The University of Texas at San Antonio

October 30, 2013

MEMORANDUM of UNDERSTANDING

For the Distribution of Facilities and Administrative Indirect Cost Recovery

I. Purpose. This memorandum of understanding (MOU) outlines the terms agreed to by the Provost and Vice President for Academic Affairs and the Vice President for Business Affairs, hereinafter referred to as "the parties", for the distribution of Facilities and Administrative (F&A) revenue collected from grants and contracts awarded to The University of Texas at San Antonio. The agreement is intended to provide flexibility, stability and transparency in the allocation of funds; provide incentives for increasing the campus's ability to attract new grant and contract awards; and to meet growing workload demands to support research and sponsored program activities. The parties will also consult on use of reserve funding.

II. Distribution to Generating Units. The parties agree that F&A recoveries will be distributed to generating units as described below. These distributions will occur in the first quarter of each new fiscal year based on the actual F&A recovered during the prior fiscal year. A report will be provided by Grants and Contracts Financial Services each year with details of the distributions.

A. Each College/Vice President will receive a distribution equivalent to 8% of the actual F&A recovered from sponsored projects earned by Principal Investigators that are appointed to the college/division.

B. A Principal Investigator (PI) will receive a distribution equivalent to 5% of the actual F&A recovered from their sponsored project awards. For awards with Co-PI's the F&A recovered will be shared based upon the allocation percentages recommended by the PI. In any case, the total amount of the PI or Co-PI's share must meet a minimum threshold of $500; otherwise the distribution will be allocated to the department's F&A account. PI's and Department chairs will be notified of any distributions under $500 made to the Department.

C. Centers and Institutes will receive a distribution from a central fund whose allocation is based on 7% percent of the total F&A recovered by the University. The distribution formula to individual Centers and Institutes will be determined in consultation with the Center and Institute directors group.

The following exceptions apply to the distribution shared by the centers and institutes:

1. The Center for Archaeological Research (CAR) does not receive a distribution. Instead, those funds are used to offset the salary cost of staff vacation and sick leave usage, which is not currently being charged as a direct cost of the grant and contract activity. This practice will be reviewed in the future to determine whether a better allocation method is advisable.
2. The Centers and Institutes under the Vice President for Community Services are treated as departments, see paragraph D. below.

D. **Departments** will receive a distribution equivalent to 7% of the actual F&A recovered from sponsored projects awards for all PI’s appointed to the department. The total amount of the share of F&A recovery must meet a minimum threshold of $500, otherwise the distribution will be allocated to the appropriate college dean’s/Vice President’s F&A account. Department chairs and Deans will be notified of any distributions under $500 made to the College/Vice President.

**III. Other Distributions:**

A. **Debt service.** Debt service will be paid in full from F&A recovery for renovation and repair of research facilities at the West Campus/Margaret Tobin Lab bonded in 2006.

B. **CIAS Lease Space.** Funds are allocated for the annual lease costs of an off-campus facility for the Center for Infrastructure Assurance & Security (CIAS), through the end date of the lease, or 06/30/2015.

C. **Base Budget Allocations.** An original budget will be established each fiscal year in an amount established by the Vice President for Business Affairs based on estimated revenues. Specific allocations for the following will be made in the original budget document:

1. **Building Maintenance, Utilities and Capital Improvements.** The following annual allocations are authorized:
   a. $300,000 for utility costs attributable to the research effort at the university.
   b. $200,000 for costs associated with equipment and building maintenance, and minor capital improvements of research facilities.
   c. $40,000 is budgeted to pay for monthly telephone charges which are included in the F&A rate. One time needs in excess of this amount may be approved from central reserves upon agreement of the parties.
   d. $160,000 for maintenance of the autoclaves, $128,000 for the contract and $32,000 for estimated repairs. Biology should prepare an accounting each year of the expenditures and send to Grants and Contracts Financial Services. Any additional funding needed over the $160,000 should be made through the Dean’s Office to the Provost with a copy to Vice President for Business Affairs.

2. **Academic Affairs.** Academic Affairs will receive budget totaling 22% of budgeted F&A revenue. Periodic upward adjustments may be appropriate should revenue be recovered in excess of budget and/or as future base F&A revenue budgets are increased.

3. **Research.** Research will receive budget totaling 20% of budgeted F&A revenue. Periodic upward adjustments may be appropriate should revenue be recovered in excess of budget and/or as future base F&A revenue budgets are increased.
4. Business Affairs. Business Affairs will receive minimum budget totaling $875,000, or 10% of budgeted F&A revenue. Periodic upward adjustments may be appropriate should revenue be recovered in excess of budget and/ or as future base F&A revenue budgets are increased.

D. Reserves. After the aforementioned allocations have been made, remaining funds, if any, will be placed in a reserve for future needs. If the total allocations made in a given year exceed actual recoveries, the reserves will cover the underfunding. At no time should the total assets in reserve fall below $1,500,000, or 15% of the base budget for a given fiscal year, whichever amount is greater. Any distributions from reserves other than to cover annual budgeted expenditures in excess of revenues, must be agreed to in advance by all parties.

IV. Allocation Review. The parties agree to review the allocation model to recommend any appropriate adjustments, prior to the beginning of each budget preparation cycle.

V. Effective date. This agreement is effective September 1, 2013, and replaces all previous agreements in their entirety.

Provost and Vice President, Academic Affairs, Dr. John Frederick

Vice President, Business Affairs
Mr. Kerry L. Kennedy

(Date)

Interim Vice President for Research
Dr. Mauli Agrawal

(Date)

10/30/13

10/31/13