



Memorandum

Date: May 6, 2014

To: RIGE Research Core Facility Directors/Managers  
RIGE Research Core Facility Business Managers  
RIGE Research Core Facility Faculty Advisory Committee Chairs

From: Kimberly Andrews Espy, Vice President for Research & Innovation

Re: FY15 Beginning Budget F&A Support for the RIGE Research Core Facilities

This budget memo provides you with information about the projected current FY14 fiscal year recovery of federal Facilities & Administration (F&A) reimbursements, the F&A estimated to be accrued in FY15, the overall FY15 beginning budget for unit return that will be supported by that estimated F&A reimbursement and the subsidy for the RIGE research core facilities..

**Estimate of FY15 Available F&A:** Estimates for FY15 F&A reimbursements available for supporting budgets are predicated on the number of awards active in FY15 and the available budgets in those awards. The number of active awards to date is down 5% over the prior year and the total award amount in dollars is down by over \$24M. A significant number of existing awards have closed out or will close out in this fiscal year. The federal fiscal climate for sponsored activity remains very constrained and the environment for successfully winning new sponsored proposals is highly competitive. On the positive side, the faculty have responded to the circumstances with renewed effort and in FY14 the number of proposal submissions to date campus-wide has increased by roughly 30% compared to the previous fiscal year.

Given the tight federal agency climate and downward award trend, the outlook for F&A reimbursements to be accrued in FY15 is not positive, and is estimated in the beginning FY15 budget to be \$18.6M total, a 5% reduction from the current fiscal year. As noted above, in our projections, we take into account award close outs in 2013-2014 and our projection also relies on historical trends of expenditures on existing awards.

**University Allocation of F&A to RIGE:** In the past, the University has had to pay to OUS an “off-the-top” (i.e., prior to unit distribution) percentage of 4% of federal F&A reimbursements, which ends June 30, 2014 with the governance change to an independent board. As you may know from the January 31, 2014 memo from the Provost that previously was distributed to Center & Institute Directors and Deans (attached here for convenience), effective July 1, 2014, the University will be redirecting these funds to offset the current campus utility expenses incurred, a significant portion of which is related to research, resulting in an allocation of 11.5% of FA reimbursements prior to unit distribution. Furthermore, over the last year, the Provost and Vice President for Finance & Administration (memo attached) have been reviewing and analyzing existing budget practices regarding the provision of facilities and utilities support for on-campus research activity, particularly in facilities leased from external parties. For FY15 and beyond, the University will be

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implementing new practices that consistently budget these expenses directly from central funds, and will begin covering approximately \$371,000 in annual rent expenses that were previously covered out of the RIGE budget. In order to cover this rent cost transfer, effective July 1, 2014, the University will increase the share of FA allocation prior to unit distribution from 11.5% to 13.5% to offset facilities and utilities costs. Therefore, of the estimated \$18.6M F&A reimbursements to be recovered in FY15, the university has dedicated approximately \$2.51M of estimated FY15 F&A towards facility utilities costs, leaving approximately \$16M of estimated FY15 F&A available in the RIGE beginning budget for further allocation.

**RIGE Allocation of F&A in FY15 Beginning Budgets:** The \$16M of estimated FY15 F&A reimbursements used for the RIGE beginning budget funds the central portion of new faculty start-ups, retention and infrastructure (\$3.26M); library (\$482,670); faculty research support/research development (\$2.19M); research administration services (\$5.16M), RIGE research core facility subsidies (\$1.2M), and unit (VP/College/Center & Institute) return (\$3.88M). In addition, our projection for actual FY14 F&A to be recovered by the close of this fiscal year (\$19.4M based on current award information) is below our prior conservative expectations and leaves a shortfall in FY14 F&A reimbursements to cover the FY14 beginning budgets set one year ago of approximately \$800,000. The -\$800,000 difference between FY14 actual reimbursements and FY15 unit distributions will be absorbed on a one time basis by RIGE, while the Research Advisory Board completes its charge to evaluate differing budget models and make a recommendation to address this unsustainable method of F&A return to units in light of the continuing downward trend in awards.

**Detailed Information on Subsidies to RIGE Research Core Facilities provided through FY15 Beginning Budget F&A Allocations:** To briefly review the process, using the principles of the guidance document (<http://research.uoregon.edu/research-units>), throughout FY14, RIGE initiated a costing process to systematize the support for the operations and business processes of RRCFs, as well as to stand up new RRCFs. This costing process was initiated with the Core Business Services staff the fall of 2013, working iteratively with RRCF Director/Managers, Identified Business Managers, Faculty Advisory Committee members and other RIGE staff, and continued with ongoing meetings in the spring of 2014. This memorandum codifies the subsidy process to all RIGE Research Core Facilities (RRCFs) that was discussed in the RRCF meeting on January 22, 2014, and again in individual meetings with each RRCF Director/Manager and Identified Budget Manager in the months of March and April 2014.

The subsidy for each RRCF is designed to support: a) the shared access to high tech tools across faculty, departments and disciplines by providing central support for specialized technical personnel who are responsible for the operation of the RRCF in a manner that serves user needs, and b) sustainable business services that comport with federal, state, and university policies. As such, RIGE provides central funding in the form of a beginning budget allocation for the job responsibilities of each RRCF Director/Manager relating to directing the RRCF for each facility and for the administrative support provided by RIGE Core Business Services personnel that are allocated to serve each RRCF. Furthermore, to promote effective and efficient organization of RRCF's into aggregated units that can take advantage of economies of scale, those RRCFs that include multiple separate facility services, as approved by RIGE, will receive an additional subsidy of 5% of the projected gross external recovered revenue to the RRCF. Currently, the RRCF's that represent aggregated units and are approved for the collaboration incentive subsidy are: CAMCOR, Genomics & Cell Characterization; Transgenic Mouse Facility.

The subsidies to support each RRCF provided in the FY15 beginning budgets are:

<b>FY15 BEGINNING BUDGET F&amp;A ALLOCATIONS</b>	# of unit-reported internal users	Projected FY15 RRCF Operational Costs	FY15 RRCF Subsidy
<b>Research Core Services</b>			
ANIMAL CARE SERVICES – VIVARIUM	13	\$634,838 <sup>1</sup>	\$143,073
AQUATIC ANIMAL CARE SERVICES	8	\$498,066 <sup>1,2</sup>	\$125,818
TRANSGENIC MOUSE FACILITY (incl Histology)	13	\$281,326 <sup>2</sup>	\$94,113
CAMCOR	40	\$1,737,618	\$302,678
TECHNICAL SCIENCE ADMINISTRATION (TSA)	Not reported	\$361,067	\$115,464
GENOMICS & CELL CHARACTERIZATION	21	\$811,664	\$145,025
LEWIS CENTER FOR NEUROIMAGING (LCNI)	12	\$675,823	\$201,280
CENTER FOR ASSESSMENT, STATISTICS & EVALUATION (CASE)	NEW	\$177,835	\$66,720
BOWERMAN SPORTS SCIENCE CLINIC	NEW	\$87,469	\$43,527
<b>Subtotal</b>			<b>\$1,237,698</b>

<sup>1</sup> Does not include animal program compliance related costs directly funded by RIGE

<sup>2</sup> Does not include facility costs directly funded by the Program Project Grant

The next step in the process is individual meetings among the RIGE Faculty Liaison/Supervisor, Divisional Budget Director, Senior Assistant Vice President, RRCF Director/Manager and Identified Business Manager that are scheduled for April/May 2014, in order to finalize the cost analysis so that the RRCF Director/Manager, Identified Business Manager and Faculty Advisory Committee subsequently can meet to develop the draft FY15 rate plan for each RRCF.

After accounting for the RIGE subsidy, for all RRCFs, there is a projected gap between expenses and revenues. For some RRCFs, this gap is a positive number (where projected revenues are anticipated to exceed expenses). In this case, the RRCF Director and FAC may consider adjusting rates or develop a plan with RIGE staff to use the positive balance to invest in new equipment or services. For others, this gap is a negative number, where revenues do not meet operational costs, even after the subsidy has been applied. Given university and federal policy requires all service centers to operate on a “break-even” basis, a plan must be developed to remedy negative gaps. For some RRCFs, the gap likely can be addressed in one year with relatively straightforward actions such as expenditure reductions and simple rate increases in FY15. For others, a draft workout plan must be developed collaboratively with RIGE staff that may require more significant restructuring and rate setting increases over a period of time not to exceed a three year horizon. New RRCFs who are in their “start-up germination” period (i.e., CASE and BSSC) are expected to achieve break even budgeting at the end of FY17, with their specific business plan to be reviewed and adjusted, minimally through the annual rate setting process.

Please note that in reviewing staffing for the costing process, RIGE staff noticed variation in contract types among a few staff working within core facilities. All RRCF staff will operate under a C4UA contract if the employee is a bargaining unit NTTF or an F contract if the employee is an Officer of Administration. A C4UA contract is used for the appointment of a bargaining unit faculty member in a career non-tenure-track appointment for which external funds (i.e. grants, gifts, income) provides the main source of funding, such as for RRCFs. Contract length is typically one year, and notice or renewal, non-renewal or termination for funding reductions is as “soon as practicable” (Collective Bargaining Agreement, Article 16, §9). The F contract, “funding contingent”, for Officers of Administration has similar terms, is no more than one year in length, and timely notice is required before April 1 of the fiscal year. The affected staff have been notified of any changes and their contracts updated.

cc: Patrick Phillips  
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