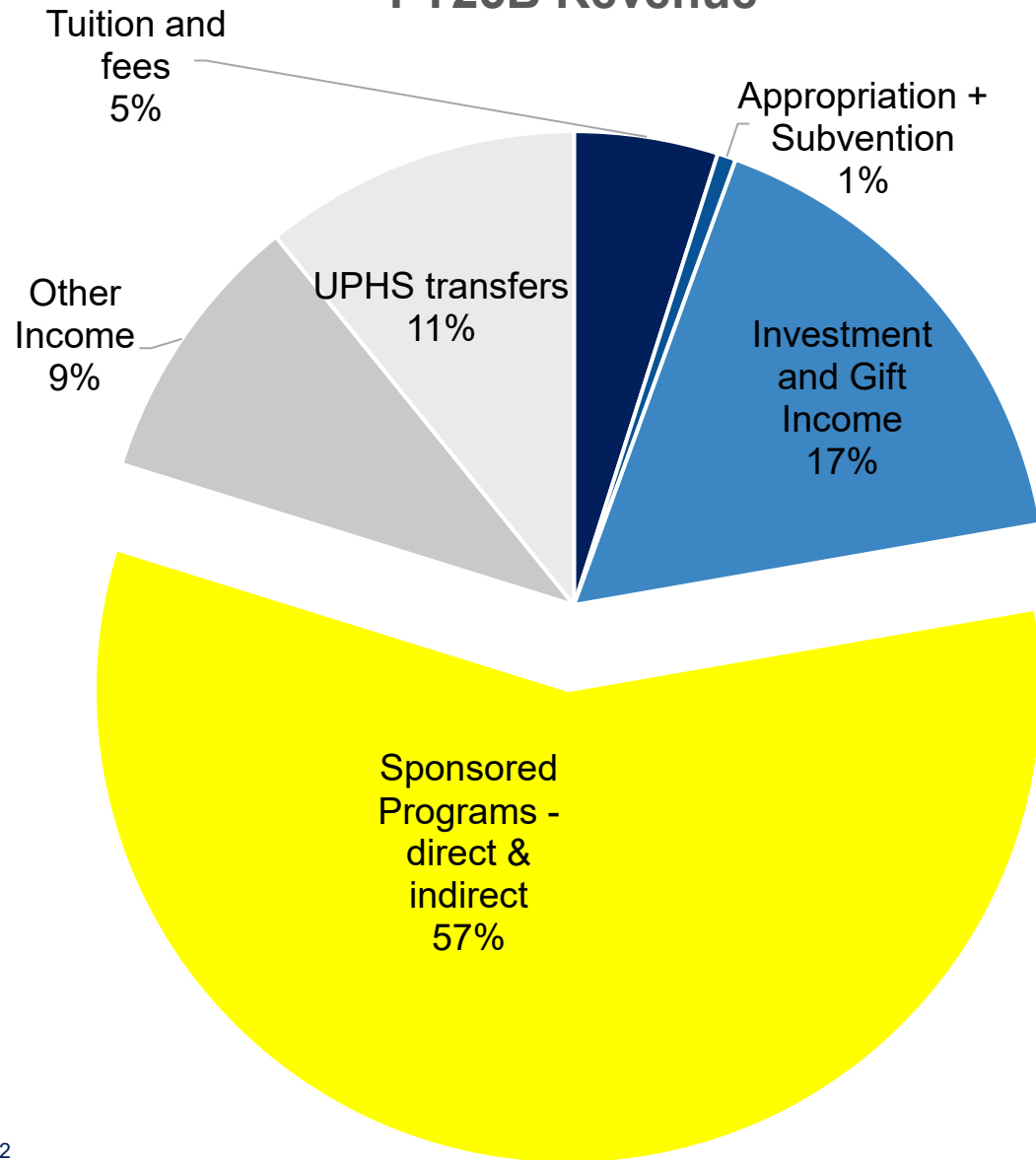


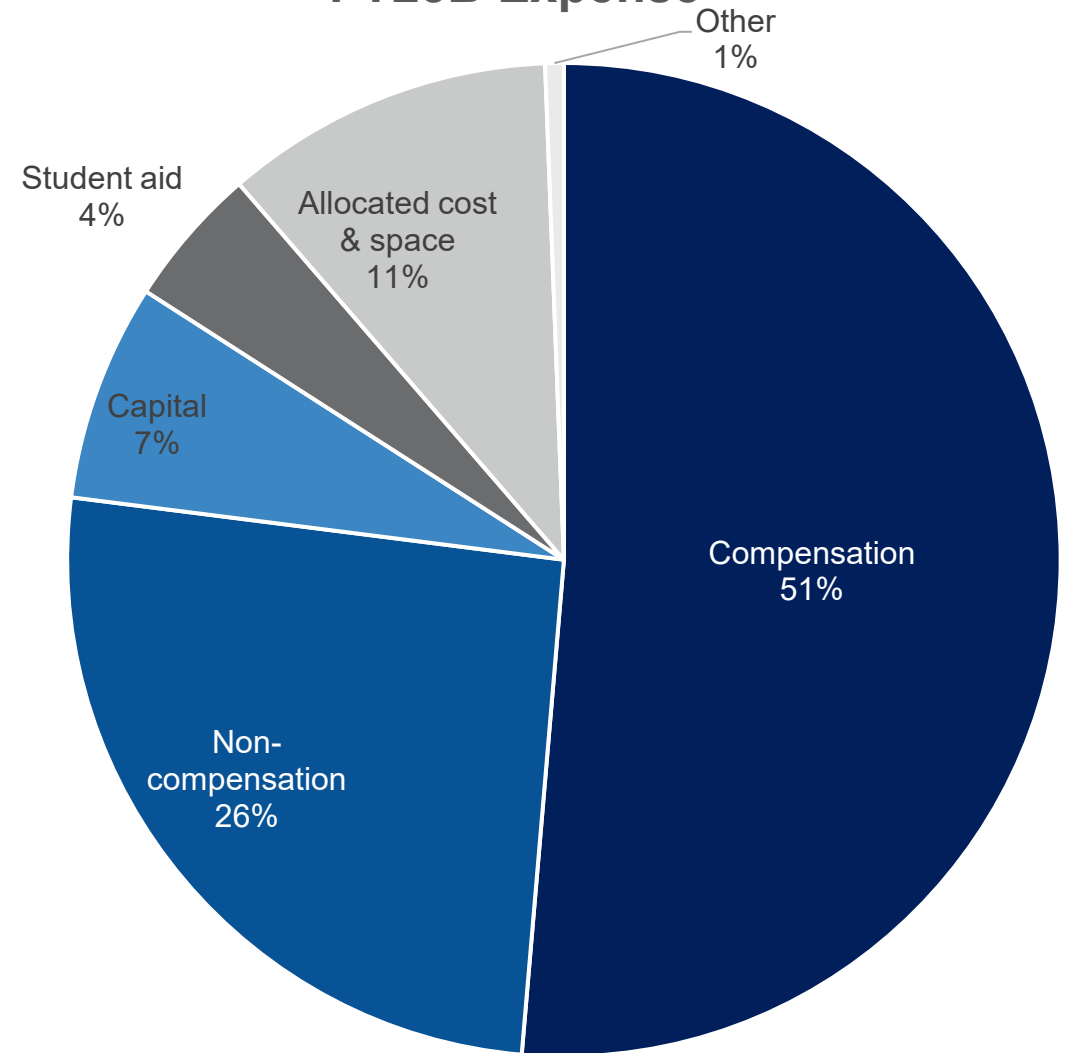
PSOM: Overview on Sponsored Research/F&A

PSOM Revenue and Expense Categories

FY25B Revenue



FY25B Expense

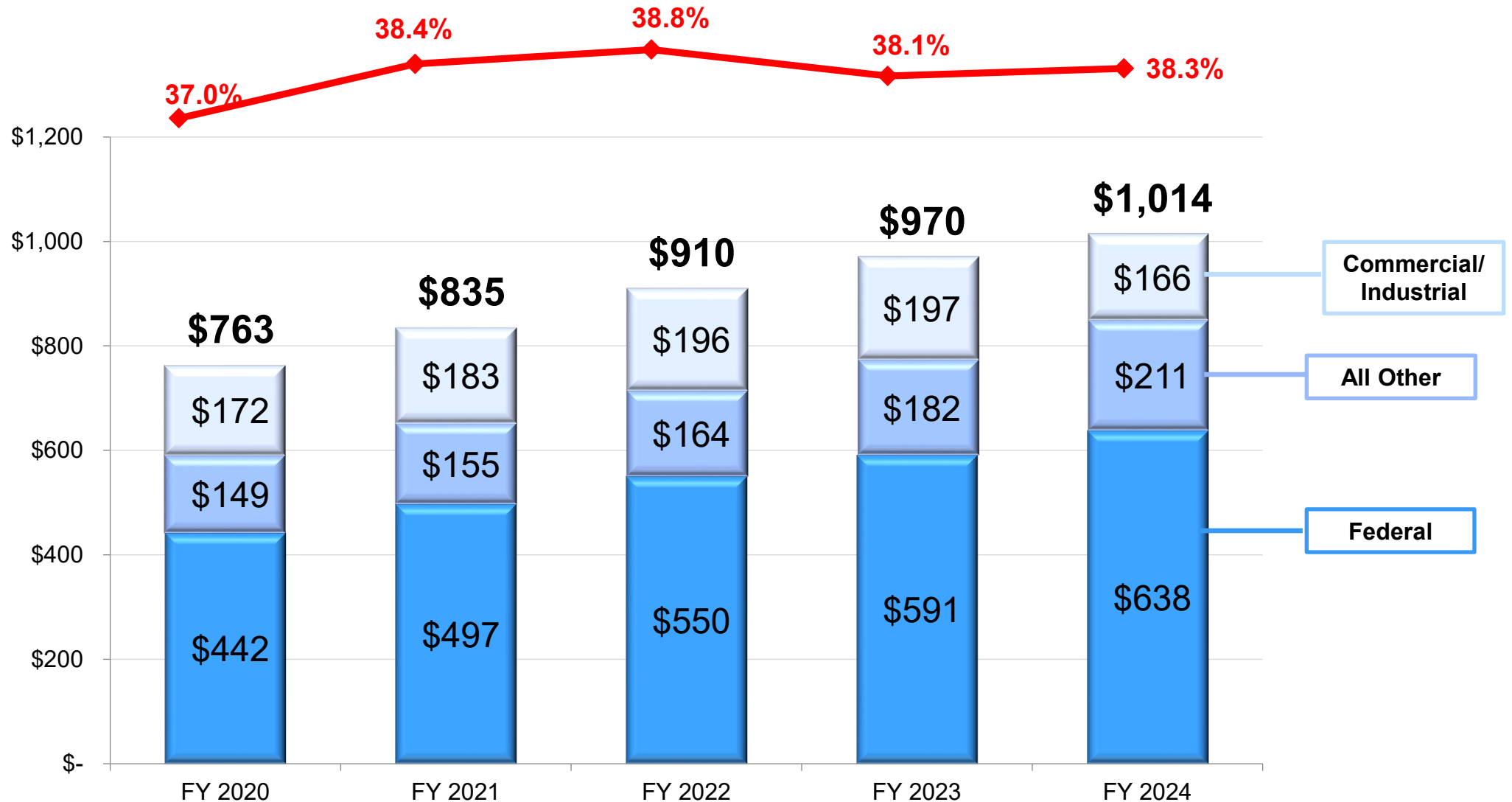


PSOM Sponsored Research Facts (FY24)

- NIH represents \$600M/yr. and ~94% of our federal research
- NIH Directs - ~\$422M
- NIH Indirect / F&A - \$178M (with 11.5% going to central U.)
- NIH Effective Indirect/F&A rate is 42% (blend of low IDC grants like K, T; high IDC grants like U, P, R, at 62.5%; and low/no F&A on equipment, subcontracts, grad. tuition, etc. costs). Like most, if not all medical schools, the clinical mission helps keep the operating results of PSOM in balance to the tune of ~\$200M/yr. or 10%-15% of the PSOM budget. Coupled with philanthropy (given the volatility, tech. transfer not a good source to support ongoing research costs), this is how we cover the other ~50% of research expenses not covered by our external sponsors. If federal funds are decreased significantly and for the long-term, these resources would be inadequate to fill the gap.

PSOM Sponsored Program Activity – FY24 Final

(Direct Costs + Facilities and Administrative Charges in millions)



F&A (Indirect Cost Recovery)

- Key source of revenue received from sponsoring agency to reimburse the university for facilities and administrative costs like:

Facilities

Interest on Debt

Depreciation

Operation & Maintenance - Utilities

Library

Administration

General Admin.- IT, HR/Payroll, Accounting, etc.

Spons. Project Admin.- Res. Admin., IRB, IACUC, etc.

Department Admin. – School/Dept. Admin.

- Is not profit or surplus. It is actual cost that is directly attributable to one specific project
- The federal rate is a “negotiated rate” and our current rate is 62.5% through FY27.
 - PSOM 23rd highest rate – Cornell, Harvard, NYU – 69.5%, Yale, Penn State, USC – 65.5%-67.5%
 - Every 1% equates to ~ \$5M-\$7M/yr. for PSOM
- Our “effective rate”, ~39%, is a product of: 1) different types of grants (Rs, Ks, Ts) bring different rates, 2) different funders have different rates (foundations), and certain costs have low or no F&A (equipment, PhD. student tuition, subcontracts, etc.)

Research & F&A Require Subsidy

$$\frac{\text{Institutionally Funded Direct Research Expenditures + Institutionally Funded F\&A* Expenditures}}{\text{Sponsored Programs Direct Cost Expenditures + Sponsored Programs F\&A* Expenditures}} = \text{Institutional investment per dollar of sponsored funding received}$$

The average medical school investment is an additional \$0.53 for each dollar of sponsored research received (an average investment of \$111 million per medical school).

*Facilities & Administrative (F&A) sometimes referred to as indirect costs

Why does research need subsidy?

- Actual cost of F&A is greater than 62.5% -- this is just the amount the government will reimburse
- No F&A collected for unfunded research (e.g., startup, bridge funding, internal pilot awards)
- Administrative component of F&A rate has been capped at 26% for many years while compliance requirements rise
- NIH career development grants capped at 8% F&A
- Many non-federal grants have lower F&A rates
- NIH and K-award salary cap gap
- Grants do not allow coverage for 100% of faculty salary and fringe cost
- Cost share requirements