UTSA The University of Texas at San Antonio

MEMORANDUM

Date: August 24, 2011

To: UTSA Faculty

From: John H. Frederick

Subject: F&A Distribution and Accumulation Guidelines

In April 2010, this office released a white paper (posted on the provost office web site at http://provost.utsa.edu/home/docs/Proposed_FA_Distribution_Model_20100427.pdf) detailing the revised distribution of Facilities and Administrative (F&A) funds to generating units and administrative units providing research infrastructure. The new distribution has been subject to a two-year "phase-in" as outlined in the table below, with the coming year representing the second year of that phase-in.

Proposed F&A Distribution

Unit	*Old Distribution*	*New Distribution Phase-in*	
		FY 2011	*FY2012*
PIs	10%	7.5%	5%
Departments	0	3.5%	7%
Colleges	3.5%	6%	8%
Pool for Centers/Institutes	6.5%	6.5%	7%
TOTAL	**20%**	**23.5%**	**27%**

The various elements of the 2010 white paper also called for the establishment of two working groups to recommend appropriate guidelines governing annual distributions to and expenditures from F&A accounts. The first working group considered the distribution of funds from a special F&A account created to support the work of University Research Centers and Institutes (URCIs). To achieve eligibility for an allocation from this special F&A pool of funds, a center or institute must be:

- a research entity with activities and contributors that span multiple departments, colleges, and/or institutes;
- an entity that has been officially recognized by the university as being a university research center or institute according to the process outlined in HOP 10.03; and
- an entity that undergoes periodic performance evaluation by an external review team under the auspices of the Office of the Vice President for Research.

For URCIs meeting these eligibility requirements, funds from the URCI F&A pool of funds will be distributed as follows:

1. 30% of the pool will be evenly divided among all URCIs meeting the eligibility requirements given above.
2. 70% of the pool will be distributed proportional to the F&A generated by each URCI over the previous fiscal year.

This distribution of funds is ***effective as of September 1, 2011*** and will apply to the fall 2011 allocation.

Over the past year, a second working group has been formulating recommended guidelines to be used in setting an appropriate minimum distribution to be made, the appropriate maxima for account carry-over from one fiscal year to the next, and whether there should be a different formula for F&A distribution when the funding agency F&A rate is less than our maximum allowed rate.

This second working group provided its recommendations earlier this summer, and the university will adopt those recommendations, ***effective September 1, 2013***, that is, their recommended guidelines will apply to the F&A allocation made in the fall of 2013. The delay in adopting these new guidelines is to allow current managers of F&A accounts time to adjust their usage and expenditure practices for those funds.

Among the guidelines approved for F&A account management are the following:

1. **Minimum fund distribution to PIs:** Any annual distribution to a PI F&A account that totals less than $500 will be distributed to the PI's academic department's F&A account.
2. **Minimum fund distribution to departments/colleges/centers/institutes:** There will be no minimum amount enforced for department/college/center/institute distributions—these units will receive the full amount of their portion of F&A funds accumulated over the past year.
3. **Thresholds for the distribution of F&A funds from grants receiving a reduced F&A rate:** The distribution of funds will be the same regardless of the F&A rate of the project sponsor.
4. Limits on F&A account carry-forward balances
    a. **Year-end balance greater than $75,000**— Account managers will receive notification of account balances around October 15 and asked to provide a report to the Vice-President for Research (VPR) by December 15 explaining the balance and providing a plan for expending the available funds. The plan must be approved by the VPR in consultation with the provost; if not approved, the VPR will meet with the account manager to develop an appropriate plan, agreeable to both the manager and the VPR. If no agreement can be reached within 30 calendar days, then any funds in excess of $75,000 will transfer to the next higher level F&A account (*e.g.* PI F&A funds would revert to the PI's department's F&A account, department F&A funds would revert to college F&A account, *etc*.).

b. **Year-end balance less than or equal to $75,000**— All accounts must have expenditure activity during the most recent fiscal year. If there has been no activity recorded, then the funds will transfer to the next higher level F&A account. The Office of Grant and Contract Financial Services will notify the F&A account manager 60 calendar days prior to the funds' transfer. The account manager must then provide written justification within 30 calendar days explaining the lack of expenditure activity along with a detailed plan for future expenditures. This plan is subject to the approval of the VPR in consultation with the provost. If not approved, the VPR will meet with the account manager to develop an appropriate plan, agreeable to both the manager and the VPR. If no agreement can be reached within 30 calendar days, then the funds will be transferred to the next higher level F&A account.

The task force also proposed guidelines for the distribution of F&A funds for projects with multiple PIs. Their suggestions will also be adopted by the university, but will be ***effective as of September 1, 2011***. These guidelines include the following:

1. The electronic routing form for grant submission will include a drop-down menu allowing the PIs to record the percentages to be used in distributing F&A funds (not to exceed 100%!).

2. The F&A distribution percentages will be confirmed each year by an email from the Office of Post-Award Administration. These percentages may be revised, as needed, by the PIs.

3. For funded projects involving faculty affiliated with a URCI, the center/institute will set its own criteria for affiliation.

4. If a funded project includes the participation of multiple URCIs, one center/institute must be designated the Primary Center or Institute. The electronic routing form will be updated to allow for multiple centers/institutes to be identified by the PIs as contributing to the project.

The recommendations of the two working groups are posted on the provost web site at http://provost.utsa.edu/home/resources_faculty.asp.