

**Facilities and Administrative Cost Recovery  
Annual Report FY 2007 - 2008**

This report is prepared pursuant to the memorandum of understanding executed between the Vice Presidents for Academic Affairs, Research and Business Affairs for use and distribution of F&A revenue and covers two fiscal year periods 2007 and 2008.

**I. F&A Revenue Recovery**

	<u>Budget</u>	<u>Actual Revenue</u>	<u>Variance</u>
<b>FY 2007 Revenue</b>	\$6,000,000	\$5,703,051	<\$296,949>
<i>The FY07 variance was absorbed by prior year surplus balances.</i>			

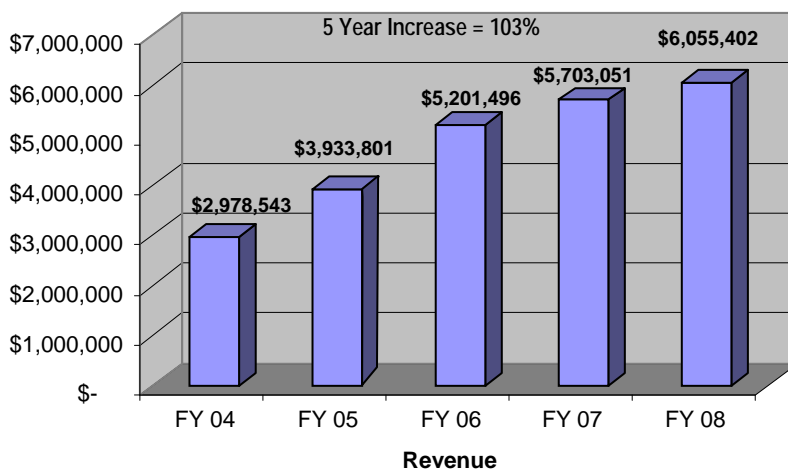
<b>FY 2008 Revenue</b>	\$6,000,000	\$6,055,402	55,402
<i>The FY08 variance was added to prior years' cumulative balances. See section XV.</i>			

**5 Year History (FY04- 08)**

F&A base revenue grew by \$3.1 million dollars over the last five years — FY 2004 through 2008 — an increase of 103% or total revenue of \$23.9 million.

	<b>FY 04</b>	<b>FY 05</b>	<b>FY 06</b>	<b>FY 07</b>	<b>FY 08</b>
<b>Federal</b>	<b>2,872,068</b>	<b>3,781,347</b>	<b>5,032,063</b>	<b>5,404,985</b>	<b>5,753,973</b>
<b>State</b>	31,627	68,132	52,261	65,799	65,992
<b>Local</b>	16,321	17,805	30,175	22,842	37,325
<b>Private</b>	58,527	66,517	86,997	209,425	198,112
<b>Totals</b>	<b>\$2,978,543</b>	<b>\$3,933,801</b>	<b>\$5,201,496</b>	<b>\$5,703,051</b>	<b>\$6,055,402</b>

**UTSA F&A Revenue - 5 Year History**



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**II. F&A Rate**

**A. Negotiated Rate**

Negotiations for the F&A Rate Agreement were completed February 2008 with the U.S. Department of Health and Human Services (DHHS). The on-campus rate for Organized Research and Instruction is 44.5% for the period beginning September 1, 2007 through August 31, 2011. This a gain of 3% over the previous recovery rate of 41.5%. The rate for Other Sponsored Activities is 43.4%, and the off-campus rate is 26%. All rates are based on Modified Total Direct Costs, which by definition, exclude equipment, capital expenditures, tuition remission, rental costs of off-site facilities, scholarships and fellowships and the portion of each sub-grant and sub-contract in excess of \$25,000. A copy of the agreement is available on the UTSA website: <http://vpr.utsa.edu/files/osp/Indirect%20cost%20rate%20agreement.pdf>

The next proposal based on actual costs for the fiscal year ending August 31, 2010 is due to DHHS on February 28, 2011.

**B. Net F&A Effective Rate**

The net effective F&A rate is computed as follows:

$$\frac{\text{TOTAL F\&A Recovery Revenue}}{\text{Restricted Sponsored Program Expenditures Net of F\&A}}$$

Two years of data is computed for all restricted, restricted federal only, restricted non-federal and restricted research:

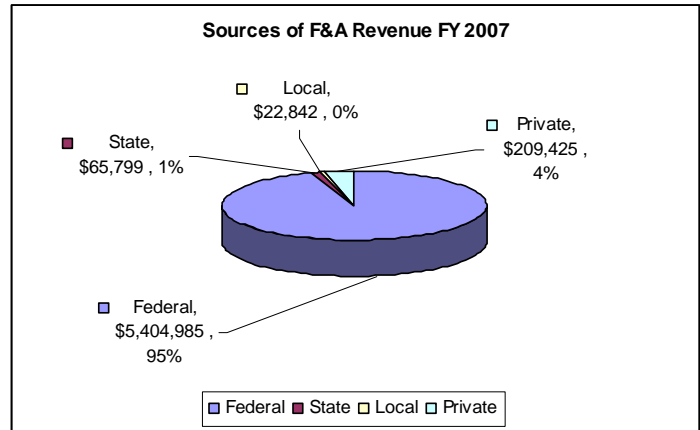
Research & Non-Research	FY 2007 Basis	Net Effective Rate	FY 2008 Basis	Net Effective Rate
All Restricted	\$5,703,051 / \$31,442,181	18.1%	\$6,055,402 / \$34,035,958	17.8%
Restricted (Federal only)	\$5,404,985 / \$26,194,640	20.6%	\$5,753,973 / \$27,725,858	20.8%
Restricted (Non-Federal)	\$298,066 / \$5,247,542	5.7%	\$301,429 / \$6,310,100	4.8%
Restricted Research	\$4,973,465 / \$20,283,600	24.5%	\$5,188,035 / \$21,908,637	23.7%

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**III. Sources of F&A Revenue**

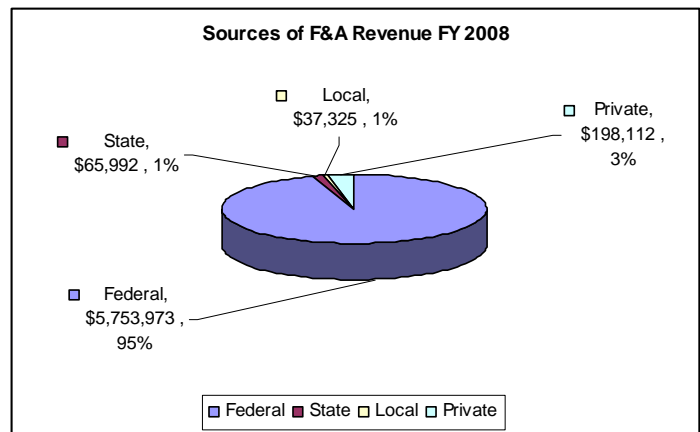
**FY 2007 F&A Revenue**

Federal	\$ 5,404,985	94.8%
State	65,799	1.2%
Local	22,842	0.4%
Private	209,425	3.7%
<b>TOTAL</b>	<b>\$ 5,703,051</b>	<b>100.0%</b>



**FY 2008 F&A Revenue**

Federal	\$ 5,753,973	95.0%
State	65,992	1.1%
Local	37,325	0.6%
Private	198,112	3.3%
<b>TOTAL</b>	<b>\$ 6,055,402</b>	<b>100.0%</b>

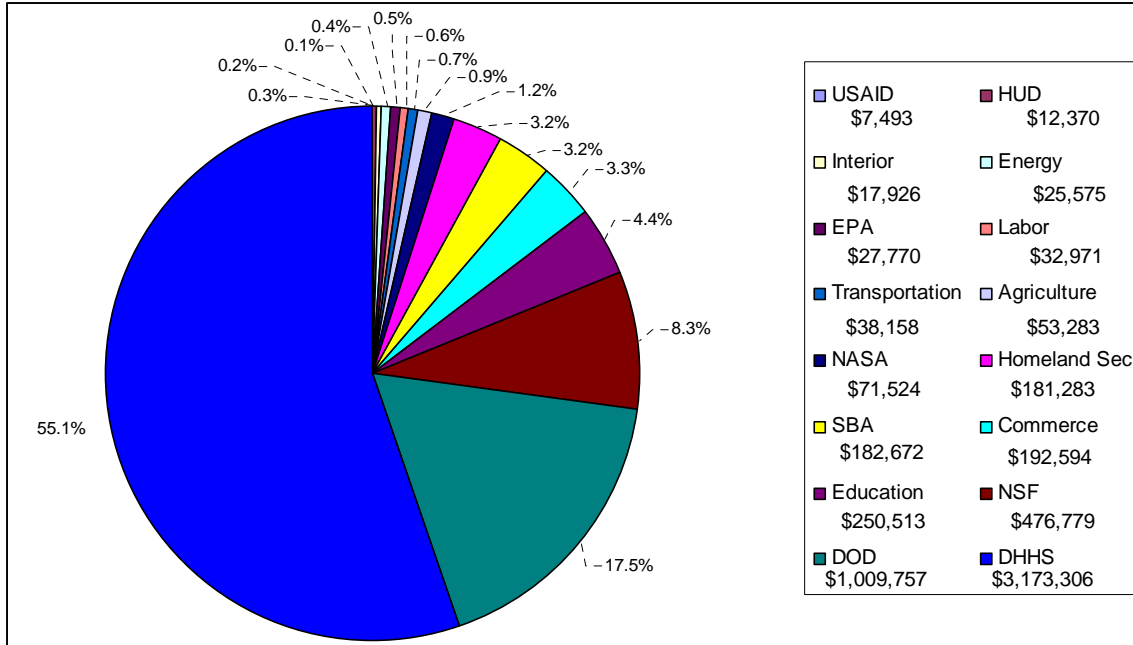


**IV. Sources of F&A Revenue – Federal Agencies**

	FY 04	FY 05	FY 06	FY 07	FY 08	% Change
Agriculture	140		2,259	16,429	53,283	37959%
Commerce	45,453	158,424	219,366	228,103	192,594	324%
DHHS	1,408,468	2,026,673	2,874,694	3,324,068	3,173,306	125%
DOD	831,959	966,737	1,048,525	893,830	1,009,757	21%
Education	163,685	151,211	224,601	241,795	250,513	53%
Energy			8,555	21,391	25,575	
EPA	31,791	6,713	3,755	24,162	27,770	-13%
Homeland Security		27,938	185,919	153,412	181,283	
HUD	28,841	51,956	73,688	13,148	12,370	-57%
Interior	5,382	121	796	10,519	17,926	233%
Labor	25,926	44,984	19,545	31,053	32,971	27%
NASA	63,246	51,768	10,006	1,934	71,524	13%
NEH	5,101					-100%
NSF	138,316	154,133	210,327	277,132	476,779	245%
SBA	117,971	139,227	134,357	156,881	182,672	55%
Transportation	5,791	1,462	15,669	5,370	38,158	559%
USAID				5,759	7,493	
<b>TOTAL</b>	<b>\$2,872,069</b>	<b>\$3,781,347</b>	<b>\$5,032,063</b>	<b>\$5,404,985</b>	<b>\$5,753,974</b>	<b>100%</b>

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**FY 2008 Federal Sources of F&A Recovered**



**V. F&A Revenue Generated by Area**

	FY 04	FY 05	FY 06	FY 07	FY 08
<b>Academic Affairs</b>	\$ 726				
<b>Subtotal</b>	\$ 726	\$ 0	\$ 448	\$ 0	\$ 0
<b>Business Affairs</b>	\$ 0				
<b>Subtotal</b>	\$ 0	\$ 0	\$ 448	\$ 0	\$ 0
<b>College of Architecture</b>	\$ 596	\$ (336)	\$ 5,553	\$ 1,536	\$ 2,546
<b>Subtotal</b>	\$ 596	\$ (336)	\$ 5,553	\$ 1,536	\$ 2,546
<b>College of Business</b>	\$ 64,175	\$ 38,879	\$ 41,374	\$ 57,710	\$ 57,346
Statistical Consulting Center				\$ 3,440	\$ -
<b>Subtotal</b>	\$ 64,175	\$ 38,879	\$ 41,374	\$ 61,150	\$ 57,346
<b>College of Educ &amp; Human Dvlpmt</b>	\$ 74,284	\$ 112,978	\$ 265,178	\$ 318,422	\$ 278,467
<b>Subtotal</b>	\$ 74,284	\$ 112,978	\$ 265,178	\$ 318,422	\$ 278,467
<b>College of Engineering</b>	\$ 226,011	\$ 340,171	\$ 358,105	\$ 403,609	\$ 440,746
Center for Advanced Mfg & Lean Systems					\$ 2,964
Institute for Bioeng & Translational Research					\$ 34,145
<b>Subtotal</b>	\$ 226,011	\$ 340,171	\$ 358,105	\$ 403,609	\$ 477,855

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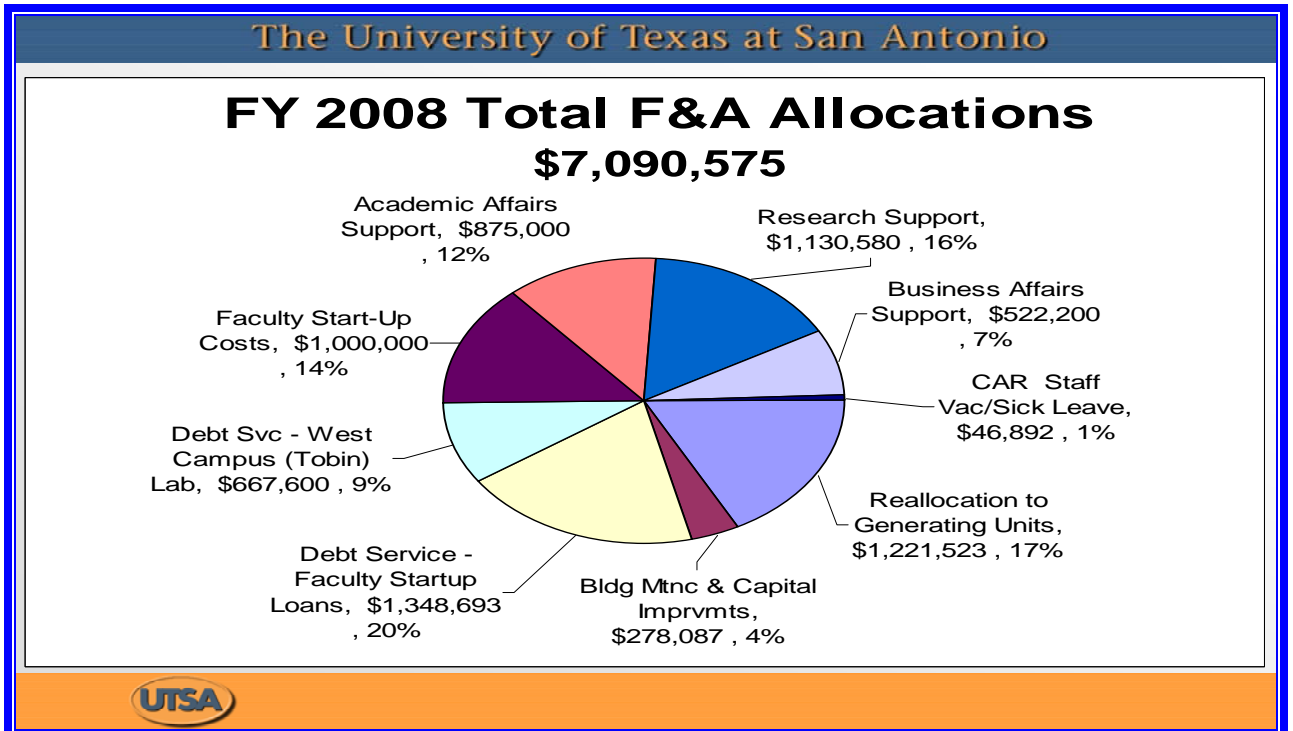
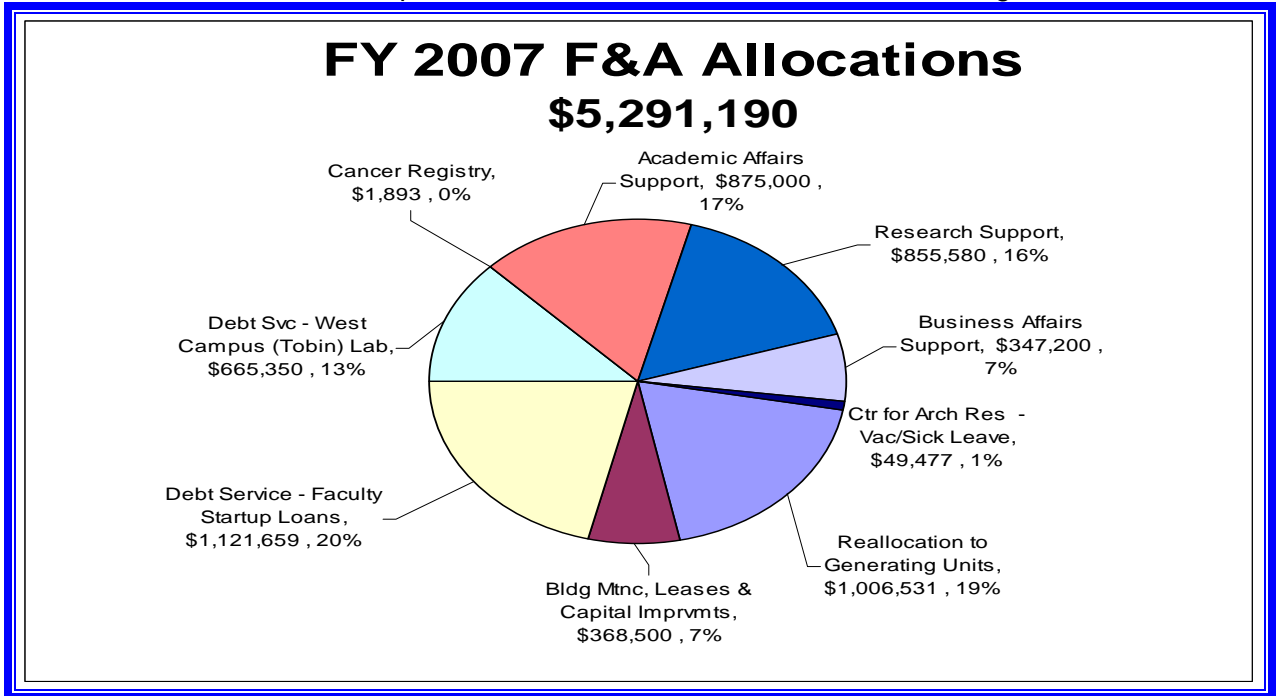
**V. F&A Generated by Area, Continued**

<b>College of Liberal and Fine Arts</b>	\$ 81,860	\$ 74,167	\$ 46,413	\$ 8,918	\$ 57,398
Center for Archaeological Research	\$ 63,747	\$ 83,089	\$ 79,765	\$ 74,672	\$ 106,228
Culture and Policy Institute	\$ 19,213	\$ 29,736	\$ 93,182	\$ 124,615	\$ 79,151
<b>Subtotal</b>	\$ 164,820	\$ 186,992	\$ 219,360	\$ 208,204	\$ 242,777
<b>College of Public Policy</b>	\$ 2,297	\$ 1,328	\$ 759	\$ -	\$ -
Center for Policy Studies				\$ 18,451	\$ 1,540
Institute for Demographic Research		\$ 22,253	\$ 42,808	\$ 43,253	\$ 41,782
<b>Subtotal</b>	\$ 2,297	\$ 23,581	\$ 43,567	\$ 61,704	\$ 43,322
<b>College of Sciences</b>	\$ 422,163	\$ 552,604	\$ 623,994	\$ 992,966	\$ 1,157,225
CEBBER	\$ 17,613	\$ 100,218	\$ 102,399	\$ 16,663	\$ -
Ctr for Infrastructure Assurance & Security	\$ 616,480	\$ 665,675	\$ 821,640	\$ 753,613	\$ 779,606
Ctr for Research & Training in the Sciences	1,031,602	1,305,821	1,294,098	\$ 1,310,871	\$ 1,027,255
Center for Water Research	\$ 1,534	\$ 15,802	\$ 17,658	\$ 26,950	\$ 29,196
Institute for Aging Research			\$ 39,044	\$ 77,379	\$ -
Institute for Cyber Security					\$ 40,690
Neurosciences Institute					\$ 230,777
SA Inst for Cellular & Molecular Primatology			\$ 122,502	\$ 110,842	\$ 3,620
So Tex Ctr for Emerging Infectious Diseases		\$ 153,317	\$ 769,783	\$ 844,191	\$ 1,091,376
<b>Subtotal</b>	\$ 2,089,392	\$ 2,793,437	\$ 3,791,118	\$ 4,133,475	\$ 4,359,744
<b>Research</b>					
Office of Sponsored Programs	\$ 2,533		\$ 4,895		
<b>Subtotal</b>	\$ 2,533		\$ 4,895		
<b>Student Affairs</b>					
Child Care Center	\$ 7,366	\$ 5,978	\$ 4,828		
Student Retention Office	\$ 974				
<b>Subtotal</b>	\$ 8,340	\$ 5,978	\$ 4,828		
<b>Community Services</b>					
Child & Adolescent Policy Research Institute			\$ 38,349	\$ 31,804	\$ 46,690
P-20 Initiatives	\$ 6,218	\$ 2,491	\$ 584	\$ 85	\$ 8,081
PREP	\$ 52,960	\$ 22,502	\$ 0	\$ 10,549	\$ 33,192
TRIO	\$ 91,446	\$ 86,363	\$ 83,830	\$ 94,601	\$ 114,921
Institute for Economic Development	\$ 194,744	\$ 320,764	\$ 344,311	\$ 377,911	\$ 390,459
<b>Subtotal</b>	\$ 345,368	\$ 432,120	\$ 467,074	\$ 514,950	\$ 593,344
<b>Total Recovered</b>	<b>\$ 2,978,543</b>	<b>\$ 3,933,801</b>	<b>\$ 5,201,496</b>	<b>\$ 5,703,051</b>	<b>\$ 6,055,402</b>

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**VI. F&A Allocation Overview**

F&A was allocated pursuant to the memorandum of understanding, as follows:



## VII. F&A Distribution to Generating Units

A budget is set aside to return a percentage of earnings based on prior year distributions based on the MOU which currently allocates 10% of actual F&A recovery to PI's and 10% to Colleges, Centers and Institutes, with a few exceptions as noted below.

Funds are allocated on a one-time basis and are not part of the recipient's base budget due to year-to-year fluctuations in earnings. Any variance over budget is returned to reserves for future year usage.

	<u>Budget</u>	<u>Allocation</u>	<u>Variance</u>
<b>FY 2007</b>	\$1,200,000	\$1,006,531	\$193,469
<b>FY 2008</b>	\$1,273,621	1,221,523	52,098

This report does not include detailed information about the use of these funds, which have traditionally been treated as discretionary to the recipient. Whether that practice should continue will be a subject for future analysis and discussion.

	<u>FY07</u>	<u>FY08</u>	<u>Two Yr Total</u>
PI's	415,598	519,200	\$ 934,798
Colleges	179,594	191,173	370,767
Centers, Institutes	411,339	511,150	922,489
<b>Total</b>	<b>\$1,006,531</b>	<b>\$1,221,523</b>	<b>\$2,228,054</b>

Exceptions:

- A. Through August 12, 2008, the South Texas Center for Emerging Infectious Diseases received 20% of F&A earned, exclusive of the PI's portion which by agreement is not allocated to the PI but instead retained by the center.
- B. Center for Archaeological Research (CAR) does not receive a distribution as CAR employees' leave benefits are paid from F&A.
- C. F&A account balances of researchers who leave the employment of UTSA are reallocated to the college or institute/center, whichever circumstance applies.

**VIII. Debt Service**

Twenty-nine percent (29%) of FY08 F&A recovery is pledged to debt service:

A. **Renovations to the West Campus (Margaret Tobin) Lab Facility** were financed through bond series 2006B, which will be retired August 15, 2036:

- o FY07 debt service paid - \$665,350      FY08 debt service paid - \$667,600
- o FY09 payment due      \$666,000      FY10 payment due      \$667,500

B. **Faculty Startup costs:** Prior to fiscal year 2004, a decision was made to finance faculty start-up costs with F&A to service the debt. The award amount shown below is principal only.

Fiscal Yr	COE	COS	COLFA	COEHD	OGS	Awards
FY04	\$56,000	\$667,500	\$50,050	\$ -	\$ -	\$773,550
FY05	\$95,000	\$936,722	\$ -	\$120,000	\$316,899	\$1,468,621
FY06	\$484,000	\$3,574,000	\$51,000	\$189,300	\$ -	\$4,298,300
FY07	\$550,000	\$542,000	\$ -	\$ -	\$ -	\$1,092,000
<b>Total</b>	<b>\$1,185,000</b>	<b>\$5,720,222</b>	<b>\$101,050</b>	<b>\$309,300</b>	<b>\$316,899</b>	<b>\$7,632,471</b>

All debt under this program will be retired August 31, 2012. Remaining payments are:

- o FY09 = \$1,383,495
- o FY10 = \$1,251,908
- o FY11 = \$924,722
- o FY12 = \$34,795

**IX. Building Maintenance and Capital Improvements**

A \$300,000 budget is set aside as a capital reserve for capital requirements. Any unused balance rolls forward to reserves.

**FY08 Budget** **\$300,000**

**Uses:**

Faculty Start-up (to forego additional debt) <\$278,087>

**Balance** **\$21,913**

**X. Academic Affairs**

Academic Affairs receives **\$875,000** in base budget funding and during FY 2008 received a one-time allocation of \$1,000,000 for faculty startup costs.

**FY07 Budget** **\$875,000**

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**Uses:**

**College of Science**

Supplies	100,000
Equipment Service	6,900
Autoclave Moving Costs	25,000
<b>Subtotal COS</b>	<b>\$131,900</b>

**College of Engineering**

ABET	200,000
<b>Subtotal COE</b>	<b>\$ 200,000</b>

**College of Education & Human Development**

Supplies	55,000
Education Research Center	20,000
<b>Subtotal COEHD</b>	<b>\$ 75,000</b>

**Center for Infrastructure Assurance and Security (CIAS) \$60,000**

**Total Uses:** **\$466,900**

**Balance** **\$408,100**

**FY08 Budget** **\$2,283,100**

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*Includes FY07 Carryforward balance and One-Time Funding allocations*

**Uses:**

**Academic Support** **\$139,341**

**Faculty Travel** **200,000**

**College of Science**

Faculty Commitments	258,000
Animal Storage	17,100
Equipment Service	77,374
Equipment Replacement	16,000
<b>Subtotal COS</b>	<b>\$368,474</b>

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**Academic Affairs, continued**

**College of Engineering**

ABET	200,000
Faculty Startup	164,022
<b>Subtotal COE</b>	<b>\$ 364,022</b>

**College of Architecture**

Equipment	<b>\$ 27,235</b>
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**Institute for Demographic and Socioeconomic Research**

Start-up	<b>\$ 60,552</b>
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**Total Uses: \$1,159,624**

**Balance at August 31, 2008 \$1,123,476**

**XI. Research**

The Vice President for Research received a base budget allocation in FY07 of **\$855,580**:

**FY07 Budget \$855,580**

**Uses:**

**Office of Sponsored Programs Salaries \$193,580<sup>1</sup>**

**Research Integrity & Compliance**

Salaries & Wages	84,103
M&O / Travel	23,759
<b>Subtotal Research Integrity</b>	<b>\$107,862</b>

**Research Miscellaneous**

Transfers to fund Research Administration	212,500
M&O / Travel	110,194
<b>Subtotal Misc</b>	<b>\$322,694</b>

**Total Uses: \$647,613**

**Balance \$112,444**

<sup>1</sup> Due to the timing of the reorganization of Grants and Contracts on 1/16/2007, the full amount of the OSP salary costs was not reflected in VP Research budgets until FY 2008, but the entire amount is shown.

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**Research, continued**

**FY08 Budget** **\$1,243,024**

Includes FY07 Carryforward balance. In FY08, the permanent budget increased by \$275,000 to \$1,130,580.

**Uses:**

**Office of Sponsored Programs Salaries** **\$468,580**

**Research Integrity & Compliance**

Salaries & Wages	147,000
M&O / Travel	2,398
<b>Subtotal Research Integrity</b>	<b>\$149,398</b>

**Research Miscellaneous**

Transfers to fund Research Administration	510,000
Funding support – COLFA Research Competition	5,000
M&O / Travel	110,046
<b>Subtotal Misc</b>	<b>\$625,046</b>

**Total Uses:** **\$1,243,024**

**Balance at August 31, 2008** **\$0**

**XII. Business Affairs**

Business Affairs received a base budget allocation in FY07 of **\$347,200** to fund various departmental operations in support of research:

**FY07 Budget** **\$347,200**

**Administration:**

**Environmental Health & Safety**

Salaries	\$ 72,200
M&O / Travel	\$ 30,509
Fire Suppression	\$ 7,000
Chemical Waste Disposal	\$ 2,000
Environmental Testing	\$ 12,000
<b>Subtotal Administration</b>	<b>\$123,709</b>

**Human Resources:**

Salaries	\$ 30,000
Training & Development	5,000
<b>Subtotal HR</b>	<b>\$ 35,000</b>

<b>Financial Affairs:</b> Disbursement Staff Salaries	\$24,000
Grants & Contracts Financial Svcs Salaries	\$164,491
<b>Subtotal Financial Affairs</b>	<b>\$188,491</b>

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In FY08, the permanent budget increased by **\$175,000** to **\$522,200**:

**Administration:**

**Environmental Health & Safety**

Salaries	\$117,700
M&O / Travel	\$ 30,509
Fire Suppression	\$ 7,000
Chemical Waste Disposal	\$ 2,000
Environmental Testing	\$ 12,000

**Purchasing**

Salaries	\$ 29,000
<b>Subtotal Administration</b>	<b>\$198,209</b>

**Human Resources:**

Salaries	\$ 60,000
Training & Development	5,000
<b>Subtotal HR</b>	<b>\$ 65,000</b>

<b>Financial Affairs:</b> Disbursement & Travel Salaries	\$ 52,500
Grants & Contracts Financial Svcs Salaries	164,491
Payroll Staff Salaries	42,000
<b>Subtotal Financial Affairs</b>	<b>\$258,991</b>

**Total Uses:** **\$522,200**

**XIII. Special Issues**

**A. Telephone Base Rate Cost Allocation**

Beginning in FY09, F&A funds will be used to pay base telephone charges for certain sponsored projects as per OMB Circular A-21, Cost Principles for Educational Institutions, Section F6(b)(3). Only long distance charges identified with specific projects may be charged to 26 accounts. An exception may be made only when dedicated lines are required by the project scope of work, e.g. a telephone survey or telephone hot line, etc. and approved by the sponsor in the project budget. The cost impacts of this decision will be revisited each year.

**B. Impacts of State Accounting Changes (SB 1446)**

On June 15, 2007, Senate Bill 1446 changed the accounting of F&A from an educational and general (14-) fund budget item to a designated fund (19-). Beginning FY08, all new allocations of F&A to PI's, Centers and Institutes are recorded in accounts numbered 19-8xxx-xxxx. The most significant impact of

this change is that any salary cost incurred in an F&A 19-8 account must bear the full cost of employee fringe benefits.

#### **XIV. FY10 Budget Outlook**

Revenue is projected at \$6,150,000, or 2.5% higher than the amount budgeted in FY 2009 (\$6,000,000), and 1.6% higher than the actual revenue recovered in FY 2008. A base allocation for utility cost increases totalling \$300,000, will be funded through a reallocation of \$100,000 from the Capital Improvement account and a new allocation of \$200,000. Each Vice President's permanent budget allocation will also increase by:

Academic Affairs	\$100,000
Research	\$ 95,000
Business Affairs	<u>\$ 60,000</u>
<b>Total</b>	<b>\$255,000</b>