

## Summary of new overhead system for research projects

### Objective:

- **Increasing income from 2nd and 3rd money stream funding**  
VU aims - prompted by the adjustment - to increase income from sources other than government funding (first money stream) by at least 10%.

### Current situation/overhead methodology until 30-4-2025

- **Negative impact of the current overhead system**  
The current system of charging overhead costs to projects can discourage the application/landing of new projects at VU because of the high KDM costs. In many cases (especially in the case of Beta because of the high surcharge lab ) this method leads to negative financial results on projects, which necessitates high own contributions at the expense of the first money stream. As a result, fewer projects are applied for than elsewhere where the overhead on projects is considerably lower.

### New situation/overhead methodology from 1-5-2025

- **From overhead *charging* to overhead *coverage***  
The new system focuses on the contribution of projects to the coverage of overhead costs of VU instead of the costs generated by these projects (after all, the total overhead costs of VU do not scale with the number of projects). This system should stimulate the start and acquisition of new projects. Projects in the application phase with funding after 1-5-2025 will be converted to the new methodology. Ongoing projects will not be adjusted.
- This system ensures that the overhead costs allocated to a project can also be borne by that project. This includes a more nuanced calculation of overhead contributions based on the type of project and the specific requirements.
- Every project involves costs for management, accommodation and facilities, and is therefore burdened with overhead.
- This system strives for simplicity, with minimal calculation rules and easy implementation.
- **4 Clusters:**

The current portfolio has been reduced to four clusters:

1. **Second money stream projects (e.g. NWO, KNAW, Gravitation):** Historically, VU charged very limited overhead on these projects, because no overhead reimbursement compensation is offered. The new method proposes to charge (limited) overhead in order to create some cover for the total overhead costs to be covered by the faculty/department.
2. **Third money stream projects with overhead reimbursement (e.g., EU, NIH, Templeton):** Overhead is charged accordingly to what is reimbursed externally.
3. **Other first and third money stream public projects:** A uniform approach to overhead charge on projects is applied (an overhead percentage on the direct costs), regardless of the specific subsidy conditions. In terms of overhead percentage, a distinction is made between AG (10%) and Beta (20%).

4. **Third money stream private projects:** Overhead is charged based on actual use of facilities and resources with specific rules for projects with laboratory use. This does not differ from the overhead methodology for 1-5-2025.

#### New overhead percentages per faculty and per cluster

Cluster 1 Second money stream projects (NWO, KNAW, SGF, ZWK)					A/G	Beta
	From	To	Projects vs. total	Subcluster	New % Overhead	New % Overhead
Direct costs	€ -	€ 350.000	55%	1A	2%	2%
Direct costs	€ 350.001	€ 850.000	35%	1B	2%	3%
Direct costs	€ 850.001	€ 999.999.999	10%	1C	2%	4%

#### Cluster 2 Third money stream public projects with subsidy coverage based on percentage (EU, NIH, Templeton,...)

Various percentages are possible here, determined by the subsidy scheme itself.

Cluster 3 First and Third money stream Public projects "other"					A/G	Beta
	From	To	Projects vs. total	Subcluster	New % Overhead	New % Overhead
Direct costs	€ -	€ 200.000	55%	3A	10%	20%
Direct costs	€ 201.001	€ 850.000	32%	3B	10%	20%
Direct costs	€ 850.001	€ 999.999.999	13%	3C	10%	20%

#### Cluster 4 Third money stream projects "private" (results of the research remain exclusive with the client)

The full overhead costs must land on the project. Costs may vary. For the time being, the existing calculation rules must be followed.

#### Conclusion:

The new overhead system aims to create a more sustainable and stimulating climate for initiating and managing research projects at VU, where overhead costs are fairly distributed and covered by the projects themselves.

If you have any specific questions or need more details, please contact your project controller.