



University of California  
San Francisco

# Office of Sponsored Research Funding Model Subcommittee

## Final Recommendations for FY17

Chuck Hajek

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- Appendices:
  - Subcommittee background
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# Purpose of OSR Funding Model Subcommittee

- Formed by the OSR Advisory Board
- Established July 2015
  - To evaluate the current funding model structure and, if appropriate, recommend an alternative
  - To promote stakeholder engagement and transparency regarding:
    - OSR budget
    - Decision making process for the funding model
    - Funding model rate setting process

*See Appendix 1 for subcommittee charge and membership and Appendix 2 for background on OSR budget and current/past allocation models*

# Summary of subcommittee process

1. Established principles to guide recommendations
2. Identified possible allocation models based on broad principles and feasibility
3. Ranked five possible allocation models according to criteria derived from the guiding principles
4. Subcommittee members gathered stakeholder input on preliminary recommendation of charging an annual fee per PI (called PI Count model)
  - Outreach included department/division managers and department chairs
5. Based on stakeholder feedback:
  - Confirmed PI Count model as recommended allocation methodology
  - Established criteria to define PI
6. Reviewed and endorsed FY17 budget

*See Appendix 3 for details on items 1-3*

# Subcommittee guiding principles

- Subcommittee's role is to provide budget oversight and guidance
  - Specific budget-management details are the purview of OSR leadership
- All sources of funding should equally share in cost increases
- Funding model structure should:
  - Appropriately balance simplicity with accuracy
  - Be transparent, logical, and predictable
  - Consider affordability
  - Avoid creating disincentives for research
  - Consider impact on working relationship between OSR staff and customers
- Policy/procedure for handling new scenarios impacting budget or funding model should be simple, logical, and transparent
- Consider financial and operational levers available to fairly balance budget changes and service level impact
  - Schedule for repayment of start-up costs
  - Institutional support/contribution
  - Adjust OSR FTEs/costs
  - Adjust rates

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## Evaluation of cost allocation models

Criteria

Possible models and comparison chart

Preliminary recommendation rationale

# Evaluation criteria based on guiding principles

*Criteria were used to ensure consistency in reviewing possible allocation models*

1. Easy to Understand (1 low – 5 high)
2. Easy to Administer by OSR (1 low – 5 high)
3. Accurately Reflects Use of Service (1 low – 5 high)
4. Transparent (1 low – 5 high)
5. Logical (1 low – 5 high)
6. Predictable (1 low – 5 high)
7. Impact to Relationship b/w OSR Staff and Customers (1 negative – 2.5 neutral – 5 positive)
8. Disincentivize Research (1 High Likelihood – 5 Low Likelihood)

# Possible allocation models evaluated

1. Adjusted Current Model
- 2a. Simple Count Per Proposal
- 2b. Simple Count Per PI
- 2c. Simple Count PI plus Proposal Hybrid
3. ICR Assessment (original model)



# Comparison of models considered

Models	C1 Easy to Understand  (1 low – 5 high)	C2 Easy to Administer by OSR  (1 low – 5 high)	C3 Accurately Reflects Use of Service  (1 low – 5 high)	C4 Transparent  (1 low – 5 high)	C5 Logical  (1 low – 5 high)	C6 Predictable  (1 low – 5 high)	C7 Impact to Relationship b/w OSR Staff and Customers  (1 negative – 5 positive)	C8 Disincentivize Research  (1 High Likelihood – 5 Low Likelihood)	Total	Outcome
1. Adjusted Current Model	1	1	3	5	3	1	2	3	19	Use Current Model as baseline for comparison
2a. Simple Count Per Proposal	5	1	2.5	5	3	3	3	3	25.5	Additional assessment/review
2b. Simple Count Per PI	5	5	2.5	5	3	5	5	5	35.5	Additional assessment/review
2c. Simple Count PI plus Proposal Hybrid	5	1	2	5	3	3	3	3	25	No further consideration
3. ICR Assessment	5	5	1	5	2	3	5	5	31	Additional assessment/ review

# Preliminary recommendation: PI Count

## *Rationale for recommendation*

- Overall highest ranking based on criteria/guiding principles
- Predictable, known cost, understood at time of business decision to hire
- Straightforward, transparent, easy to understand/explain, and simple to administer
- Low likelihood to disincentivize research or undermine working relationships with OSR

*Once subcommittee reached preliminary recommendation, input from faculty and administrative leaders was gathered to inform final recommendation*

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## Final recommendations for FY17

PI Count model – PI definition

OSR FY17 budget

Implementation: count validation and rate

Department bills

Additional considerations

# Considerations for definition of PI

- Subcommittee reviewed stakeholder input on
  - Possible proposal-type exclusions to the PI Count model
  - Possible population tiers or exclusions for defining PI
  
- Using data from December 2014 to November 2015, assessed the various populations
  - Total PI count (including post docs and grad students; excluding PIs with JPA submissions only): **1880**
    - Post Doc count: **506 – (26.9%)**
    - Graduate Student count: **71 – (3.8%)**
    - PIs that **only** had JPA submissions: **4 – (0.2%)**

# Outcome: PI definition for FY17

- Recommendation is to not differentiate among types of proposals/submissions
  - Creating tiers by submission type would undermine simplicity and ease of administration with a less than commensurate increase in the accurate reflection of service use
  - *Exception:* JPA submissions with the VA because minimal effort and number/year (4 PIs or 0.2% of total submitted JPAs only)
- Recommendation is to exclude graduate students and include postdocs
  - Graduate students represent only 3.8% of the total PI count which makes it feasible to distribute the cost across the remaining PIs
  - Postdocs represent 26.9% of the total PI count, and excluding them from the count would result in significant cost-shifting to remaining PIs, substantially increasing the per PI cost
- *For FY17, a PI is anyone except a graduate student who submitted a proposal of any type, excluding a JPA, via eProposal between December 1, 2014 and November 30, 2015.*

# Office of Sponsored Research FY17 budget

	Budget	FY 17 Budget to FY 16 Actual
	FY 17	% Chg
<b>FUNDING/REVENUE</b>		
Institutional Funding Contracts & Grants	\$3,239,522	3.0%
Control Points	14,585,310	3.0%
Other Support in OSR	216,000	-33.3%
<b>TOTAL REVENUE</b>	<b>18,040,832</b>	<b>2.3%</b>
<b>EXPENSES</b>		
<b>Personnel Costs</b>		
Subtotal Salaries	12,140,906	3.6%
Subtotal Benefits	4,606,888	6.8%
Total Salaries & Benefits	16,747,794	4.5%
Admin & Program Expenses	1,052,647	-0.83%
Start-Up Amortization-see below		
<b>TOTAL EXPENSES</b>	<b>\$17,800,441</b>	<b>4.2%</b>
<b>INCOME/(LOSS) Available for Amortization</b>	<b>240,391</b>	
<b>START- UP DEFICIT &amp; AMORTIZATION SCHEDULE</b>		
<b>BEG BALANCE</b>	<b>(2,154,004)</b>	
Start-Up Amortization - Institutional Support	43,270	-55.4%
Start-Up Amortization -Control Points	197,121	-55.4%
<b>YE BALANCE</b>	<b>(1,673,222)</b>	
Former Amor. Payment Plan	482,283	

- Expense budget growth is 4.2%, exceeding 3% inflationary increase, to meet operational needs
- Subcommittee recommended rates based on 3% budget growth, to be achieved by reducing amortization payments by 55.4% thus extending the amortization period

# PI count validation and rate-setting

- *FY17 procedure and timeline*

- After OSR Advisory Board review/endorsement of recommendations
- OSR will provide PI count data to departments for the period 12/1/14 - 11/30/15 by early March
- Departments have 10 business days to validate
- OSR finalizes FY17 rate in March
  - **Estimate *pre-validation*: ~\$8,000/PI for FY17**

- *Procedure and timeline for future years*

- OSR provides PI count data to departments for previous year (ending 11/30) in December
- Departments have 10 business days to validate
- Subcommittee presents proposed rate increase to OSR Advisory Board
- OSR announces rates for upcoming fiscal year in February

# Department bills

- Department bills for FY17 will be driven by two components
  - Per PI cost (OSR budget divided by total number of PIs)
  - PI Count in department
  
- Future year goal is to limit the Per PI cost to inflation (~3.0%)
  - Note, department bills will be impacted by the Per PI inflationary increase as well as their PI count fluctuations. This will allow revenue to flex with the PI count – up or down.



# Additional considerations and recommendations for UCSF leadership

- Affordability of OSR services is a concern for many departments
  - Institutional investment in technology is needed to improve efficiency and reduce rate growth
  - Consider institutional support for amortized losses in order to keep rates stabilized over time
- Subcommittee recommends that the institution consider the impact of the new allocation methodology on UCSF's educational mission; specifically, this might include:
  - Providing support to offset the per-PI cost for PIs only submitting training grants
  - Providing support to cover what the would-be cost of graduate students if they were included in the PI Count definition to avoid shifting these costs to other PIs
- Subcommittee will annually review budget and make rate recommendations, including evaluating the effectiveness of the allocation model over time or whether UCSF would be better served by funding OSR through an “upstream” methodology

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## Appendix 1: OSR Funding Model Subcommittee

Charge

Membership

# Funding Model Subcommittee Charge

- Establish principles to guide recommendation development
- Make recommendations about the following:
  - Preliminary FY17 budget
  - Overall cost allocation methodology and rates
  - Policy/procedure for handling new scenarios impacting the budget or funding model
  - Communication approach to constituents regarding budget, cost allocation method, and rates
- Review proposed increases to annual budget that exceed Budget Office cost increase guidelines
- Liaise with constituents and foster buy-in on recommendations by facilitating discussion and agreement
- OSR Advisory Board role:
  - Review recommendations of subcommittee
  - Endorse budget, cost allocation model, and rate proposal
  - Help communicate decisions and rationale to constituents

# Subcommittee Membership

- EVCP: Suzanne Murphy
- SOD: Susan Schultz
- SOM: Chuck Hajek, *Chair*
- SOM Basic Science Dept: Larisa Kure
- SOM Clinical Dept: Jane Czech
- SON: Lynda Jacobsen
- SOP: Michael Nordberg
- OSR Representatives: Brian Smith, Marge O'Halloran, Deborah Ferguson
- Staff: Katharine Tull, PMO

## Appendix 2: Background: OSR Budget & Funding Model

OSR Budget Overview

Original and Current Funding Models

# OSR Budget Overview

## Office of Sponsored Research is composed of

- Government & Business Contracts
- Research Management Services

## Revenue Budget for OSR is comprised of 2 ongoing components

- Core Campus Funding: FY15-16: \$3.13M – formerly direct support of Contracts & Grants Office
- Control Point Funding: FY15-16: \$14.05M – includes SOD, SOM, SON, SOP, EVCP

## Start up Amortization

- As of July 2015, the accumulated start-up deficit was \$2.5M to be amortized over 5 years

# Original Funding Model: Aug 2011 – June 2014

## Based on Percentage of Indirect Cost Recovery (ICR)

- Revenue Requirement: Based on the projected cost of services and start-up amortization less campus core funding
- Percent of ICR Calculation: Based on revenue requirement divided by estimated campus control point ICR revenue
- Unit Allocation: Control Points determine allocation methodology to their units - most chose the same Percentage of ICR method

# Current Funding Model: July 2014 - Present

## Based on Complexity Weighted Proposal Volume

- Revenue Requirement: Based on the projected cost of services and start-up amortization less campus core funding
- Complexity Weighted Proposal Volume Calculation: Proposal type and budget is used as a proxy for required support effort which drives assignment of complexity units. Revenue requirement is divided by total complexity units to determine cost per complexity unit.
- Unit Allocation: Control Points are provided cost information by institute/department and PI. Control Points decide how to allocate down to their units/departments/Pis



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## Appendix 3: Subcommittee Process

Funding Model Survey

Subcommittee Guiding Principles

Stakeholder Feedback

# Funding Model Survey Summary - June 2015

- Survey requested input from managers and Dean's Offices regarding OSR and HR funding model structures
  - 23 Responses (46%): 20 SOM; 2 SOP, 1 SON
    - 48% ***in favor*** of revising the OSR funding model
    - 52% ***not in favor*** of revising the OSR funding model
- *Subcommittee interpreted this to mean alternative funding models should be explored*

# Financial Impact Review of PI Count – Cost Shifting

- Current Model used as baseline comparison
- Purposefully did not consider cost shifting as a primary driver of preliminary recommendation
- Reasonableness Check - PI Count Model
  - # Units with Changes > six figures: 8
  - # of Units with Changes > +/- 10%: 42
- Recommend control points consider glide path to mitigate significant shifts between units

# Summary of Stakeholder Feedback

- Overall, there is support for the PI Count model – key questions/concerns raised:
  - Strong advocacy for PI tiers based on PI type (faculty, post doc, trainee, other)
  - Suggest PI tiers based on PI submission volume
  - Suggest specific proposal-type exclusions
  - Potential disincentive for PIs who submit a small number of proposals/year
- Two constituent groups advocated for the Percent of ICR Model due to:
  - Concerns about fairness/equity/ability to pay
  - Different opinion re criterion ratings

UCSF

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