



April 2, 2014

All faculty, administrators, and principal investigators:

After extensive analysis, deliberations, and discussions we have decided to change the distribution of collected F&A costs from funded projects for Texas A&M University (TAMU), Texas A&M Engineering Experiment Station (TEES), and Brazos county-based projects for Texas A&M AgriLife Research (AgriLife). We are doing this to better support research. First, note that all F&A costs are assessed on funded projects to appropriately recover actual costs to operate projects within the University and agencies. This negotiated rate is computed to include some costs that cannot be charged directly on most grants, and includes depreciation and interest cost associated with the physical plant; operating and maintenance costs such as utility, security, and custodial costs; and common administrative functions such as SRS, payroll and purchasing. These are real costs and must be paid. Therefore, all F&A costs collected on projects established or renewed after June 1, 2014 will be distributed as follows:

System Component or unit (TAMU, TEES, or AGRILIFE)	60%
Department or unit housing the P.I.	15%
Research Development Fund (RDF)*	15%
P.I. Incentive funds	10%

Further, all existing projects will be converted to this distribution after August 31, 2015, unless the System Component or unit director gains approval from the Executive Oversight Committee which is described below. This distribution is expected to be in place for three years, and only after a review involving the Research Development Fund Management Committee, see below, will the distribution of F&A costs be determined for FY2018 and beyond. CEOs of all State Agencies will maintain the ability to change this distribution if State mandates or organizational requirements are imposed that would require a change.

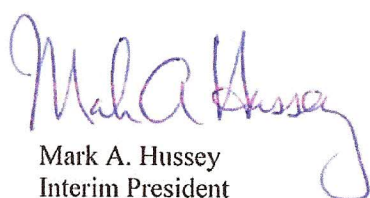
***Research Development Fund (RDF)**


The intention of this fund is to make strategic investments for the good of the total faculty research enterprise, regardless of which unit administers the faculty members research project. These investments are likely to be in the areas of:

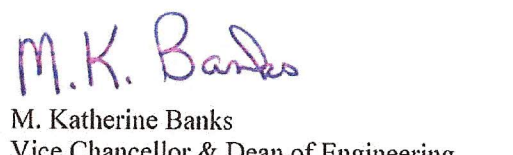
- Core research facilities and equipment, and their initial operation
- Strategic and significant renovations of existing facilities
- Investment in faculty development and support for competing for exceptionally large projects

The Executive Oversight Committee will provide support and annual evaluation of the effectiveness of the Research Development Fund. Members: Vice Chancellor for Agriculture, Vice Chancellor for Engineering and Executive Vice President and Provost of Texas A&M University.

The RDF Management Committee will allocate the RDF after a process that calls upon input and prioritization of ideas from the Council of Principal Investigators, the University Research Council, and the Department Head Steering Committee. The RDF Management Committee members are: Director of Texas A&M AgriLife Research, Deputy Director of Texas A&M Engineering Experiment Station, and Vice President for Research of Texas A&M University.


Mark A. Hussey
Interim President
Texas A&M University


William A. Dugas
Acting Vice Chancellor & Dean of Agriculture
Texas A&M AgriLife


M. Katherine Banks
Vice Chancellor & Dean of Engineering
Texas A&M Engineering Experiment Station