




## MEMORANDUM

**To:** Research Deans  
**From:** Randolph W. Hall   
**Date:** March 29, 2016  
**Subject:** Overhead on Sponsored Research Agreements

I am writing with a reminder on university procedures and rules as they relate to overhead charged on sponsored research agreements. In general, USC seeks to recover the cost of conducting research from sponsors through the inclusion of overhead charges that are determined through negotiations with the federal government. Overhead is USC's method of recovering costs of facilities where research takes place and administrative costs that cannot be directly attributed to any individual project. USC applies the negotiated federal rates (posted here: [research.usc.edu/dcg/proposal-development/rates-at-a-glance/](http://research.usc.edu/dcg/proposal-development/rates-at-a-glance/)) to all sponsors, federal and non-federal.

### Exceptions

**Industry Sponsored Clinical Trials** are subject to a 35% total direct cost rate, as explained here: <https://research.usc.edu/files/2015/05/CTO-Fee-Schedule-Final-0508152.pdf> (note that some fees are not subject to overhead).

**Dean Approved Exceptions:** deans (and their designees) may approve an exceptional rate (higher or lower than federal rate) for non-federal sponsors, though reductions are discouraged for industry sponsors. It is understood that foundations may have policies that require reduced overhead rates, which are routinely approved by deans. Some federal programs, such as training grants, may require a reduced overhead rate, and should be routinely approved by deans.

**Gifts:** a reduced 15% overhead is normally applied to gifts, meaning a donor does not receive intellectual property rights or any other tangible research product in exchange for the money given to the university. More information can be found here on what constitutes a gift: [research.usc.edu/policies/agreement-terms/](http://research.usc.edu/policies/agreement-terms/).

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### **Intellectual Property Provisions**

Standard intellectual property terms give industry sponsors the first right to negotiate a license with USC. Special IP terms, such as a non-exclusive-royalty-free license, will be reviewed by USC Stevens, and are subject to approval by the VP of Research.

Such requests are only considered for industry sponsors that pay full federal overhead, as well as satisfy other requirements. Consult USC Stevens prior to entering into discussions for special IP terms.

### **Division of Overhead Among Schools**

For multi-school projects, schools are expected to divide overhead according to where the work takes place. The simplest mechanism to achieve this goal is to establish satellite accounts for participating investigators in each participating school. More information can be found here: [research.usc.edu/files/2011/07/Multiple-Sch-Res-Projects-Ltr-8-27-12.pdf](http://research.usc.edu/files/2011/07/Multiple-Sch-Res-Projects-Ltr-8-27-12.pdf)

### **More Information**

Answers to frequently asked questions on sponsored agreements: [research.usc.edu/for-sponsors/frequently-asked-questions/](http://research.usc.edu/for-sponsors/frequently-asked-questions/)

USC Guide to Research: [research.usc.edu/files/2011/07/Guide-to-Research-8.19.15.pdf](http://research.usc.edu/files/2011/07/Guide-to-Research-8.19.15.pdf)

USC Guide to Clinical Research: [research.usc.edu/files/2013/03/Guide-to-Clinical-Research-at-USC-Update-012916.pdf](http://research.usc.edu/files/2013/03/Guide-to-Clinical-Research-at-USC-Update-012916.pdf)

For assistance on industry sponsored research agreement contact the DCG principal officer assigned to your unit or Vasiliki Anest, senior director, corporate collaborations at USC Stevens: [anest@usc.edu](mailto:anest@usc.edu)

**Please make sure your research administrators are familiar with the rules and resources explained above**