

6-1-2011

Office of the Vice President for Research, Year in Review: Fiscal Year 2011

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THE UNIVERSITY OF NEW MEXICO
OFFICE OF THE VICE PRESIDENT FOR RESEARCH AND ECONOMIC DEVELOPMENT

FISCAL REVIEW

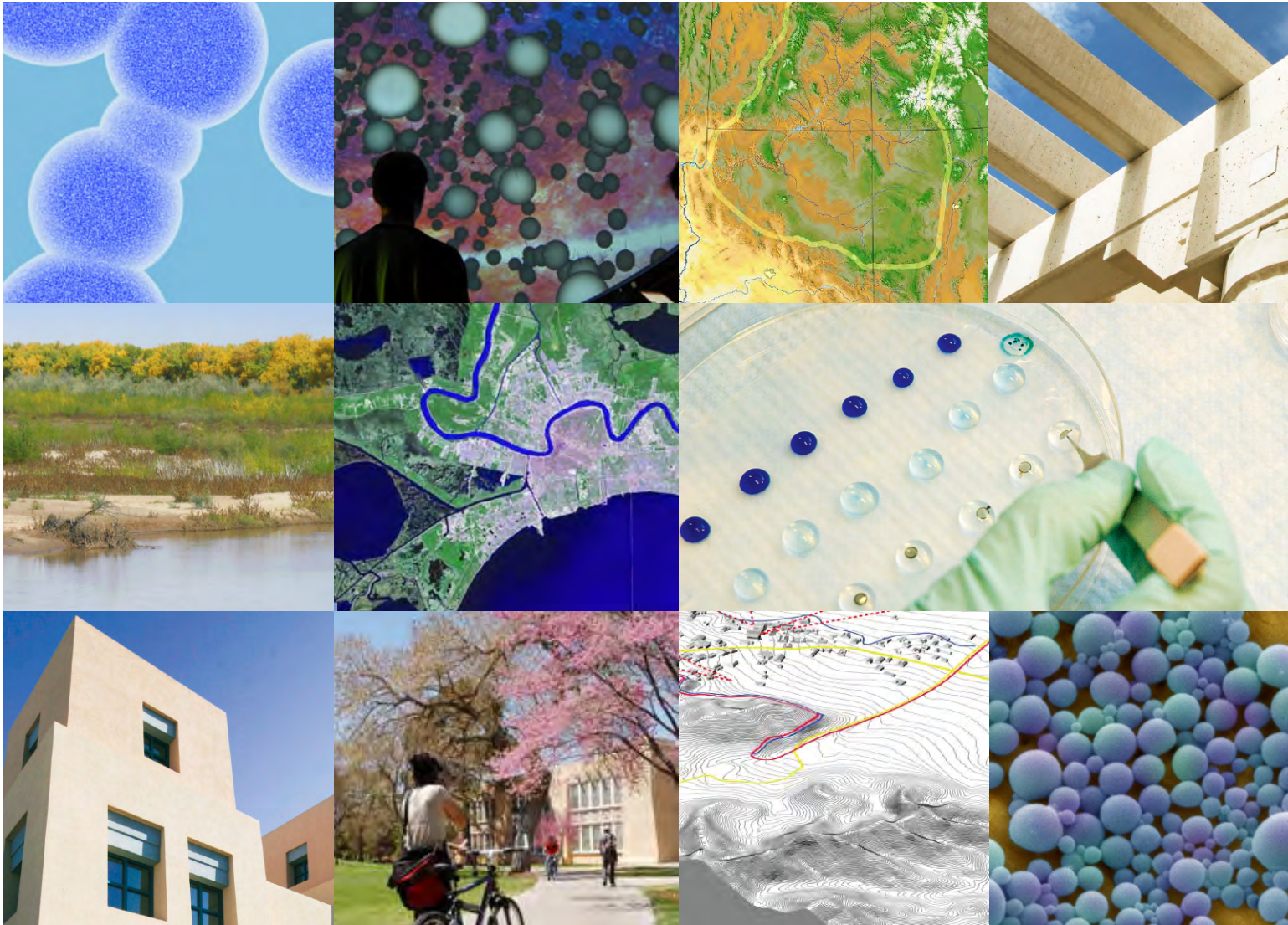


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MESSAGE FROM THE VICE PRESIDENT FOR RESEARCH AND ECONOMIC DEVELOPMENT

February 3, 2012

Dear Colleagues,

FY11 was a very successful year for Main Campus research – congratulations to all of you who contributed! It remains an honor to serve you as your VPR.

The OVPR staff and I planned on a short FY11 Year in Review, but as we began to compile the information, we realized this is a good time for a more substantive documentation of the OVPR. I've been in this position for three years now, so it is time to look at how far we've come and how we can build on our shared accomplishments to advance UNM during the challenges ahead.

This document provides information about the budget, the status of our debt and fiscal plans for FY13 and beyond. The OVPR structure and function has changed significantly since FY09 based on input and feedback from our wide-range of constituents including PI's, faculty-led committees (ERAC, RPC), Deans and Associate Deans for Research, staff, students, the executive leadership, the Board of Regents, the legislature, the economic development community and others. Our upcoming OVPR State of the Office document will explain the current office structure; OVPR services for faculty, staff and students; progress we have made through our combined efforts, and plans for continuing to advance the research enterprise.

We've provided a mix of data, context, expectations and vision in the following pages. In good budget times and in bad, our goals remain the same:

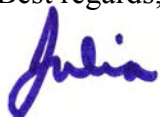
- Excellence in faculty research
- Facilitation of faculty-driven research
- Integration of research and education
- Transparency in decision making

And in keeping with these goals, the OVPR staff and I want you to know what we are doing to advance the Main Campus research enterprise through simultaneously creating efficiencies and new opportunities.

I hope you'll make the time to read what follows, continue to aggressively pursue research opportunities, and as so many of you do, say "yes" when I ask for help!

As always, contact us with ideas, concerns and most especially when you need assistance.

Best regards,

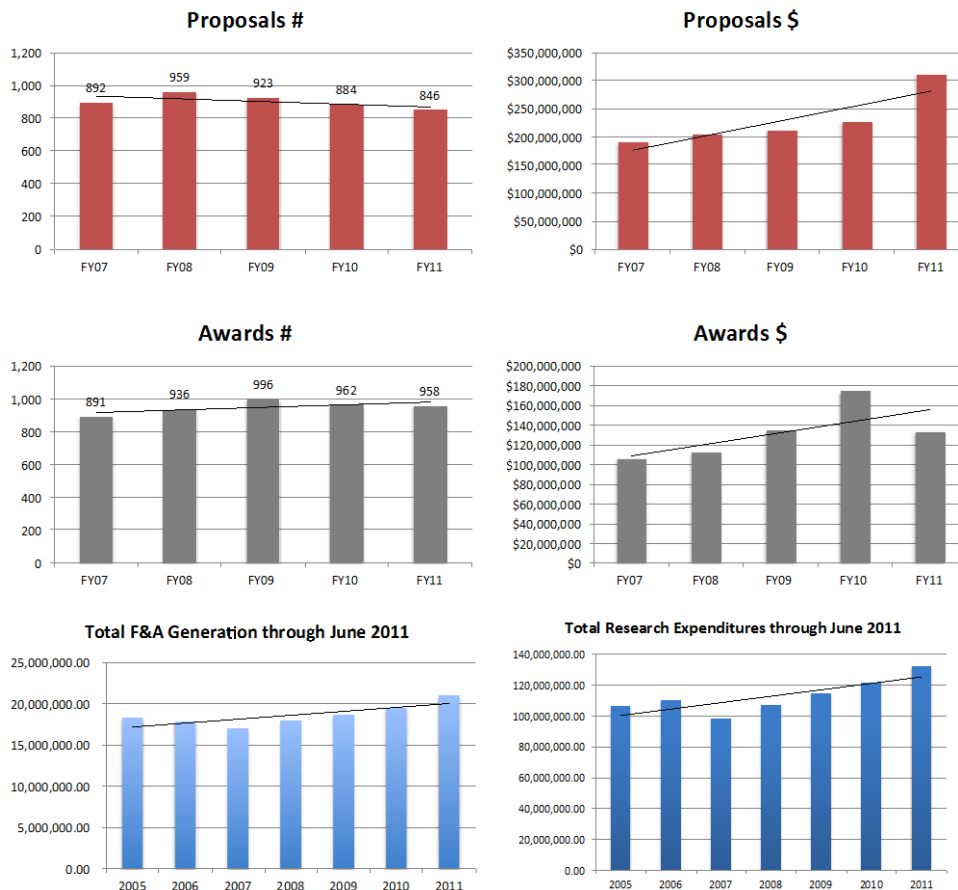


A Record Setting Year for Research

Congratulations to Main Campus faculty, students and staff! FY11 saw record-breaking F&A generation, substantive increases in Arts and Humanities funding, and the formation of ambitious new partnerships. We appreciate the hard work and creativity that leads to this success!

A look at the data in Figure 1 shows that PI's were ambitious in submitting proposals despite the decrease in opportunities resulting from the seemingly endless series of continuing resolutions for the federal budget. Slightly fewer proposals were submitted than in FY10, but the total dollar value of proposals was higher. As expected, ARRA (stimulus) funding opportunities resulted in a peak in awards in FY09 with a resulting peak in award dollars in FY10. We are still riding this stimulus wave, as the F&A generation and Research Expenditures for FY10 and FY11 indicate. FY12 data to-date is included in the "Outlook" section, and many of the fiscal decisions in FY11 were based on the knowledge that awards and F&A will decrease during the next several years as we face the double impact of the end of stimulus funding and federal research agency budget cuts.

Figure 1: Proposals and Awards, Main & Branch Campus' (Does Not Include Financial Aid) – FY '11



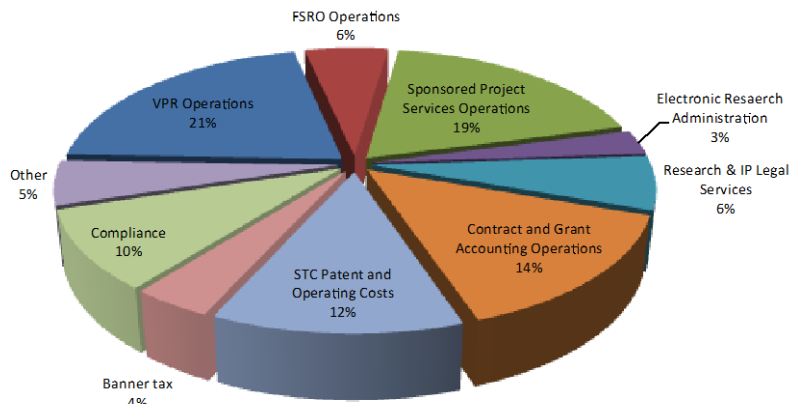
How did F&A support and invest in Research?

UNM's Main Campus generated \$20.8M in Facilities and Administration (F&A, also called "overhead" or "indirect costs") revenues in fiscal year 2011. The OVPR and associated research investments are funded entirely through F&A. Actual expenditures in the OVPR amounted to \$19.3M and are broken down into three types: Research Support and Compliance, F&A Investment, and Institutional Support.

Research support and compliance (Figure 2) comprised \$6.4M of the FY11 expenses, and includes costs required for leadership and management of main campus research and compliance with federal requirements. Specifically, Research Support and Compliance funds: the OVPR central administration, Pre-Award Services, Contract and Grant Accounting, Research and IP Legal Services, Faculty Research Support Services (FRSS), STC.UNM, and several compliance entities, including Industrial Security, Safety and Risk Services (SRS), the Office of Animal Care and Compliance (OACC), Biosafety and the Institutional Review Board (IRB). Additionally, the OVPR continues to fund the Banner Tax and annual leave accrual for research operations on Main Campus.

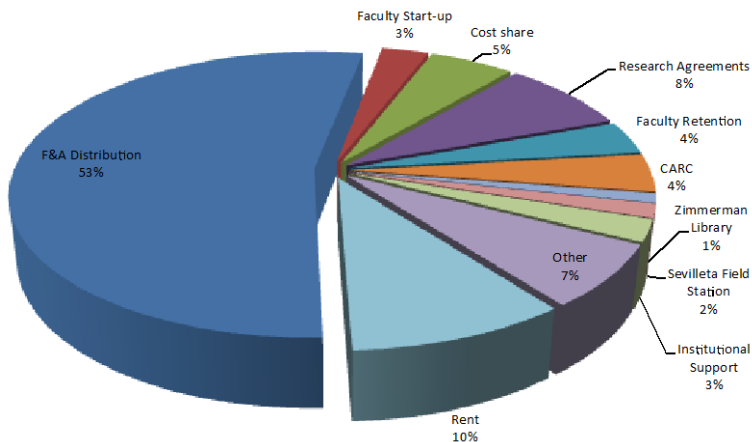
Our PIs routinely request additional services and support from the OVPR to facilitate proposal submission in an increasingly competitive and complex funding environment. As a result, we continually restructure within this portion of the budget. We now provide a number of services that were not available 3 years ago, as you will learn in the OVPR State of the Office document.

Figure 2: FY '11 Research Support and Compliance



F&A Investment (Figure 3) comprises 67% of total OVPR expenditures, totaling \$12.9M in FY11. This category includes F&A returned throughout the year by the OVPR to Schools, Colleges, and Centers plus distributions to units in the form of faculty startup, cost share, special requests, research facilities, faculty retention, support for research centers, etc. The OVPR does not control F&A expenditures once F&A is distributed.

Figure 3: FY '11 F & A Investment



How can you get help with financial issues?

Whenever there are major changes in administration in Schools, Colleges and Departments, we get a new round of questions. If you are not sure about policies or processes within the OVPR, please feel free to contact any of us – we will be glad to quickly direct your question to the right person. A great starting point is your Faculty Research Support Officer, their assigned departments are listed on <http://research.unm.edu/frss/index.cfm>. As a quick summary of the most common financial inquiries:

F&A Waivers: In general, we do not decrease F&A, as we have ample evidence from funding agencies that this does not make proposals more competitive. In compelling cases we will return additional F&A. For example, NSF training grants are limited to 8% F&A, and we return this to the PI as part of the “institutional” support for these administratively burdensome (but important!) grants. Submissions of proposals to agencies and foundations that cap F&A are allowed if it is stated in the agency guidelines.

F&A Distribution: We will assist in the development of F&A distribution agreements between colleges and/or with the HSC. In general, agreements are based on the location of the F&A-generating research expenditures. Your FRSO can help with this.

Cost share: NSF cost share policies have changed significantly in the last few years, and audits of cost share have increased. The Faculty Research Support Officers and Pre-award staff are familiar with the current policies, and Barbara West, EROO, assists with complex cost share issues. We do not allow voluntary cost share but do assist with mandatory cost share in large, multi-PI proposals. Additionally, we emphasize major research instrumentation proposals as these are critical to our research infrastructure. We do recognize the need for “institutional support” in large proposals and will work with PI’s on this. First contact your Associate Dean for Research (ADR) and FRSO, and then contact us should you require additional assistance.

Special Requests: Small requests, such as conference or research-related travel, should be made at the Department or College-level. We sometimes have the ability to provide small amounts of support that are important to a collaborative multi-college or multi-institution proposal, or to address an immediate crisis. We become involved in these discussions at the request of the ADR or Dean.

Faculty Startup: The OVPR in collaboration with the Deans and ADRs currently provides 35% of large start-up packages for new Science & Engineering and cross-college faculty. This involvement provides us with an opportunity to help strengthen start-up offers to make UNM more attractive to faculty candidates.

Faculty Retention: We become involved in faculty retention efforts at the request of Deans, the Provost or the President. Department Chairs and faculty should start with the ADR or Dean. The OVPR frequently can contribute in ways other than financial, including identifying collaborative opportunities at UNM or the National Research Labs and/or funding options that can help with retention. We are always willing to be creative in figuring out how to keep our talented faculty.

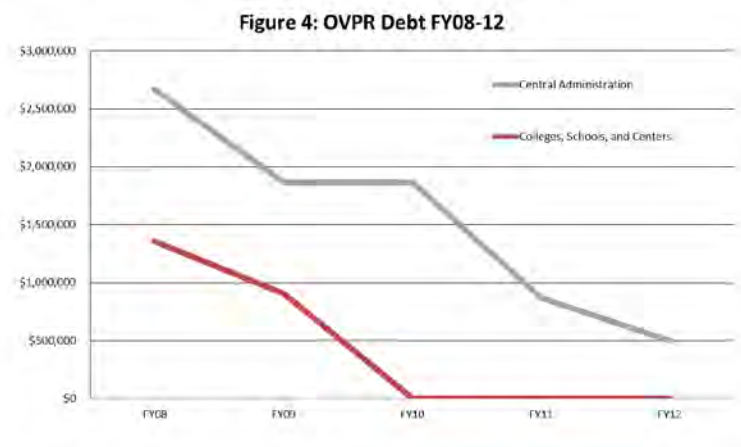
Debt Watch

No, not the national debt (although that is impacting our planning), but the debt in the OVPR. I was given two priorities when I assumed this job in Summer '08 – improve services to faculty and decrease the OVPR debt. At that time the office had a \$4M debt. \$1.36M was owed to Colleges, Schools, and Centers, leaving \$1.87M as OVPR debt after \$700K was forgiven by Central Administration. The original requirement was to totally pay off the debt within 3 years, but we have negotiated a “softer” timeline in order to more effectively balance debt reduction and the advancement of Main Campus research. We repaid the “loan” from Colleges, Schools and Centers in FY10.

FY11 was a very good year for F&A generation, thanks to ARRA (stimulus) funding. After discussions with President Schmidly, EVP Harris and Provost Abdallah, we paid off another \$1M of the OVPR debt. We held some reserves in preparation for decreased F&A generation in FY13 and beyond. This year we are remaining conservative in our spending. Although it has been made very clear that the OVPR should not develop additional debt, we do have an agreement that we can decrease

debt payments in order to mitigate the impact that cuts to federal research agencies will have on research funding and F&A generation. We are focusing on providing effective and efficient research support and continuing to increase research opportunities for faculty, staff and students.

The OVPR debt now stands at \$866K. A definite improvement in the health of the OVPR finances!



Outlook

Small increase in flexible F&A return to Schools, Colleges and Centers: The FY12 budget has a few changes from FY11. During FY09-FY11, we allocated F&A to Colleges, Schools and Centers based on a set dollar amount in our budget of \$6.2M. This was initially necessary for us to be able to begin to manage the F&A budget. However, it meant that the Schools and Colleges were getting about 30-32% of their F&A, and that there was a convoluted (at best) relationship between F&A generation and F&A return. Now that we know how the many pieces of the budget change and move, we have worked with the Schools and Colleges to develop a more straightforward F&A return. This year, most Schools and Colleges are getting a flat 35% return – if your F&A generation goes up, your return goes up! This should enable ADRs and Departments to better predict F&A “flow” by tracking research expenditures and new awards. (Another ~ 30-35% of the F&A budget goes back to Schools, Colleges and Centers through startup, cost share, retention, rent, etc as shown in Figure 3.)

Faculty on I&G: After more than 20 years of memos and F&A contributions, the tenure-track faculty in CHTM are now fully funded by I&G! The OVPR now fully funds the Contract & Grant Accounting Office salaries and fringe benefits through F&A. We are grateful for AVP Andrew Cullen for facilitating this exchange of expenditures.

Startup for new faculty: The FY12 budget includes \$689K for startup packages for new faculty, an increase of approximately \$300K compared to the previous 2 years. Faculty startup costs will continue to grow as Main Campus dramatically ramps up faculty hiring, which will provide an on-going F&A budget challenge at all levels.

Now on to the *BIG PICTURE*...

PI's remain ambitious in terms of submitting proposals, with the dollar value of submitted proposals for the first half of FY12 up slightly over the first half of FY11 (Figure 4). Please continue this Herculean effort – we can advance Main Campus research over the next few years with your help. You will be getting some much-needed assistance both from the OVPR and from new colleagues. Keep reading...

Continuing resolutions for the federal budget and expected federal research budget cuts in FY13 and beyond mean that federal research agencies are both slow and conservative in making new awards. Awards for the first half of FY12 are just slightly above FY08. Colleagues across the country are confirming decreases in awards, even taking into account the impact of the ARRA funding.

Research expenditures and the associated F&A generation remain strong in FY12. Most ARRA grants are not eligible for no-cost extensions, and many grants end this year. We are managing F&A expenditures carefully, with the goal of having a contingency fund at the end of this fiscal year.

What's our plan?

We are predicting that F&A generation (with your help) in FY13 will be slightly above FY08, and are assuming generation of \$19.5 M in our planning. At the end of FY12, we will decrease the OVPR debt from \$866K to \$500K, as an important on-going good faith effort to demonstrate fiscal responsibility. Our current projections are that we will end FY12 with a contingency fund of \$1M, which should help us to meet our contractual obligations in FY13 and FY14 (which is currently predicted to be more challenging than FY13).

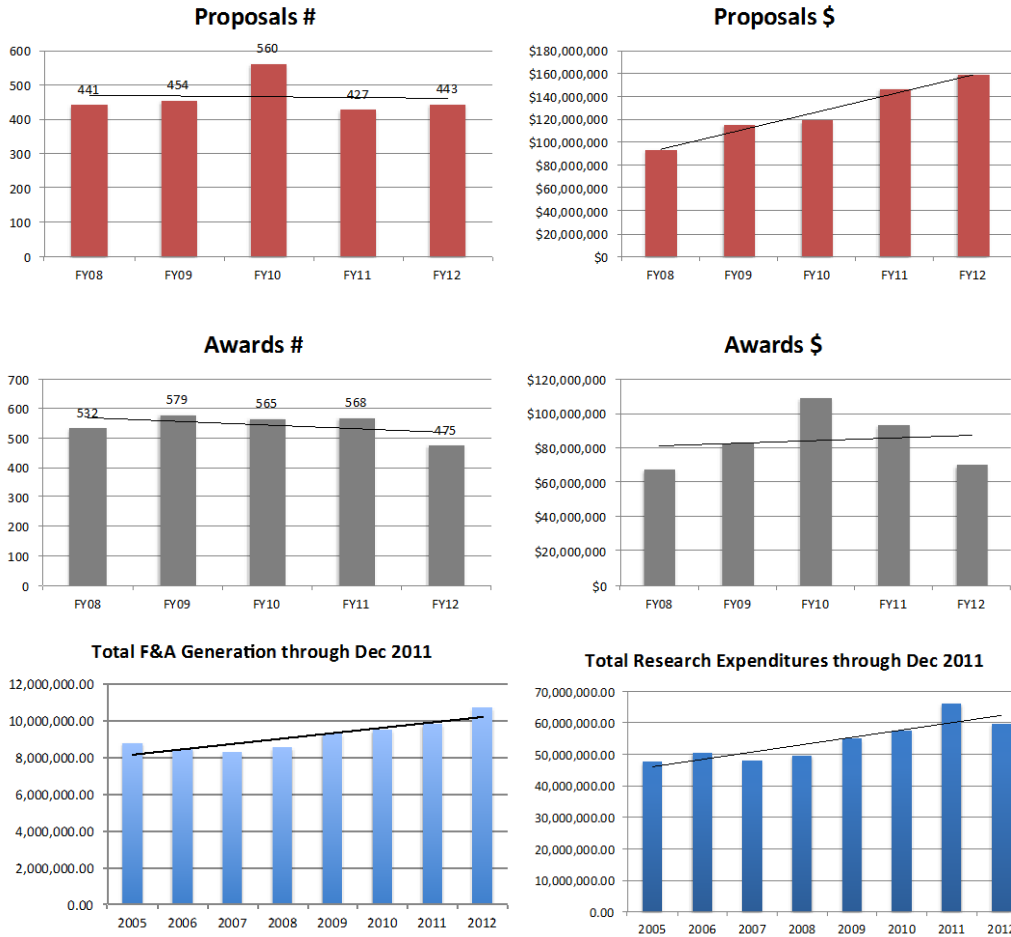
In order to continue to advance main campus research opportunities and accomplishments during this challenging period, the following will be our priorities (and more detail will be provided in the upcoming OVPR State of the Office document):

- Continuously improve services for faculty, staff and students in order to promptly respond to on-going changes in federal agency policies and procedures without burdening PI's.
- Work with Colleges, Schools and Centers to help the approximately 70 new faculty joining us in FY12 become research-active and successful in obtaining extramural funding. Early indications are that we are hiring talented and ambitious new colleagues who will help increase our proposal activity and interdisciplinary efforts.
- Continue to expand opportunities with the National Research Labs and other partners in our "neighborhood".
- Develop a Social Sciences Research initiative, in collaboration with A&S, to complement

our Arts and Humanities Research initiative.

- Work with PI's to include student funding in proposals whenever possible.
- Be creative in helping current PI's remain competitive.

Figure 1: Proposals and Awards, Main & Branch Campus' (Does Not Include Financial Aid) – Through Dec 2



IN CONCLUSION

Main Campus is well-positioned to work through the coming research funding challenges and the OVPR will remain energetic, creative and responsive – just like our faculty, staff, and students.