1. PURPOSE

The Texas Education Code, Chapter 145 provides that recovered indirect costs (F&A) can be retained by State universities. In accordance with The Texas State University System Rules and Regulations, Chapter III, Section 6 (15), all F&A revenue is to be used to support and encourage research, grants, and sponsored programs.

2. RATIONALE

The state of Texas encourages incentives to increase research activities through the dedication of a portion of the recovered indirect costs to the unit responsible for generating the F&A. Distribution at the college/school, department, and principal investigator level meets this objective.

3. DEFINITION OF INDIRECT COST

3.01 The term indirect cost, as used in this policy statement, refers to those costs that cannot be charged to a grant or contract as a direct cost. These costs include, but are not limited to:

a. Depreciation and use allowances

b. General administration and general expenses

c. Sponsored project’s administration expenses

d. Operation and maintenance expenses

e. Library expenses, departmental administration expenses, and student administration expenses

3.02 Sam Houston State University must, on a periodic basis, negotiate an indirect cost rate with the federal government. This rate allows the university to collect a predetermined percentage of the funds requested in a grant or contract to offset the cost of conducting the proposed research. The term recovered indirect cost (RF&A) refers to indirect costs that have actually been recovered to date from a funded grant or contract.
4. USE OF RECOVERED INDIRECT COSTS

Recovered F&A funds are to be expended to enhance the university’s research efforts and include, but are not necessarily limited to, the following purposes:

- Conducting pre-grant feasibility studies;
- Preparing competitive proposals for sponsored programs;
- Providing carry-over funding for research efforts to provide continuity between externally funded projects;
- Supporting new researchers, pending external funding;
- Purchasing capital equipment directly related to expanding the research capability of the institution;
- Research or sponsored program administrative costs; and
- Engaging in research programs of critical interest to the general welfare of the citizens of the state of Texas.

5. INSTITUTES AND CENTERS

5.01 Institutes or centers may be established at the department/school, college, or university level in accordance with Academic Policy Statement 950609, Establishment and Review of Centers and Institutes at Sam Houston State University.

5.02 No indirect cost distribution will be made to institutes or centers operating at the department level unless the following steps are followed:

a. The center or institute must be formally established and approved by current policy.

b. Proposals for external funding will require the signature of the appropriate department/school chair(s), dean(s), and center or institute director(s) before processing.
5.03 If a faculty member identified with a center or institute submits a proposal which is not connected with the center or institute and for which the center or institute should not receive credit, such indication must be made on the proposal transmittal form and be acknowledged by both the dean(s) and the center or institute director.

6. DISTRIBUTION OF RECOVERED INDIRECT COSTS

6.01 Fifty percent (50%) of the total F&A recovered during the fiscal year (September 1 through August 31) will be distributed in October of the following fiscal year to the SHSU units that generated the F&A as follows:

a. 30 percent to the college

b. 35 percent to the department/school

c. 35 percent to the principal investigator (PI) for research-related expenditures at his or her direction in accordance with section 4 above. Requests (including ePAFs) for F&A funds used as salary or stipend for the PI must include a memo outlining proposed research.

The above percentages apply when a single investigator, department/school, and college are involved.

6.02 When a university recognized center or institute is the generating unit, fifty percent (50%) of the total F&A recovered will be distributed as follows:

a. 35 percent to the center or institute

b. 35 percent to the principal investigator (PI) for research-related expenditures at his or her direction in accordance with sections 4 and 6.01(c) above.

c. 15 percent to college, if applicable; if not, distributed equally to PI and center or institute

d. 15 percent to department, if applicable; if not, distributed equally to PI and center or institute.
6.03 The remaining fifty percent (50%) of recovered indirect cost that can be used for general institutional purposes will be used to support research. Each year, the Associate Vice President for Research and Sponsored Programs, in consultation with and with the approval of the Provost and Vice President for Academic Affairs, will determine how these funds can best be used to support research activities.

6.04 Records of recovered indirect costs and distribution thereof will be kept on an annual basis by the Office of Research Administration. This baseline amount is subject to change on a yearly basis. F&A funds distributed by the Associate Vice President for Research and Sponsored Programs during the fiscal year to any generating unit will be counted a part of the total distribution due that unit at the end of the fiscal year.

7. REPORTS

The Associate Vice President for Research and Sponsored Programs will report annually to the Provost (during the fall semester, one year after receipt of funds) how funds were used and how this funding has benefited research at SHSU.

APPROVED: Dana L. Gibson, President

DATE: 1/1/14
CERTIFICATION STATEMENT

This academic policy statement (APS) has been approved by the reviewer(s) listed below and represents SHSU’s Division of Academic Affairs’ policy from the date of this document until superseded.

Original: August 18, 1995
Reviewer(s): Research & Sponsored Programs
Council of Academic Deans
Academic Policy Council

Approved: [Signature]
Jaimie L. Hebert
Provost and Vice President
for Academic Affairs

Review Cycle: August 1, ONY*
Review Date: August 1, 2015
Date: 1·13·14

*ONY = Odd Numbered Year