F&A Distribution Model for Main Campus FY15

Vice President for Research
The F&A Process

- A process in Banner is run nightly and creates the expense entry for F&A and the revenue entry based on the F&A rate, the modifiers, and the expenditures
- The revenue from Main Campus funds is transferred to a VPR index
- The Branches receive 100% of their revenue directly
- At the end of each fiscal quarter, the revenue for each Level 3 organization is calculated and transferred
- A preliminary 4\textsuperscript{th} quarter entry is done at the end of June, and a “true-up” entry is done after the fiscal year end
Previous Return Rates

– A&S and SOE received 44% return, other units received 40%
– Centers received 54-64%

Per memo from Nasir Ahmed, VPR, 7/13/1999
Consequences

- Debt grew to $4 million
- Several distribution models were tried
- Expenses were cut
- The VPR debt is now paid off (thank you to EVP Harris for making the final debt payment)
- Currently have CARC debt of $253,406 and CHTM debt of $431,266 (VPR pays half)
Current Return Model

– If F&A earned is >$500K, 35% of the amount earned is returned
– If F&A earned is <$500K, 30% of the amount earned is returned
– Centers:
  • CHTM 60%
  • CASAA 64%
  • EPSCoR 35% to 45% plus some salaries and other costs
  • CMEM and IARS also receive an operating budget from the VPR
### FY 13 Effective Return Rate

<table>
<thead>
<tr>
<th>Level 3 Organization</th>
<th>FY13 F&amp;A Earned</th>
<th>FY13 Total Distributions</th>
<th>% of F&amp;A Returned of the amount that was earned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provost</td>
<td>350,562</td>
<td>121,587</td>
<td>34.7%</td>
</tr>
<tr>
<td>School of Public Admin.</td>
<td>8,930</td>
<td>2,679</td>
<td>30%</td>
</tr>
<tr>
<td>College of Fine Arts</td>
<td>29,502</td>
<td>36,901</td>
<td>125%</td>
</tr>
<tr>
<td>College of A&amp;S</td>
<td>8,988,044</td>
<td>4,969,679</td>
<td>55%</td>
</tr>
<tr>
<td>ASM</td>
<td>23,199</td>
<td>6,959</td>
<td>30%</td>
</tr>
<tr>
<td>College of Education</td>
<td>368,175</td>
<td>177,740</td>
<td>48%</td>
</tr>
<tr>
<td>School of Engineering</td>
<td>5,114,878</td>
<td>3,183,164</td>
<td>62%</td>
</tr>
<tr>
<td>School of Law</td>
<td>112,174</td>
<td>33,652</td>
<td>30%</td>
</tr>
<tr>
<td>School of Architecture &amp; Planning</td>
<td>52,599</td>
<td>23,779</td>
<td>45%</td>
</tr>
<tr>
<td>Library</td>
<td>30,023</td>
<td>9,007</td>
<td>30%</td>
</tr>
<tr>
<td>Continuing Education</td>
<td>523,067</td>
<td>156,920</td>
<td>30%</td>
</tr>
<tr>
<td>VPR</td>
<td>5,998,594</td>
<td>4,434,204</td>
<td>74%</td>
</tr>
<tr>
<td>VP Student Affairs</td>
<td>423,580</td>
<td>127,074</td>
<td>30%</td>
</tr>
</tbody>
</table>
Budget Challenges

• Have to estimate F&A revenue in April preceding the next fiscal year
• Don’t know the actual amount of some costs (start up, cost share, annual leave, Banner tax, waste disposal, etc.) or the revenue earned until after the fiscal year closes
• Therefore, we must budget conservatively to prevent creating a deficit
Why we need to change models

- Transparency
- Reduce costs and provide flexibility in decision making to Deans
- Proposal submission is down
- Sequestration
- Estimated 5-10% decrease in F&A
- Expected $1-2 million shortfall to cover same amount of expenses paid in FY13 and FY14
New Model for FY15

- VPR held a retreat with the Associate Deans for Research and Center Directors
- Discussed several models and components of the VPR budget
- Goal is to prevent creating a deficit again
- Allow units to make funding decisions themselves and decide how to best use limited funds
Key components of model

• Budget for “top slice” of fixed research costs
• Create Strategic Initiatives fund - must be interdisciplinary and benefit more than one individual and department
• Create Equipment renewal fund
• Return to Centers based on current agreements
• Return 100% of residual funds
  – Starting with FY15, rent, start-up, and cost share will be paid by units from their return
  – ¼ of top slice amount retained at each quarter, the residual returned to units
  – If F&A revenue increases, the units receive more
Questions?