**Budget Model**

**Sponsored Activities Committee Charge**

**Guiding Principles:**

•Acknowledging that F&A is by definition a reimbursement of costs incurred in support of sponsored activities and that UD, similar to all research universities, incurs more expense in support of sponsored activities than is reimbursed by sponsors;

•Support new initiatives and growth and quality of sponsored activities;

•Support interdisciplinary activities;

•Invest in research infrastructure to support excellence;

•Encourage innovation and entrepreneurship throughout the University;

•Simple, equitable, transparent, operational, flexible.

**Deliverables:**

* + *Cost recovery/reimbursement*:
		- What basic cost recovery is recommended/required overall—how does our actual realized F&A rate compare with the published rate, and how do we compare with our peers?

Maximize F&A recovery so as to reduce University’s unrecovered costs. F&A waivers should be the exception. Recognize some sponsors limit F&A: state of DE, foundations, etc. UD will continue to value these sponsors and encourages proposals/awards. Industry awards: expect federal F&A recovery rates; can be billed as F&A, direct costs, or combination thereof.

**Effective F&A Recovery (FY17; all sponsored expenditures)**

|  |  |  |  |
| --- | --- | --- | --- |
| **Institution** | **Organized Research Rate** | **Effective Rate** | **Comments** |
| **University of Delaware** | **56%** | **20.3%** |  |
| Stony Brook University | 58% | 29.6% |  |
| Georgia Tech | 57.4% | 22.4% | excludes GTRI |
| Penn State University | 57.2% | 26.3% | Includes ARL |
| Indiana University | 56% | 23.2% |  |
| Purdue University | 55% | 21% |  |
| Kansas State University | 52% | 22% |  |
| NC State University | 51.5% | 26.3% |  |
| University of Minnesota | 52% | 25.1% |  |

**UD Realized F&A Recovery (FY17)**

|  |  |  |
| --- | --- | --- |
| **Category** | **OR Rate** | **Realized Recovery** |
| Organized Research | 56% | 43.7% |
| AG Organized Research | 41% | 20.2% |
| Other Sponsored Activities | 43% | 11.4% |
| Instruction | 51% | 9.5% |

* + *Fund indexed to F&A return to incentivize research*:
		- What will be funded from these funds? One time, recurring needs?

Investments/incentives to grow research, scholarship & creative activities: Research Development including seed funding to launch new initiatives; service centers[[1]](#footnote-1) (aka core facilities); stabilization & contingency (aka bridge funding); large multi-year awards (base funding/ F&A-based incentives/cost sharing); institutes/centers (base funding and F&A-based incentives).

* + - What is the right size of the central research pool? Is pool size the same annually, or is it defined as some percentage of available funds?

Majority of central pool is designated for faculty hiring, start-ups, retentions, facilities renovations. Start-ups and retentions should be funded at multiple levels, i.e. dept, college, provost. Remainder is indexed to a percentage of the F&A cost recovery, i.e. scales with the research enterprise. Need to invest/support existing and new infrastructure, from core facilities, to research information management, etc.

* + - At what levels should pools be created: does VP Research control a central fund, or are there additional funds at the campus level? How do these funds relate to strategic pool(s) created?

Central (25%); College or Institute (75%). Colleges allocate to departments as prescribed by each dean in clearly articulated policies. Chairs are encouraged to provide resources to individual faculty (3%) to provide resources for costs that cannot be charged to sponsored projects. F&A distribution flow should be the same for the institutes as the colleges.

(EHS and unemployment expenses to be covered in base budget)

* + - How are funds allocated?
			* Competitive applications for targeted areas Yes
			* Annual budget presentations Yes, as relevant, e.g. institutes and centers
			* Who decides Via clearly articulated peer-review process; final decisions by the source of funds provided, e.g. Chair, Dean, VPR, Provost
	+ How does this relate to strategic pool allocations, i.e. do strategic pool allocations fund “startup” costs, with increase in research funding recurring/ongoing costs of research?

Guidance from Steering Committee co-chairs: start-ups are outside of our sub-committee’s allocations; funds for these expenditures will derive from strategic pool allocations by Provost and President.

* + - Do we envision a cyclical model in which strategic pool funds start-up costs, the performance of which generates revenue that is used partially to pay back the strategic pool and partly to generate additional funds for the unit.?

N/A based on above guidance.

1. **Recommend formulaic allocations to the units, addressing the following questions**:
	* What is the right regularized percentage to deans, departments, institutes/centers to incentivize research?

Colleges and Institutes are allocated 75% of F&A generated (with proviso that both colleges and institutes are expected to fund start-ups, bridge funding, equipment repairs, etc. F&A return to colleges vs. institutes needs to reflect their contributions to these kinds of expenses).

* + What is the right percentage to VPR to incentivize interdisciplinary and large scale program project grant acquisition via matching funds, seed grants?

25% of total F&A pool.

* + Should we allocate a percentage to PI to incentivize research? If so, what percentage?

At the discretion of department chairs and institute directors. Encouraged–at least 3%–to provide resources for PIs to cover costs typically unallowable on sponsored awards.

* + Should we allocate a percentage to Humanities and Arts for which external funding is less available than for STEM disciplines? If so, what percentage?

This topic generated significant discussion and a range of opinions among the committee members. No recommendation to do so at this time. Committee affirms it is important to invest in the arts & humanities, perhaps better accomplished via base budget allocations.

* + Should we allocate a percentage to the Graduate College in support of graduate student research? If so, what percentage?

The Graduate College should be funded in the base allocations. The Committee recognizes the inexorable link between research and graduate education. Graduate students to be supported via F&A invested in departments, in bridge funds, equipment, institutes, seed grants, etc.

* + What types of expenditures can be made from the funds at all unit levels, i.e. what part of these funds should be used to cover startups versus discretionary new resources?

Investments in research, broadly defined.

* + Need to make sure first call on new revenue generated is covering the expenses incurred to generate it?

Yes. Cover expenses first.

1. **Acknowledging legacy agreements and current department/PI/center-specific funding models, provide recommendations for transition plan to get to recommended model implemented**.
	* Multiyear strategy? Yes; phase in over several years.
	* Bake in current allocation as base? Yes
2. **Recommend related and complementary adjustments to current strategies and policies in the departments/colleges/centers, including, but not limited to:**
	* F&A waiver policies

Only in exceptional and strategic cases, when funds are not sufficient to support the entire effort. Approvals: chair, dean and VPR.

* + Salary offload policies

Encourage faculty to offload salaries to sponsors. Return salary to the department; encourage chairs to return portion to PI. Approach needs to align with college level buyout policies. Clear and transparent.

* + Tuition from research grants

20% to sponsor; charge full tuition to sponsor when/as allowable.

* + Bridge funding

Develop a clear and transparent process to apply for bridge funds (requirements include: pending/rejected proposal, sharing of review score) expenditures limited to S&E, grad student salaries, no PI salaries permitted. At what level are bridge funds best administered? Central pool that is accessed by colleges via a clearly articulated annual process. Recognizing that departments have the best insights into needs and rationale.

* + Funding models in centers/institutes

Institutes: base funding provided centrally with F&A return matching that distributed to colleges. Centers: administered at college level. Some colleges have/are developing policies. (all colleges should have center policies).

* + Other?
1. **Recommend principles and process to deal with negative externalities, including federal budget and policy uncertainty, including potential F&A cap.**

Ensure strong and unified federal advocacy for R&D. Review and ensure UD polices and incentives are aligned to further diversify funding from non-federal sources (master research agreements, IP policies). UD values non-governmental, no-F&A generating sponsors including, foundations, etc. Were F&A reimbursements to change dramatically, UD (and all research universities) would be forced to re-evaluate its research strategy.

1. **Recommend campus reporting plan to enhance transparency regarding sponsored funding allocation process, expenditures, and assign accountability for goal realization and analyze return on investments**

Report annually on investment pools: bridge funding, institutes, equipment match, core facilities, research development competitions, seed funding, etc. Post report to Research Office website.

* + What performance metrics indicate success toward goals?

Increasing applications, number of grants, dollars per grant etc.; Increasing interdisciplinary grant success; Increasing publications, citations, etc.; Increased national rankings of programs, departments, multiple ranking methodologies; Increased research efficiency (sponsored expenditures per square foot of space, etc.)

1. Research development and core facilities need also receive base budget funding. [↑](#footnote-ref-1)