



Indirect Cost Return Policy FY 2023/2024

As with other colleges, the College of Liberal Arts (COLA) receives from UT 25% of all indirect costs (IDC) generated from sponsored research awards in CoLA that were active and incurring charges in the previous *calendar* year. The University retains the other 75%. In cases where PIs work across colleges, an adjustment of the returned IDC takes place prior to its distribution.

IDC cost-return policies vary across colleges. Historically, COLA has had the most generous policy, returning 72% of its 25% share to the units that generated the IDC. In order to cover new research initiatives and expanded research administration report, COLA will shift to a new IDC return, effective as of September 1, 2023. The tentative schedule for this process is:

- FY 2023/2024: Sept 2023 distribution remains at 72% returned to units
- FY 2024/2025: Sept 2024 distribution shifts to 50% returned to Units

Upon verification of amounts returned by the Office of the Vice President for Research at the start of fiscal year, COLA sends the proportional IDC generated by particular faculty members to their home units (e.g., department, center, organized research unit). The unit distributes the funds according to its needs and procedures, typically assisting in offsetting overhead expenses associated with sponsored research but also investing in research development.

The IDC that COLA keeps has been used primarily for Liberal Arts Grant Services operations, including staff salaries, as well as graduate student initiatives and other special research investments. The shift in IDC return will enable further expansion of the services and programs.

Funds returned to the units are best used for expenses that are not normally allowed as direct expenses on a grant. Here are some examples of how such funds are commonly used:

- Matching funds commitments for grants and sponsored projects
- Minor laboratory renovations (e.g., modifications needed for new instruments)
- Support for common or shared administrative structures in the units
- Support of broad-use core facilities
- Research administration staff support and other appropriate items related to the administration of research
- Seed money for new research projects
- Equipment needed to support research activities
- GRA support: Graduate student recruitment efforts, stipend support, supplements to cover tuition and benefits for graduate students on external fellowships

IDC funds are used to cover indirect or “overhead” costs incurred by UT as it pursues its research mission. Such costs include, among others, equipment and facilities; laboratory, office space and equipment maintenance; support staff and students; the cost of rent and utilities; janitorial staff and IT support; administrative and grant management services; and renovations. These costs are necessary to create and maintain the research environment that is critical to our mission and stature as a flagship institution.

IDC rates are negotiated centrally with the federal government, and are applied consistently across the institution. Detailed information about IDC rates is available at

<https://research.utexas.edu/osp/resources/fa-memo/>