

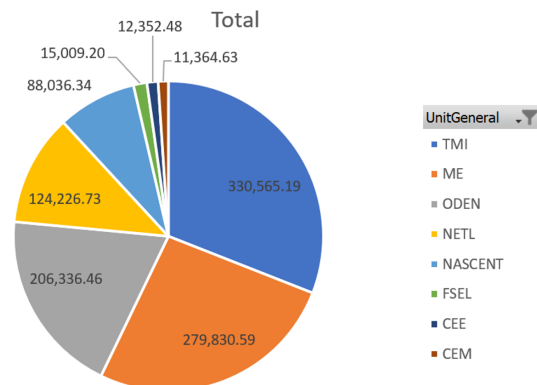
**Policy on Accessing Funds from Indirect Cost Return**  
Walker Department of Mechanical Engineering  
December 2024

This policy describes appropriate uses for funds from overhead (OH) return, and the procedure for faculty to request access to these funds. Faculty are encouraged to consult this policy before making such a request.

**Background:** 75% of the OH generated by grants is held centrally by the University. Of the remaining 25%, roughly half (~12% of the total) is returned annually to a department or to an ORU, with the remainder kept by the Cockrell School. There is a substantial delay – of several months to a year – between the awarding of a grant and the time at which OH from that grant begins to be returned.

Faculty who author successful grants select the entity that receives the 12% OH that is returned. For example, faculty that run their grants through ME have their OH returned to ME, grants submitted through the Texas Materials Institute return OH to TMI, etc. Some ORUs, such as Texas Robotics, share returned OH with departments.

The figure below shows how OH generated by ME faculty during a recent year was distributed to various ORUs. Only 28% of the available OH was returned to ME.



**Prohibited uses of OH return:** The Cockrell School places restrictions on the use of these funds (see Appendix). For example, “it is the policy of the CSE that these funds not be re-allocated directly to the faculty for spending at their discretion.” In addition, these funds are “not to be used for items that would normally be allowed as direct expenses on a grant or contract.”

**Allowed uses of OH return:** Since OH is generated by research grants, it is expected that OH funds will be used to support activities related to research. Example uses include:

- Salaries for administrative/clerical personnel that are required for execution of a project

- Required cost-sharing commitments for proposals
- Minor research renovations
- Support for shared administrative structures
- Staff to support research
- Research equipment
- Seed funds for new projects
- Other items related to the administration of research

The ME department most commonly uses OH return to support structures that *broadly benefit the department*, such as the salaries of staff that support pre- and post-award grants administration, for research support for new faculty, and for required cost-sharing on proposals. Use of OH for staff salaries is beneficial because these funds do not incur expenses from fringe benefits.

**How to request access to funds from OH return:** Requests can be submitted at any time.

***Faculty that direct OH to ME*** should send requests for OH funds to the ME Chair. Requests should be consistent with the allowed uses described above. Requests for required cost sharing and for uses that broadly benefit the department will receive the highest priority.

***Faculty that do not direct OH to ME*** may also place a request to the ME Chair. However, at the Chair's discretion, these requests may be redirected to the ORU that receives the requesting faculty's OH. Alternatively, the Chair may assist the faculty by advocating for CSE funds on the faculty's behalf, or by authorizing the use of endowment funds.

## Appendix



### COCKRELL SCHOOL OF ENGINEERING THE UNIVERSITY OF TEXAS AT AUSTIN

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*Associate Dean for Research  
ECJ 10.338, MC C2100  
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#### MEMORANDUM

**DATE:** June 26, 2024

**TO:** Research Unit Directors and Department Chairs

**FROM:** Fernanda L. Leite *F.L. Leite*  
Associate Dean for Research and  
Joe J. King Professorship in Civil, Architectural and Environmental Engineering

**SUBJECT:** Indirect Cost Return Allocation for 2024-25

The email message you will soon receive from Selina Yanez will inform you of the amount of Indirect Cost funds that have been allocated to your research unit for the 2024-2025 budget year. The Vice President for Research (VPR) returns 25% of the indirect costs each sponsored project generates in the previous calendar year, in this case 2023 forms the basis for your particular allocation. We will charge 3% against the VPR-returned funds to cover the Cockrell School of Engineering costs associated with EER operations and central Workday staffing. We are allocating 51% of the remaining VPR-returned funds that are associated with your research unit. In some cases, there are arrangements for sharing of IDC returned by faculty to the CSE with different colleges and schools, and those commitments have been factored into the amount remaining for your research unit. If there were direct cost-sharing commitments of IDC funds to a faculty member serving as the principal investigator on a major research proposal from your research unit, those funds were subtracted from the total earned before the 51% was determined. You would have been made aware of these commitments at the time the proposal was submitted.

There are restrictions in the use of these funds by the University and by the school. It is the policy of the CSE that these funds not be re-allocated directly to the faculty for spending at their discretion. The CSE expects you to manage these returned funds centrally against budgets you

have prepared for your research unit. In general, these returned funds are not to be used for items that would normally be allowed as direct expenses on a grant or contract. Possible uses of the funds include:

- Salaries of administrative and clerical personnel that are required for the proper execution of individual projects, and are not allowed as direct charges to contracts or grants under OMB Uniform Grant Guidance: <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-E/subject-group-ECFRd93f2a98b1f6455/section-200.413>
- Routine matching funds commitments made to sponsors in proposals;
- Minor research renovations;
- Support for common or shared administrative structures;
- Staff to support research activities;
- Equipment needed to support research activities;
- Seed money for new research projects; and
- Other appropriate items related to the administration of research

If you have any questions on the use of these funds or the policies of the university or the Cockrell School, please do not hesitate to ask.

cc: Roger T. Bonnecaze  
Patrick J. Abbott  
Selina M. Yanez

FLL:sy