Indirect Cost Distribution Formulas

Indirect Cost Distribution and Use [Indirect Cost Recovery, Distribution and Use (A-51)]

The Texas Education Code, Section 145.001 provides that recovered indirect costs can be retained by state universities to support and encourage further research. The revenue from indirect cost reimbursements to SFA shall be allocated annually:

1. ORSP shall receive an amount sufficient to cover the total actual costs of operations as approved by the provost and vice president for academic affairs (VPAA).
2. The academic units that generated the recovered indirect costs shall receive fifty percent of any remaining revenue up to $100,000 and one hundred percent of any remaining revenue in excess of $100,000. Such units shall expend the funds for projects encouraging further research, including:
   a. conducting pre-grant feasibility studies;
   b. preparing competitive proposals for sponsored programs;
   c. providing carryover funding for research to provide continuity between externally funded projects;
   d. supporting new researchers pending external funding;
   e. purchasing capital equipment directly related to expanding the research capability of the institution; and
   f. providing research or project administrative costs not covered by the funding entity.

All funds shall be expended to support research and sponsored programs at SFA according to the provisions of the Texas Education Code, Section 145.001. Additionally, the university shall report the actual amounts of money retained and expended under this policy and the estimated amounts for the next biennium in its report to the Legislative Budget Board as part of the biennial budget reporting process.

ORSP shall calculate distributions of recovered indirect costs to academic units based on a formula recommended by the University Research Council and approved by the provost and VPAA. The distributions shall be made by the controller at the beginning of each fiscal year, based upon the previous year's indirect cost reimbursements

**FY2009 formula:** 60% department, 30% PI/PD, 10% college

*As adopted by the URC – January 2011* - In years that the available amount to distribute is:

- $\leq$10,000, hold the distributions until the next fiscal year.
- $\leq$25,000, change the allocation formula to 20% department, 70% PI/PD, 10% college.
- $>25,000$, change the allocation formula to 40% department, 50% PI/PD, 10% college.

*Per Dr. Berry’s recommendation, IDC collected in FY2010 should be distributed in FY2011.*