies. Substantially increased investment by Government in research activities has meant that there are increasing demands on the overall resources and facilities of third-level and research institutions.

The recommendation is contained in the **Report of the Group on Research Overheads**, published today. The Steering Group was established to review the issue of indirect costs/overheads that are incurred in the performance of publicly funded research and to make recommendations on an appropriate approach for Ireland. The Group was chaired by Dr. John Donnelly, Chairman of Hypovereinsbank Ireland and comprised representatives of government departments, research funding agencies and third-level institutions.

The report of the Steering Group recommends that a rate of 30% of modified total direct costs (total costs less equipment) of the research project be paid towards overheads/indirect costs for laboratory-based research and that 25% of modified direct costs be paid for desk-based research.

In developing a national perspective on the issue, the Steering Group examined best practice in a number of other countries. The Steering Group concluded that the US system offered the best solution to Irish requirements on the grounds that:

- there is a systematic procedure for the identification of indirect costs and consequently the calculation of a rate for each institution;
- institutions are responsible for distributing the indirect costs; areas where overheads cannot be spent are clearly identified;
- the overhead rate is audited regularly, which ensures that the indirect costs are minimised and properly updated.

The Steering Group also recommends that the HEA and Forfás establish a Steering Committee, with representatives from funding agencies and research institutions, to oversee the implementation of the policy and coordinated development of required accounting systems.

Commenting on the report, Dr. Don Thornhill, HEA Chairman said

“Increased investment in research, development and innovation is an essential building block in our development strategy if we wish to establish ourselves as one of the world’s leading knowledge societies. The Government has given priority to increasing research funding for the development of world-class research, researchers and research facilities. These research activities place heavy demands on the overall resources and facilities of third level and research institutions. It is essential for the future sustainability of the research programmes and for the research institutions that the indirect cost or overheads generated by the expansion of research programmes are provided for. This report offers extremely useful guidelines for addressing this issue.”

In welcoming the publication of the Group’s report, Mr. Martin Cronin, Chief Executive, Forfás said:

“The increase in Government investment in science, technology and research infrastructure and capacity under the National Development Plan is already having an impact on improving Ireland’s attractiveness as a location for

leading researchers and more sophisticated industrial projects. It is important to ensure that research is adequately financed by the funding bodies and that a fair contribution is made towards overheads and indirect costs”.

Mr. Cronin added

“The establishment of common rates for all institutions is an important first step in this regard, and over time each institution should be in a position to determine individual rates to ensure that costs of research are recovered. Putting the required accounting systems in place to allow this will be a key next step. I welcome the Group’s report and trust that it will form the basis for agreement on a coherent national approach among Government Departments and funding agencies.”

ENDS