Reminders:

- **NEXT MEETING:**
  
  May 16, 2013 – 9:30 am to 11:00 am
  Woodruff Health Sciences Administration Building Auditorium, 1440 Clifton Road N.E. – 1st Floor

- Find information about ERAZ at [http://www.or.emory.edu/eraz/index.html](http://www.or.emory.edu/eraz/index.html)

- Email topics and suggestions for future meetings to [eraz@emory.edu](mailto:eraz@emory.edu).

- Your opinion and thoughts matter. Please complete the survey that will be sent out after this meeting.
RA Announcements:

- Topics from the March 2013 Newsletter:
  - Shared Service Centers
  - Public Access Policy
  - New Subaward System
  - New HIPAA Guidance
  - Announcements, Upcoming Courses & Events, and Contacts

- This issue as well as archived Newsletters are available at:
  [http://www.osp.emory.edu/communication/newsletter/index.cfm](http://www.osp.emory.edu/communication/newsletter/index.cfm)
Agenda:

- Sequestration
- Service Center Pilot
- New RA Service Center Training Director
- Roles & Responsibilities
- Effective F&A Policy
Sequestration & the Future of Federal Funding for Research

Cameron Taylor
Director of Federal Affairs
Emory University
SEQUESTRATION & THE FUTURE OF FEDERAL FUNDING FOR RESEARCH

Cameron Taylor
Director of Federal Affairs
Emory University
It says here to remove the engines...
How did we end up with sequestration?

- Product of the 2011 battle to raise the federal debt limit.

- Lawmakers agreed to 2 forms of spending cuts (Budget Control Act):
  1. Mandated spending caps that trim agency budgets by $1 trillion over the next decade
  2. Instituted a Select committee on deficit reduction tasked with achieving a $1.2 trillion deficit reduction plan. If the Committee failed, automatic across-the-board cuts would kick in on January 1, 2013.
Why did sequestration happen?

- Taxes vs. Spending.
- Breakdown of regular order.
  - Administration that does not have a deep understanding of, and appreciation for, the appropriations process.
  - 40 percent of House members elected since 2010.
- Lack of personal engagement from the President.
- Heightened partisanship.
- Rise of the influence industry.
What does sequestration mean for Emory?

- Emory Hospitals: $9 million annual loss
- Emory Physicians: $2.9 million annual loss
- Emory Researchers: $17.5 million annual loss
- Emory Doc Training: $5.5 million annual loss
- Emory Students: Reductions of $151,000 equates to approximately 55 work-study awards and 14 SEOG awards being lost.
When will sequestration end?

- Under current law, the budget cuts will end in 2021.
- Some believe that, if impact is not felt, cuts are here to stay.
- Insiders believe there is a small window of opportunity to come up with an alternative to the sequester.
Key Upcoming Dates

- March 27: the FY2013 Appropriations Continuing Resolution will expire.
- April 8: President will release his FY2014 budget.
- April 15: The deadline for a congressional budget.
- May 19: the national debt ceiling will need to be raised legislatively in order for the government to continue to pay its bills.
FY2013 Appropriations

- Congress must pass a 6-month government funding bill.
- House has passed CR with sequester funding levels & greater flexibility for DoD and VA
- Senate is working on a modified CR with updated legislative language for several agencies
  - Includes $71 million in additional funding for NIH
  - Additional effort to include an additional $211 million for NIH
FY2014 Budget

- House Budget Comm. Proposal:
  - Spending cuts of $4.6 Trillion to reach a balanced budget in 10 years
  - No new taxes

- Senate Budget Comm. Proposal:
  - Does not balance the budget
  - $975 billion in both new taxes & spending cuts
Nondefense discretionary on track toward historic lows
Nondefense discretionary spending as a share of GDP, 1962–2022

Source: Congressional Budget Office, Office of Management and Budget.
Outlays are projected to be a smaller share of GDP in 2022 under current law (22.3 percent) than they are in 2012 (22.9 percent).

Discretionary spending is projected to decline relative to GDP throughout the next 10 years because of the caps on discretionary funding that stem from provisions of the Budget Control Act. By CBO’s estimate, discretionary spending will fall to 5.6 percent of GDP by 2022—the lowest level in at least 50 years.

Mandatory outlays will remain about the same as a share of GDP through 2019, CBO projects, and then will grow faster than the economy, reaching 14.4 percent of GDP in 2022, compared with 13.2 percent in 2012.
# Federal Research Funding Breakdown

<table>
<thead>
<tr>
<th>AGENCY</th>
<th>TOTAL FUNDING</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGENCY FOR HEALTHCARE RES AND QUALITY</td>
<td>$ 40,848.00</td>
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<tr>
<td>AIR FORCE OFFICE OF SCIENTIFIC RESEARCH</td>
<td>$ 1,654,270.00</td>
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<tr>
<td>CENTERS FOR DISEASE CONTROL</td>
<td>$ 12,034,292.90</td>
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<td>CENTERS FOR MEDICARE AND MEDICAID</td>
<td>$ 4,574,593.00</td>
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<td>CTR FOR CHRONIC DISEASE CONTROL</td>
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<td>DEFENSE ADVANCED RESEARCH PROJECT AGENCY</td>
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<td>HEALTH RESOURCES AND SERVICES ADMIN</td>
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<td>NASA</td>
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<td>NATL ENDOWMENT FOR HUMANITIES</td>
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<td>NATL LIBRARY OF MEDICINE</td>
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<td>NATL SECURITY AGENCY</td>
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<td>NIH</td>
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<td>OAK RIDGE INST FOR SCIENCE AND EDUCATION</td>
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<td>OFFICE OF NAVAL RESEARCH</td>
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<td>US ARMY</td>
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<td>DOD</td>
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<td>US DEPARTMENT OF EDUCATION</td>
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<td>US DEPARTMENT OF ENERGY</td>
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<td>US DEPT OF HEALTH AND HUMAN SERVICES</td>
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<td>US FOOD AND DRUG ADMINISTRATION</td>
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<td>USC-RAN</td>
<td>$ 40,000.00</td>
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<tr>
<td>Grand Total</td>
<td>$ 349,196,139.81</td>
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</table>
Emory’s Advocacy Efforts

- Hill Meetings
  - Administration Leaders: Chairman Jack Kingston (February 14)
  - Academic Health Center Working Group (March 19)
  - Trustees (April 16-17)
- L-HHS Testimony by Wally Curran (March 13)
- Campus Research Tour for Chairman Kingston (May 29-30)
- GRA DC Dinner (Summer 2013)
- Institutional Op-eds (Caughman-GME)
- ScienceWorksForUs: video & survey
- Specific cost-cutting proposals (e.g., administrative simplification)
- Continue working with our association partners (AAU & AAMC) to craft a strategy moving forward.
Service Center Pilot

Bill Dracos
Assoc. VP Administration
Business Practice Improvement
Update on Transform Research Administration Project

ERAZ

March 21, 2013
1. Transform Research Administration Website
   • TRA.emory.edu

2. Ask BPI
   • bpi@emory.edu

3. Talking Points
   • Copies will be provided
Shared Service Center Training Director
Debbie Longo

HR: Learning & Organizational Development
Roles & Responsibility
Q&A Follow-Up
Kerry Peluso & Evelyn Balabis
Q: What is an uncapped rate?

A: The F&A rate we have calculated, ignoring the government imposed 26% Administrative cap.

FY12 Uncapped Rates for Organized Research (based on FY09 F&A proposal):

ON-CAMPUS: 59.71%
OFF-CAMPUS: 29.10%
OFF-CAMPUS, Adj: 31.35%
FY12 Negotiated Rates

- Organized Research:
  - ON-CAMPUS: 55.00%
  - OFF-CAMPUS: 26.00%
  - OFF-CAMPUS, Adj: 29.10%
Q: What is an “effective F&A rate?”

A: A rate which takes into account the university’s “true” F&A recovery.

Methodology (on a per-project level)

\[
\begin{align*}
\text{Recovered F&A} & \quad \text{Real Base (MTDC, TDC, etc.)} \\
\end{align*}
\]

Recovered F&A: actual F&A received by project

Real Base: actual base, by project, that we were eligible to receive F&A on
Effective F&A Rate

- So what is our Effective F&A Rate in FY12 for Organized Research, MTDC awards?
  - **46.03%**

- What does this mean, in dollars?
  - **Full F&A:** MTDC Base x Applicable Uncapped Rate (On or Off campus)
  - **versus**
  - **Actual F&A:** MTDC Base x Award’s F&A Rate (may NOT be our negotiated rate)

  = Unrecovered F&A costs supporting organized research on MTDC awards, paid by Emory University in FY12:
  - **$20.9 million!**
$20.9 million!

- Assume the “cost” of a full-time FTE supporting research at Emory is $100,000 (includes salary, fringe benefit costs, etc.).

- $20.9 million = 209 FTEs that can support just MTDC awards!
Fundamentals

- Impact on you:
  - Departmental budgets STRETCHED
  - You get your paycheck every period, but your workload is increased.

- Why so low?
  - The Administrative Cap
  - Calculation v. Negotiation
  - Some sponsors (industry, foundations) and award types do not pay full F&A – 543 projects in FY12 paid LESS than 26%.
What does an 8% award really imply?

- Most (if not all) of us in the audience support research to some extent.

- We are a part of the F&A numerator, and therefore our salaries in essence come from F&A recovery.

- 8% awarded rate/60% uncapped rate = 13.3% of our work supporting research is paid by the sponsor….the other 86.7% is paid from the university.
So why do we accept less than full F&A?

- It is an accepted cost of doing business.

- It is a form of “cost sharing,” which is a component of our investment in our research infrastructure.

- Most universities do not “turn down” research, regardless of the F&A offered.
Okay, so what do WE do with this information?

- Understand that the overhead (indirect) costs supporting research, if NOT paid by the sponsor, MUST come from other sources (endowment, tuition, gifts, etc.).

- For non-federal awards, we are justified in asking the sponsor to allow us to direct charge otherwise “indirect” type costs when they pay very low F&A.

- When research administration (at a central, school, or department level) says “we have no money,” this is one of the main reasons why.

- Where can we be more efficient?
Any Questions?
See you in May!