



Executive Director's Report to the Research Foundation Board

March 8th, 2017

- 1. CSU “Post Award” Audit**
- 2. Federally Sponsored Programs Funding by Agency**
- 3. Comparison of Federal research stats with other CSU campuses**
- 4. Sponsored Programs: Leading and Lagging Indicators**
- 5. Key Fiscal Challenges and Opportunities**
- 6. Industry Growth Pilot update**

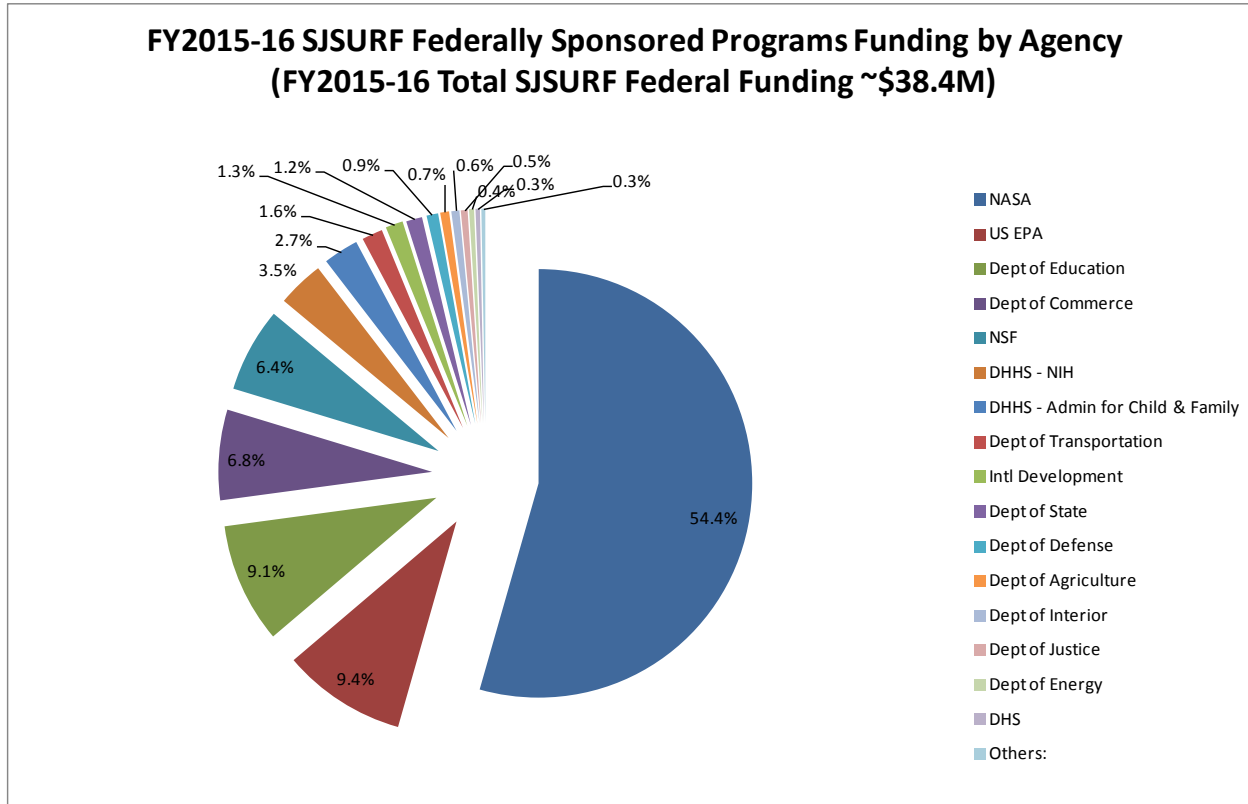
SJSU/RF is scheduled for the CSU “Post Award” Audit starting April 17th 2017.

Purpose of the CSU “Post Award” Audit:

To ascertain the effectiveness of existing policies and procedures related to post-award administration and to determine the adequacy of controls that ensure compliance with relevant governmental regulations, Trustee policy, Office of the Chancellor directives, and campus procedures.

In accordance with State & Federal regulations and grantor’s funding conditions SJSU Research Foundation is subject to several audits and required filings:

1. Annual Audit of the Foundation’s financial report (CA Attorney General and Education Code)
2. Annual Tax returns and information return (US IRS and CA FTB)
3. Single audit required under OMB Uniform Guidance (formerly known as A-133 audit)
4. CSU System internal audits (CSU Board of Trustees)
5. Annual Audit of the Foundation’s retirement plan, also known as the 403(b) audit (US DOL/ERISA)
6. Annual Audit of the Research Organization's post-retirement Medical Trust financial report
7. Other audits as a condition from granting agencies, e.g., NSF, NASA, DHHS, etc



SJSU receives sponsored research funding from over 16 Federal Funding Agencies, but ... (NASA, EPA, Dept of Education & Dept of Commerce account for ~80% federal funding for SJSU)

Federally Funded Extramural Research

Campus	2010/11	2011/12	2012/13	2013/14	Grand Total
San Diego	\$76,261,000	\$66,887,000	\$60,207,000	\$61,886,000	\$265,241,000
San Jose	\$36,358,000	\$30,383,000	\$33,362,000	\$39,063,000	\$139,166,000
San Francisco	\$22,310,000	\$20,693,000	\$22,501,000	\$20,113,000	\$85,617,000
Northridge	\$23,778,000	\$27,788,000	\$9,622,000	\$12,931,000	\$74,119,000
Fullerton	\$21,907,000	\$17,261,000	\$14,780,000	\$7,245,000	\$61,193,000
San Luis Obispo	\$14,394,000	\$15,415,000	\$15,823,000	\$13,672,000	\$59,304,000
Long Beach	\$16,304,000	\$16,430,000	\$12,701,000	\$10,097,000	\$55,532,000
Sacramento	\$14,368,000	\$12,758,000	\$12,901,000	\$11,255,000	\$51,282,000
San Bernardino	\$11,446,000	\$9,303,000	\$9,348,000	\$10,878,000	\$40,975,000
Humboldt	\$7,780,000	\$7,731,000	\$6,607,000	\$6,647,000	\$28,765,000
Los Angeles	\$8,810,000	\$7,188,000	\$7,430,000	\$5,017,000	\$28,445,000
San Marcos	\$5,963,000	\$5,805,000	\$7,284,000	\$7,078,000	\$26,130,000
Fresno	\$7,016,000	\$6,781,000	\$5,904,000	\$5,990,000	\$25,691,000
Monterey Bay	\$6,421,000	\$5,924,000	\$5,534,000	\$4,432,000	\$22,311,000
Pomona	\$4,751,000	\$4,800,000	\$5,380,000	\$4,193,000	\$19,124,000
Dominguez Hills	\$2,780,000	\$2,894,000	\$4,671,000	\$4,733,000	\$15,078,000
Chico	\$2,353,000	\$2,067,000	\$2,561,000	\$2,035,000	\$9,016,000
Maritime Academy	\$2,091,000	\$2,342,000	\$2,629,000	\$788,000	\$7,850,000
Bakersfield	\$2,446,000	\$756,000	\$1,751,000	\$1,871,000	\$6,824,000
Stanislaus	\$1,487,000	\$1,868,000	\$1,386,000	\$1,136,000	\$5,877,000
Sonoma	\$697,000	\$722,000	\$1,861,000	\$1,668,000	\$4,948,000
East Bay	\$1,644,000	\$1,039,000	\$934,000	\$934,000	\$4,551,000
Channel Islands	\$460,000	\$460,000	\$1,106,000	\$1,862,000	\$3,888,000
Grand Total	\$291,825,000	\$267,295,000	\$246,283,000	\$235,524,000	\$1,040,927,000

SDSU+SJSU Account for ~40% of Federally funded research at CSU

Effective Indirect Recovery Rate(ICR) or “Effective F&A”

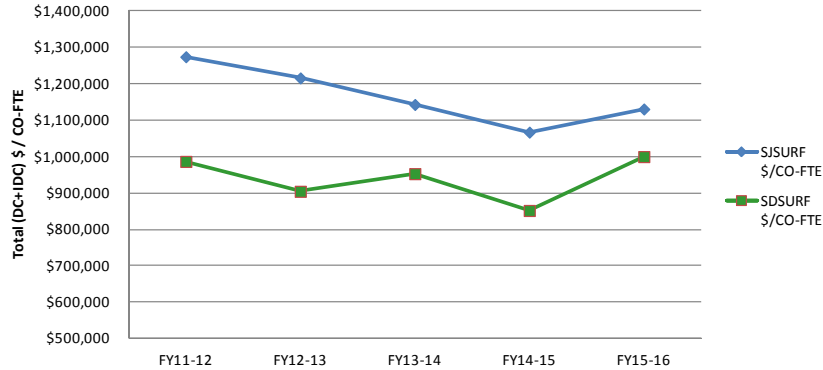
Campus	DHHS Negotiated F&A rate	Effective Indirect Recovery rate (ICR)					
		2011/12	2012/13	2013/14	2014/15	2015/16	5-year Average
San Francisco	54.5%	18.86%	19.11%	19.32%	20.27%	16.21%	18.75%
Sonoma	51.0%	15.49%	13.28%	15.89%	15.60%	15.11%	15.07%
San Diego	50.0%	19.40%	19.87%	19.14%	19.30%	20.28%	19.60%
San Marcos	49.0%	0.00%	0.00%	18.46%	17.02%	13.48%	9.79%
Long Beach	47.5%	14.78%	14.70%	13.85%	14.54%	12.66%	14.11%
Bakersfield	47.0%	5.70%	5.48%	5.86%	5.94%	7.06%	6.01%
East Bay	46.5%	8.57%	8.02%	5.61%	7.98%	7.31%	7.50%
Maritime Academy	46.5%	11.66%	12.80%	16.57%	3.11%	42.18%	17.26%
Dominguez Hills	46.0%	8.08%	7.71%	6.85%	6.41%	7.07%	7.22%
Los Angeles	46.0%	12.42%	9.50%	10.32%	11.82%	9.78%	10.77%
Monterey Bay	46.0%	11.81%	11.99%	11.86%	10.92%	10.17%	11.35%
Channel Islands	45.5%	5.60%	5.43%	5.50%	5.23%	4.53%	5.26%
Stanislaus	45.2%	5.51%	4.56%	3.95%	3.64%	4.18%	4.37%
Humboldt	45.0%	9.86%	10.19%	11.02%	11.81%	10.06%	10.59%
Northridge	45.0%	13.13%	12.08%	13.39%	13.61%	14.24%	13.29%
Pomona	45.0%	11.48%	11.76%	10.30%	9.41%	10.69%	10.73%
San Jose	44.5%	16.08%	16.76%	17.96%	17.80%	19.03%	17.53%
San Bernardino	44.5%	10.34%	9.66%	12.31%	11.82%	11.72%	11.17%
Chico	41.5%	11.13%	11.55%	12.57%	12.99%	11.33%	11.91%
Sacramento	41.0%	13.23%	11.62%	12.30%	12.73%	12.03%	12.38%
Fresno	40.0%	7.31%	7.55%	7.56%	7.60%	8.67%	7.74%
Fullerton	39.1%	8.16%	8.16%	9.14%	9.47%	9.36%	8.86%
San Luis Obispo	38.5%	17.76%	15.80%	16.63%	17.53%	16.78%	16.90%

SJSU’s aggregated Indirect Cost Recovery rate is around 17.5%

At combined CSU level the 5-year Average ICR is about 13.7%. This is consistent with SJSU Main Campus ICR (slide 9).

For SJSU every 1% increase in Indirect Recovery rate can produce about \$500K in additional RSCA re-investments

RF-CO Per-Capita Research Expenditure Administration
Total Expenditure (DC+IDC+SSP) Activity per RF-CO FTE

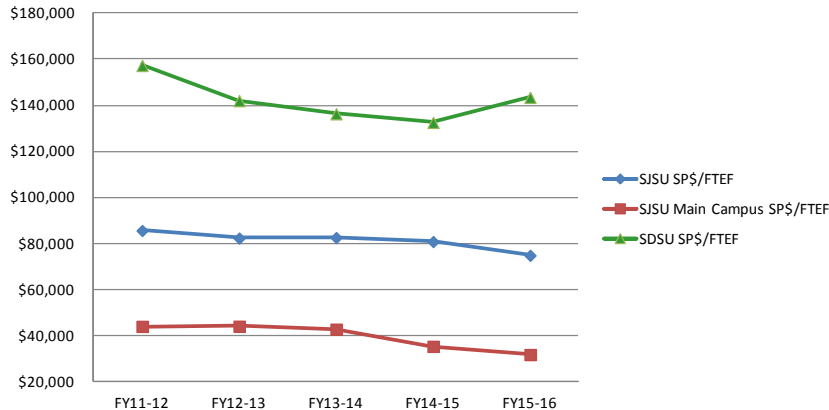


RF Research Administration Metric:

Per-capita (Total\$ per RF-CO FTE) Research Expenditures Administration comparison with SDSU:

- Multiyear Avg at **SDSU/RF** = ~\$0.9M per RF-CO FTE
- Multiyear Avg at **SJSU/RF** = ~\$1.1M per RF CO FTE

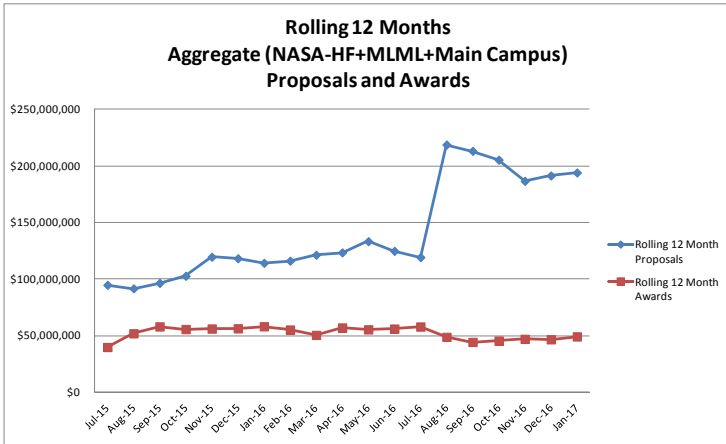
T/TT Faculty Per-Capita Sponsored Research Activity
(Total Sponsored Programs DC\$ per T/TT FTEF)



Sponsored Research Productivity Metric:

Per-capita (DC\$ per T/TT Faculty FTEF) Sponsored Research intensity comparison with SDSU:

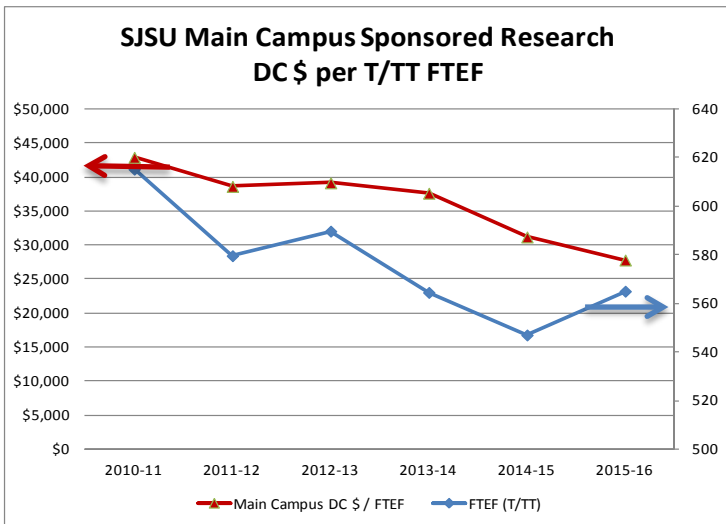
- Multiyear Avg at **SDSU** = ~\$142K per T/TT FTEF
- Multiyear Avg at **SJSU aggregate** = ~\$81K per T/TT FTEF
- Multiyear Avg at **SJSU Main-campus** = ~\$40K per T/TT FTEF
- FY2015-16 at **SJSU Main-campus** = ~\$31K per T/TT/FTEF



Aggregated 12 Month Rolling Proposals trend is encouraging

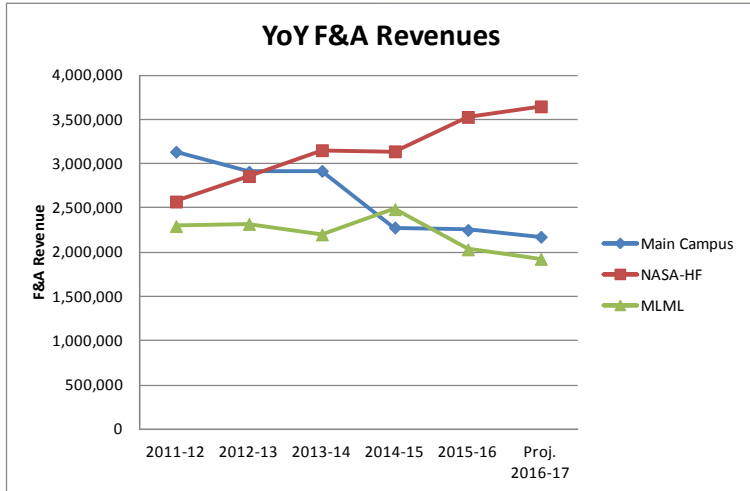
Aggregated 12 Month Rolling Awards trend is flat

- How to increase the RSCA active PI/Student base?



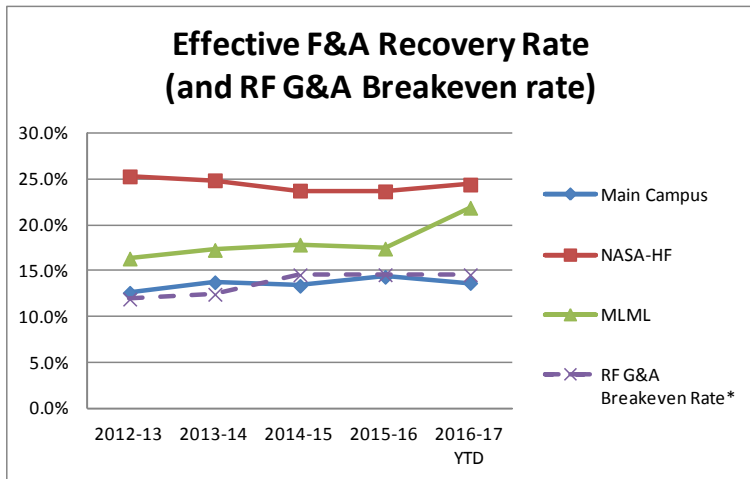
Per-capita (\$/FTEF) Sponsored Research activity on the Main Campus has declined almost 40% over the last 6 years

- How to re-engage experienced but not RSCA active faculty?
- How to increase RSCA activity with new incoming faculty?
- How to increase student RSCA engagement?



Projected Annualized F&A Revenues are continuing on a decline for Main Campus, and recently also for MLML

NASA-HF F&A Revenues have been strong



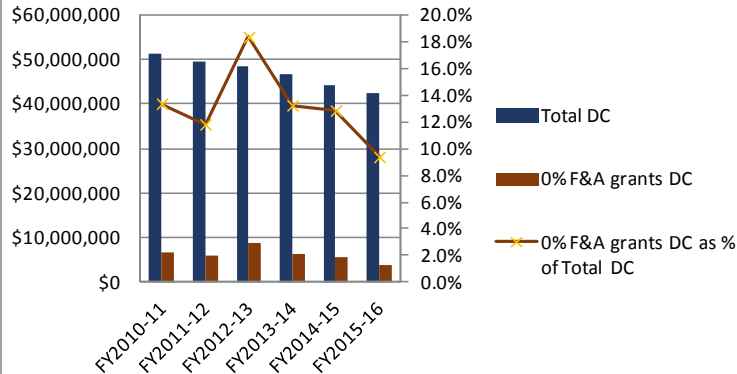
Three year average Effective Indirect Cost recovery (ICR) for,

- **NASA-HF = about 23.9%**
- **MLML = about 19.0%**
- **Main Campus = about 13.8%**

Three year average RF G&A Breakeven Rate* has been about 14.6% of Total Direct Cost

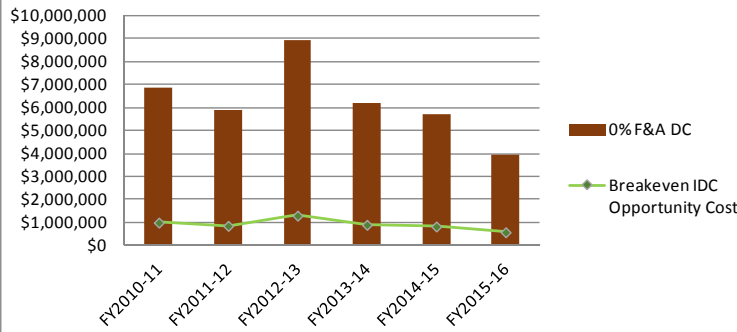
(*14.6% of Total Direct Cost = Total RF G&A Expenses)

Sponsored Programs Direct Cost (DC) versus 0% F&A DC



0% F&A grants DC have been 9.4% to 18.4% of Total DC revenues over past six years.

Breakeven IDC Opportunity Cost of 0% F&A grants



Breakeven IDC opportunity cost (AKA: reduction in Surplus) due to 0% F&A grants has been in \$580K to \$1.3M range over the past six years.

Key Fiscal Challenges

- a) Revenues on main-campus have been on a YoY decline
 - Per-capita DC\$/FTEF research has declined 40% in past six years
- b) Overall Main-campus Indirect Recovery rate is low
- c) MLML revenues are coming under pressure (primarily EPA)
- d) Growing head-winds for near-future Federal research funding

Key Fiscal Opportunities

- a) Create incentives to improve per-capita research (\$/FTEF) on main-campus
- b) Cultivate new revenue streams
 - a) develop High IDC Industry research programs segment
 - b) attract Research endowments (in partnership with Advancement)
- c) Increase focus on full F&A recovery
 - a) Reduce (or cover cost of) 0% F&A grants
 - b) Cover the cost of (or judiciously reduce) low F&A grants

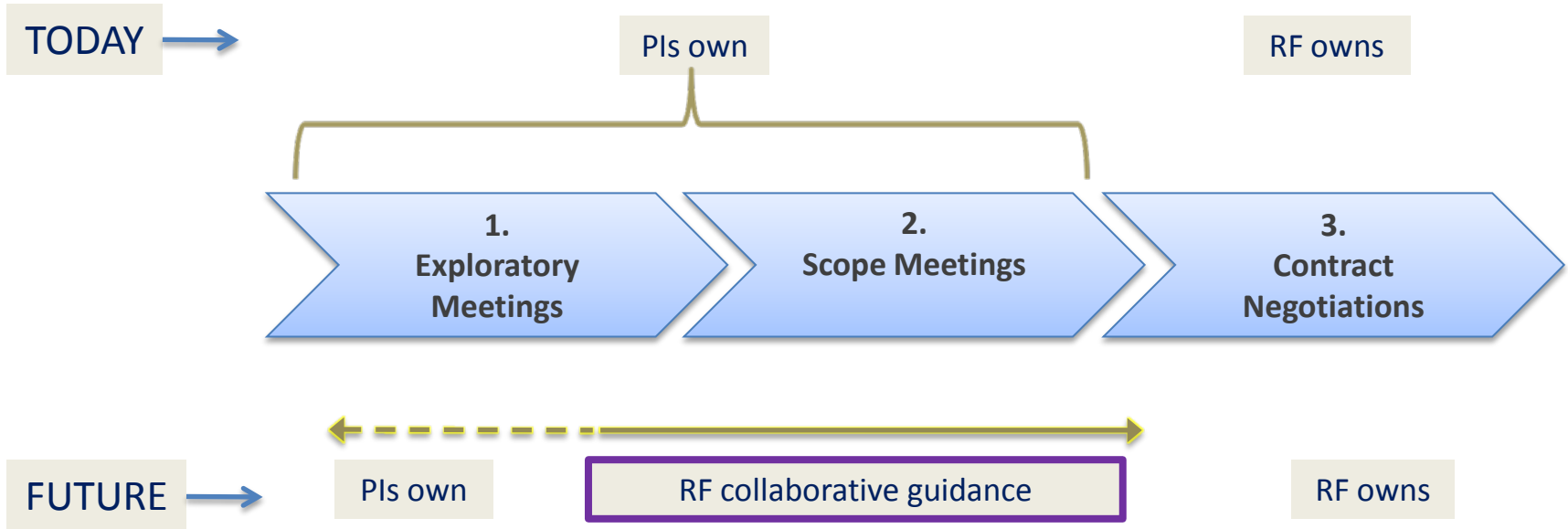
Update on Industry RSCA Growth Pilot and Next Steps

Naresh Malik (MBA, Ph.D. Oxon)
EIR SJSURF

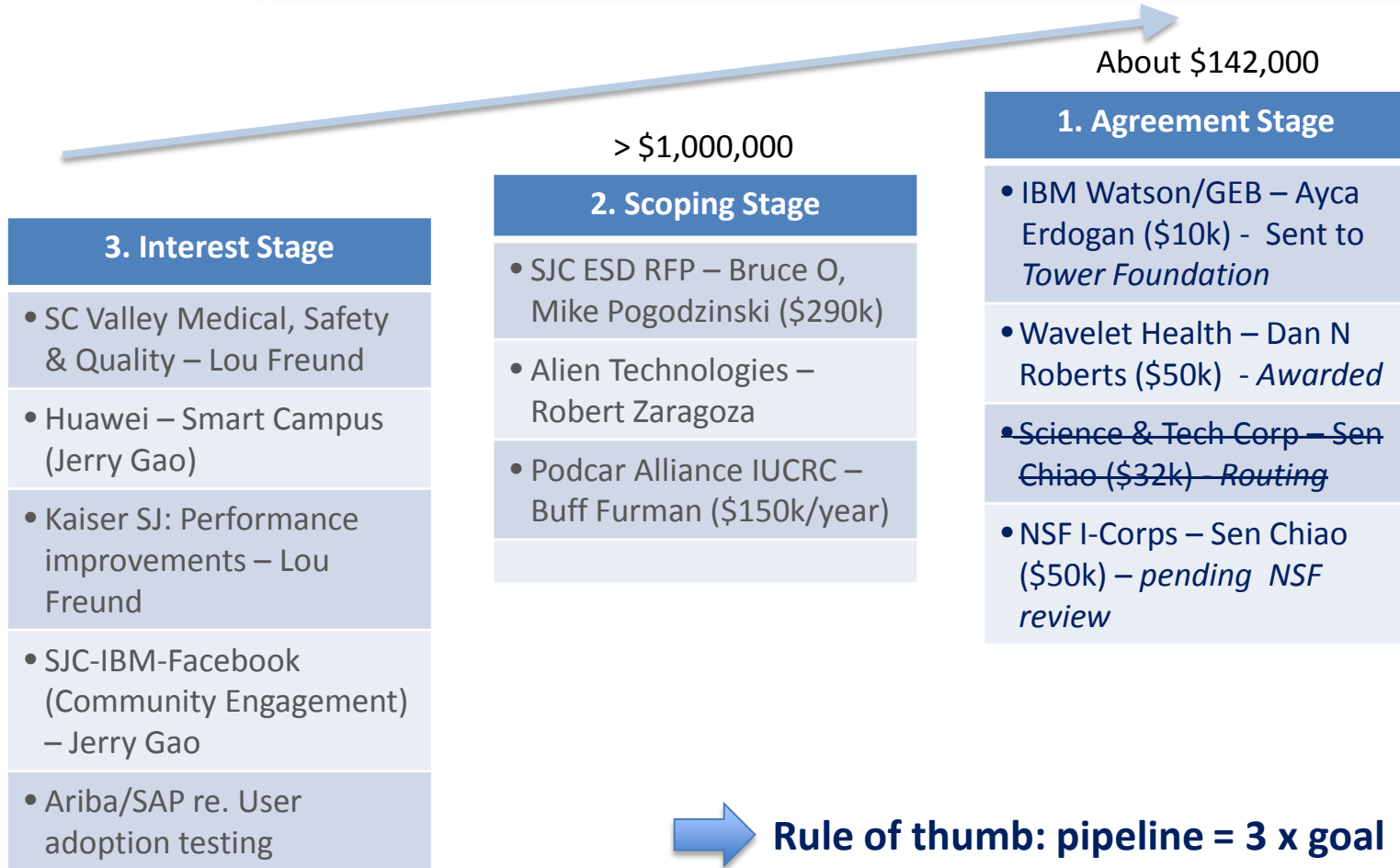
To seed, grow and expand applied research programs **proactively and strategically** that result in increased funding for PIs plus peer recognition



Pre-Contract Industry Engagement Process

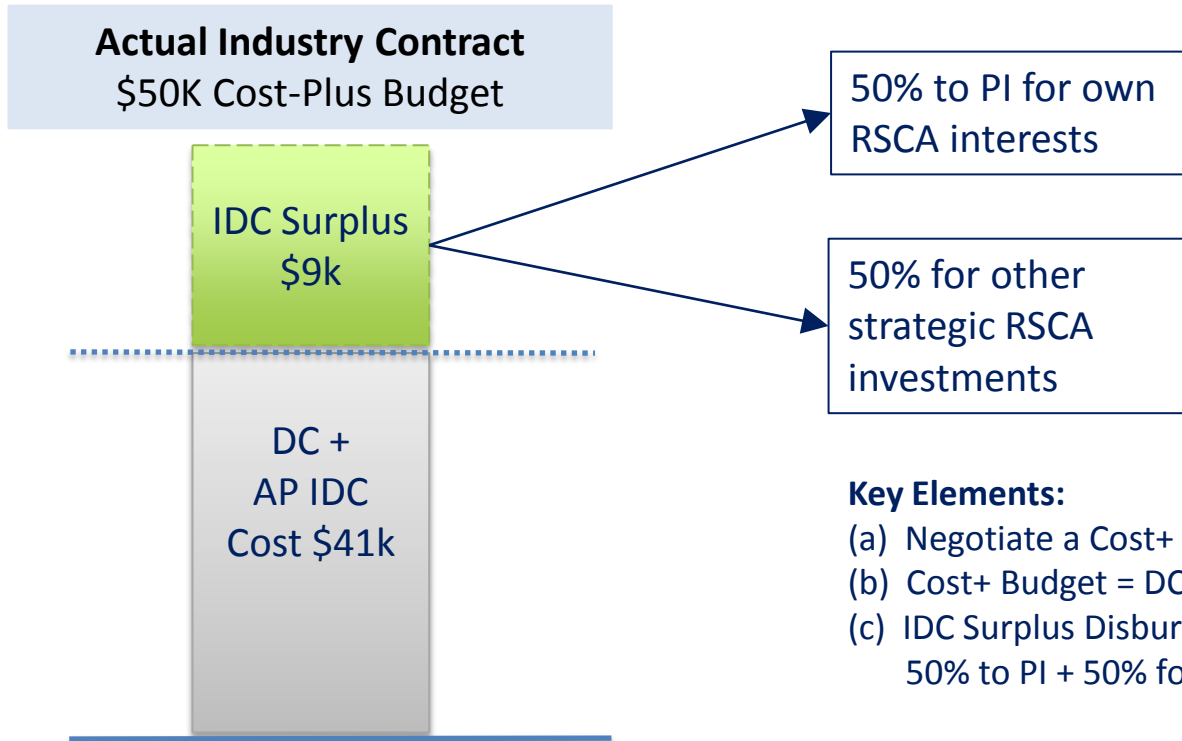


Proof Points & Emerging Traction



This IDC reinvestment model applies to the industry sponsored programs that do not follow the DHHS F&A reimbursement process, but are negotiated on a case by case basis.

Example



Key Elements:

- (a) Negotiate a Cost+ Budget based on project value
- (b) Cost+ Budget = DC + >AP IDC (18.6%)
- (c) IDC Surplus Disbursements Model:
50% to PI + 50% for other RSCA investments

In the business world, the rearview mirror is always clearer than the windshield.

- Warren Buffett

Thank You

Sandeep (Sandy) Muju, MBA, Ph.D.

Executive Director

SJSU Research Foundation

210 N 4th Street

San Jose', CA 95112

(408)-924-1449 (direct line)

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