

1. PURPOSE

The purpose of this academic policy statement is to provide the guidelines for the distribution of recovered overhead expenses/indirect/facilities and administration costs associated with a funded grant or contract.

2. RATIONALE

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

3. DEFINITION OF FACILITIES AND ADMINISTRATION COSTS

3.01 The term Facilities and Administration Costs (F&A) as used in this policy statement, refers to those costs that cannot be charged to a grant or contract as a direct cost. F&A Costs are defined by the Code of Federal Regulations for Grants and Agreements (see <https://www.gpo.gov/fdsys/granule/CFR-2012-title2-vol1/CFR-2012-title2-vol1-part220>). Typical F&A could 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; and
- e. Library expenses, departmental administration expenses, and student administration expenses.

3.02 Sam Houston State University must, on a periodic basis, negotiate an F&A rate with an assigned cognizant federal agency (Department of Health and Human Services or Department of Defense). 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.

4. USE OF RECOVERED FACILITIES AND ADMINISTRATION COSTS

RF&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 is formally established and approved by the President as outlined in current policy.
 - b. Proposals for external funding 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 routing form and be acknowledged by both the dean(s) and the center or institute director. Any funding request related to a center/institute should clearly identify the center/institute in the routing form and be acknowledged by both the PIs chair, dean, and the center/institute director or the proposal will be considered a department-level request.

6. DISTRIBUTION OF RECOVERED FACILITIES AND ADMINISTRATION COSTS

- 6.01 Fifty percent (50%) of the total RF&A 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 RF&A allocated for general institutional purposes will 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 are distributed to support research activities.
- 6.04 Records of RF&A and distribution thereof will be maintained by the Office of Research Administration. Allocation of RF&A is subject to change on a yearly basis.

7. REPORTS

The Associate Vice President for Research and Sponsored Programs will report annually to the Provost how funds were used and how this funding has benefited research at SHSU.

APPROVED: <signed>
Dana G. Hoyt, President

DATE: 12/10/18

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): Council of Academic Deans
Faculty Senate
Academic Affairs Council

Review Cycle: Five years*
Review Date: Fall 2021

Approved: <signed>
Richard Eglsaer
Provost and Vice President
for Academic Affairs

Date: 12/11/18

*Effective January 2018, Academic Policy Statements will be reviewed on a rotating 5-year schedule. To transition to a distributed review load, some policies may be reviewed prior to the 5-year timeframe, with subsequent reviews transitioning to the 5-year schedule.