1. BACKGROUND, VISION and GOALS

This policy outlines how indirect cost recovery (ICR) funds associated with sponsored projects (e.g., grants, contracts, or other sponsorships) will be allocated and used at The University of Texas Rio Grande Valley (UTRGV).

Texas Education Code, Section 79.04, authorizing the establishment of UTRGV provides “…for the conduct of the university as a university of the first class.” As quality research and the advancements that accrue to society are characteristic of a university of the first class, UTRGV will establish strategies that stimulate high quality research. For purposes of this policy, research activities are efforts organized primarily to systematically explore, investigate, or study ideas that may lead to new discoveries.

ICR funds are provided to the institution to cover legitimate overhead expenses associated with sponsored activities, such as sponsored project offices and other research-related services, utilities costs, security, building and equipment depreciation, interest on facilities debt, accounting, purchasing, payroll services, deans’ offices, etc. However, with the goal of achieving Emerging Research University status within seven years of its launch, UTRGV will invest ICR funds in the research enterprise, with consideration to accelerating research activities, in general, and research activities impacting the South Texas Region and the State of Texas, in particular.

The core elements of activity that the ICR funds will finance include: (1) Institutional Support; (2) Incentives; and (3), Research Infrastructure. Please refer to Attachment “A” for details of the allocation methodology by Tier level; estimated figures are used for illustration.

2. ALLOCATION OF FUNDS

Beginning September 1, 2019, The University of Texas, Rio Grande Valley will allocate and distribute the ICR funds as follows:

**Tier I - Base Distribution – less than $7.5M annually**

**Institutional Support, 40%:**

The institutional support allocation will support the E&G general budget including administrative overhead as described above.

**Incentives, 30%:**

To incentivize sponsored project activity, 20% will be allocated back to the ICR-generating division. To support the research enterprise, 10% will be allocated to the Research Division.
Effective September 1, 2021, for purposes of identifying the ICR-generating division, the College of Health Professions, the School of Nursing, and the School of Social Work shall be considered components of the Division of Academic Affairs.

**Research Infrastructure, 30%:**

30% of the ICR funds will be allocated to the Research Division to cover the institution’s research infrastructure. The following is a list of “key” earmarks that must be funded, in priority order:

1. 25% will be allocated to support a share of the total lease payment for the DHR research facility, the remaining 75% of the lease payment will be financed by the SOM from other revenue sources;
2. 100% of the maintenance and utilities cost for the DHR research facility;
3. Other research infrastructure costs as approved by the President at the request of an EVP; and
4. Remaining funds, if any, at the end of each fiscal year shall be distributed to divisions in proportion to ICR generation.

**Tier II – ICR Distribution – $7.5M and above, but less than $10M**

As above, except 50% of the DHR research facility lease payments shall be covered as the highest priority from the Research Infrastructure allocation.

**Tier III – ICR Distribution – $10M and above**

As above, except the Institutional Support allocation is reduced to 30%, and the Incentive allocation to be prorated among ICR-generating divisions is increased to 30%.

Each Vice President will develop distribution policies for their division.

**Guidelines:**

i. ICR funds may be used to support activities that include, but are not limited to, startup funds, shared research equipment and facilities investments, development of proposals, travel, collaborations amongst researchers, meeting with or participating in discussions with funding agencies, presentation of research results at conferences or other meetings, data collection, compensation of research assistants, purchase of dedicated equipment, equipment maintenance, non-permanent technical staff, and renovation of research space.
ii. Whenever ICR funds are allocated to Principal Investigators (PI), those allocations may be distributed to only one PI per project. Formally splitting an allocation between multiple PIs and/or co-PIs will require that a separate grant or contract project be used for each PI; it is important that these agreements be made prior to expenditures occurring on the grant. In some cases, participants may opt instead to informally share the ICR allocations.

iii. Whenever ICR funds are allocated to Centers, Center Directors (CD) shall use their funds to support the administration and operations of their center including, but not limited to, staff hires not supported on grants, research equipment maintenance, travel and supplies. Positions funded with ICR funds shall not be considered permanent [refer to section 4.f].

iv. If ICR funds are apportioned to a PI or CD, those funds will remain under that person’s control for use in accordance with this policy until the funds are expended or until that person’s ties with the institution are terminated.

v. When a PI or CD leaves the institution or when a Center is dissolved, the funds apportioned to the PI or CD shall be transferred to the respective dean or other reporting unit.

vi. In the event of change in leadership of a Center, the funds shall remain with the Center or reporting unit at the discretion of the EVP to whom the Center ultimately reports.

vii. Any deficits in ICR accounts at fiscal yearend shall be addressed by the respective Vice President.

viii. All unexpended funds that have been allocated will roll-over into each subsequent fiscal year until the funds are expended.

ix. In special circumstances not described in this document, ICR allocations will be handled on a case-by-case basis. Exceptions to the allocation scheme outlined in section 2 of this document shall be communicated by the EVP of Research to the EVP for Finance and Administration.

x. Allocations for research infrastructure support shall be applied first toward obligations incurred for research facilities owned and leased by UTRGV. These obligations include the lease and/or debt payments, maintenance, custodial and utilities expenses.

3. CERTIFICATION and DISTRIBUTION OF FUNDS

ICR distributions shall be made on a quarterly basis. The Director of Grants Accounting shall certify the ICR funds to be distributed per Sec. 2 of this policy. The Planning and Analysis Office will post the distributions.

The tier level, as described in Sec. 2 of this policy, to be used for ICR distributions shall be set during annual operating budget development and be based on activity over the most recent four quarters. The tier level so identified will be effective for the fiscal year being budgeted.

For purposes of the incentive portion of the distribution, the division to be credited for ICR generation will be based on the home department of the Principal Investigator.
4. GUIDING PRINCIPLES

a. Awareness of applicable statutes, rules, and guidelines is mandatory of all persons engaged in the processes described in this document.

b. The award of funds shall be made in a manner that ensures that both new and ongoing research efforts are given consideration.

c. Funding awards shall be aligned with UTRGV’s goal of achieving Emerging Research University status.

d. As with equipment purchased from project, contract, or grant funds, all equipment purchased with ICR funds remains the sole property of the institution.

e. The President retains the right to redirect ICR funds to the general budget if in his or her judgement the redirection serves the greater interest of the institution.

f. ICR funds shall be considered soft monies. Employees hired with ICR funds must be notified that the position is not permanent and is contingent on continued funding.

Last updated: July 7, 2021
## Attachment A

### Tier I: Annual distribution less than $7.5M

<table>
<thead>
<tr>
<th>Institutional Support</th>
<th>ICR-Generating Division</th>
<th>Research Infrastructure</th>
</tr>
</thead>
<tbody>
<tr>
<td>$5,000,000</td>
<td>40%</td>
<td>20%</td>
</tr>
<tr>
<td>ICR Gross Allocation</td>
<td>$2,000,000</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>less Rent</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>less Maintenance &amp; Utilities</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Allocation of ICR</strong></td>
<td><strong>$2,000,000</strong></td>
<td><strong>$1,000,000</strong></td>
</tr>
</tbody>
</table>

### Tier II: $7.5M and above, but less than $10M

<table>
<thead>
<tr>
<th>Institutional Support</th>
<th>ICR-Generating Division</th>
<th>Research Infrastructure</th>
</tr>
</thead>
<tbody>
<tr>
<td>$7,500,000</td>
<td>40%</td>
<td>20%</td>
</tr>
<tr>
<td>ICR Gross Allocation</td>
<td>$3,000,000</td>
<td>$1,500,000</td>
</tr>
<tr>
<td>less Rent</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>less Maintenance &amp; Utilities</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Allocation of ICR</strong></td>
<td><strong>$3,000,000</strong></td>
<td><strong>$1,500,000</strong></td>
</tr>
</tbody>
</table>

### Tier III: $10M and above

<table>
<thead>
<tr>
<th>Institutional Support</th>
<th>ICR-Generating Division</th>
<th>Research Infrastructure</th>
</tr>
</thead>
<tbody>
<tr>
<td>$10,000,000</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>ICR Gross Allocation</td>
<td>$3,000,000</td>
<td>$3,000,000</td>
</tr>
<tr>
<td>less Rent</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>less Maintenance &amp; Utilities</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Allocation of ICR</strong></td>
<td><strong>$3,000,000</strong></td>
<td><strong>$3,000,000</strong></td>
</tr>
</tbody>
</table>