Procedure Statement

This Standard Administrative Procedure (SAP) outlines the distribution and expenditure of net receipts of indirect costs generated by external funding agreements.

Reason for Procedure

This SAP is necessary to provide a basis for indirect cost allocation.

Procedures and Responsibilities

1. The distribution of indirect costs from external sources shall be as follows:

   1.1 100% of indirect cost recoveries will be recorded as designated fund revenue in accordance with State guidelines. The funds received for each grant shall be allocated as follows:

      1.1.1 30% of individual project indirect cost recoveries will be reallocated and used to support undergraduate and graduate research and administrative oversight.

      1.1.2 10% of individual project indirect cost recoveries will be reallocated to the Office of the Provost and Executive Vice President for Academic Affairs (VPAA) to serve as a contingency fund to provide a source for university research support, promote academic research related learning, serve as stimulus for new research efforts, provide for administrative support, and other efforts not funded by the above categories.

      1.1.3 15% of individual project indirect cost recoveries will serve as University Indirect Cost and will be used for administrative support (i.e. – lease of research space and post-retirement benefits for university retirees whose salary was funded from external programs and sponsorships). For purpose
of this procedure, the terms retiree and retirement are as defined by the Texas Teacher Retirement System.

1.1.4 45% of individual project indirect cost recoveries will be reallocated to the Principal Investigator (PI), Principal Investigator’s Department Head, Dean and/or Vice President for support of related programs, research and/or activities. The reallocation shall be as follows:

- **Academic Teaching Departments:**
  - 54% - Principal Investigator
  - 34% - Appropriate Department Head
  - 12% - Appropriate Dean

- **Academic Non-Teaching Departments and Non-Academic Departments:**
  - 54% - Principal Investigator
  - 46% - Appropriate Vice President

2. The funds shall be expended in compliance with Texas Education Code, 145.001 - Grants and Research Expenses.

3. The Grant/Contract Accountant shall facilitate the distribution of indirect cost funds.

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**Related Statutes, Policies, or Requirements**

- System Policy 15.01, Research Agreements
- System Regulation 15.01.01, Administration of Sponsored Agreements-Research and Other
- System Regulation 21.01.03, Disbursement of Funds
- Texas Education Code, 145.001 - Grants and Research Expenses

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**Office of Responsibility**

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