

Recommended Action on

Funding of Overhead Costs of Tertiary Research and Educational Institutions

A recommendation by SwissFoundations

Introduction

Overhead costs are general costs of central infrastructure and administration of both research and educational institutions. Such costs occur independently of any concrete project work, are not initiated by it, and thus cannot be directly added to it (costs-by-cause principle). Despite this, overhead costs are normally added pro rata to project applications, e.g. via a fixed percentage.

Recommendation

1. Grantmaking foundations, as a matter of principle, do not fund any overhead costs of the scientists and institutions applying for support for research and educational projects. The only paid costs, therefore, are strictly those directly generated by the project. In certain cases, it is the context and character of a project or co-operation which are decisive in whether this policy will be implemented.
2. Applications and accounting should be transparent and provide clear information on the composition of costs.
3. For major or long-term projects, an agreement on cost structure should be reached by prior consultation with the head of the institution involved.

Rationale

- Any amount issued by foundations for non-project costs like administration or general services leads to a reduction of the available funds for support. Thus, fewer projects corresponding to a foundation's mission can be realised.
- Private foundations supplement public funding. Owing to their non-profit character, they are tax-exempt. Systematic pursuit of this goal should, therefore, not be impeded by payment of non-specific general costs which in fact fall to be funded by public authorities.
- All rights on the results of a project financed by foundations remain categorically with the research institutions. Their funding of overhead costs thus constitutes their contribution to the success of a project.
- Projects at colleges, universities and other educational and research institutions should be embedded in their own operation, i.e. supported by them. By providing infrastructure within its own institutional framework, the recipient institution manifests its commitment and support for the project, which is, in turn, a quality feature for projects supported by foundations.
- The Swiss National Science Foundation's (SNSF) policy of funding overhead costs within the framework of its 15 October 2008 regulation on overhead contributions is part of the Swiss Confederation's support strategy and has no relevance to the recommended action suggested in the present document.

Zurich/Switzerland, 24 June 2010