

**Dr. Jeffrey R. Seemann**  
*Vice President for Research*

July 11, 2012

**MEMORANDUM**

**TO:** Texas A&M University Research Community

**SUBJECT:** Indirect Cost Distribution at Texas A&M University

This memorandum announces a new formula for the distribution of indirect cost (IDC) return earned on direct expenditures from sponsored research grants and contracts awarded to Texas A&M University. The intent of this new distribution formula is to help stimulate the growth of research and scholarship at Texas A&M by: (1) guaranteeing a significant return of IDC to principal investigators (e.g., faculty) whose research success generates IDC; (2) increasing the total return of IDC to colleges and faculty to further assist their research growth and competitiveness; (3) ensuring the University invests in campus-wide research priorities and infrastructure development in an even more focused and efficient manner; (4) providing the most cost-efficient and transparent method for supporting sponsored research grants and contracts administration; and (5) supporting the growth of interdisciplinary research by investing in University centers and institutes.

In order to help achieve these goals, I am immediately implementing the IDC distribution formula outlined below, which will replace the current practice for distribution of IDC return by Texas A&M University:

- A guaranteed direct allocation of 15 percent of IDC will now go to principal investigators (PIs) whose grants generate IDC. Consistent with current practice, colleges may supplement this direct allocation to PIs from their portion of the formula IDC return.
- Colleges will receive a guaranteed direct allocation of 35 percent of total IDC. By combining the IDC distributions to both PIs and colleges, the University will increase its direct investment – from 40 to 50 percent of total IDC – in the research activities of the colleges and individuals producing IDC.
- A reduction from 40 percent to 35 percent of total IDC will be retained by the University for strategic investment in and support of major research initiatives by colleges, departments, centers and institutes, and lead PIs.
- A reduction from 20 percent to 15 percent of total IDC will be allocated to support sponsored research services as a result of the reduction in costs associated with the creation of The Texas A&M University System Office of Sponsored Research Services (OSRS).
- When grants earning IDC are substantially associated with Board of Regents-approved University centers or institutes, a reallocation of 10 percent of the IDC – five percent coming from the University's allocation, if matched by the college(s) also receiving

IDC – will go to the respective centers or institutes in order to support the growth of interdisciplinary research initiatives.

The table in the [attached](#) document summarizes the current and new allocation formulas for the distribution of IDC from sponsored research grants and contracts awarded to Texas A&M University. The [attachment](#) also provides more context and details for current and new IDC allocations and expands on the rationale for this change.

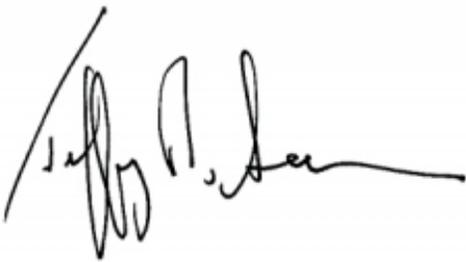
Texas A&M University's new formula for distribution of IDC is intended to better position faculty, departments, and college leadership to invest in and support research programs and initiatives that have the greatest potential to bolster Texas A&M's rise among the nation's great research universities. Even more importantly, this new approach will deliver larger and more direct investments to the basic and applied research projects that hold the most promise for solving the grand scientific, engineering, and societal challenges of our time and for making significant impacts in disciplinary and interdisciplinary research.

The new IDC distribution formula will be instituted effective September 1, 2012, and will be retroactive on earned IDC for the final six months of FY12 (March-August 2012), ensuring that PIs, departments, and colleges realize immediate benefits.

In these challenging economic times, the University continues to strive to find resources to more directly invest in the growth of research at Texas A&M. The change to IDC distribution represents one way in which we can utilize existing resources to fuel those efforts, as do other ongoing activities focused on reducing administrative costs associated with regulatory burdens and eliminating duplicative infrastructure and administration.

Thank you for your ongoing partnership and leadership in helping Texas A&M University continue to grow as one of the premier research institutions in the nation.

Regards,

A handwritten signature in black ink, appearing to read 'Jeffrey R. Seemann', written in a cursive style.

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Attachment: [Increasing Investment in Research](#)

cc:

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Karan L. Watson