University of Washington
Faculty Council on Research
Wednesday, April 13, 2011, 9:00 a.m.
142 Gerberding

Meeting synopsis:

1. Call to Order and Approval of Agenda
2. Approval of minutes from March 9, 2011 FCR meeting
3. Announcements
4. Requests for Information and Updates
   - FY11 Continuing Resolution – Christy Gullion
   - OSP issues – Lynne Chronister – Gov’t shutdowns, GIM 34 revision on gifts and grants
5. Adjournment

1. Call to order
Council chair Ron Stenkamp called the meeting to order at 9:10 a.m.

2. Approval of Minutes
The minutes from the March 9, 2011 meeting were approved as written.

3. Announcements
There were no announcements.

4. Requests for Information and Updates

FY11 Continuing Resolution – Christy Gullion

Christy Gullion, Director of Federal Relations, joined via conference call to give an update on federal funding for research, focusing on the Fiscal Year 2011 Continuing Resolution (FY11 CR). She noted that it included cuts for research, but less than an earlier proposed budget from the House of Representatives in February. She also said there are still some cuts that won’t be realized for several months or years in terms of a reduction in overall funding.

Gullion summarized the FY11 CR and provided specific information for federal agencies [Attached – Appendix A]. At the conclusion of her review, she offered predictions for future budget resolutions, noting the importance of managing expectations on campus as competitive federal grants will likely get more competitive, and there will be fewer of them and for smaller dollar amounts.

Government Shutdowns

The council discussed research grants in the event of a potential government shutdown. Camber explained that from a post-award perspective, the issue is keeping grants active. Funding them is an issue, but in the last shutdown, they were able to continue drawing funds from most federal agencies. They’ve had recent discussions with the Treasury group and the Office of
Planning and Budgeting, and the options are to draw in advance and pay with interest or assume the ability to pull from the central budget to cover it. Camber added that in the event of a shutdown, some of the automated systems would work, but there wouldn’t be a help desk.

Chronister added that from the pre-award side, people were worried about no-cost extensions requests, and were encouraged to get them in early. Agencies were directed to put together a plan for how they’d operate in the event of a shutdown. Most of the discussion was about whether UW would be operating illegally if contracts weren’t shut down. Before a contract is shut down, there must be a stop-work order or equivalent.

Camber explained how the funding works: a lump sum is drawn from large agencies nearly every day, and a couple times per week for smaller agencies. For some other agencies, funding must be done on a grant-by-grant basis. During the last government shutdown, UW was able to draw funding, and the university was prepared to back a total shutdown. However, if a shutdown were to go 2-3 months or longer, there would be more difficulty.

Camber also explained how graduate student expenses get paid out over the quarter: it is based on when they post to the financial accounting system. Tuition is posted in a lump sum and drawn immediately and the RA salaries are stretched out over the quarter and funded as they are paid. Basically, they can only draw funding as it is dispersed out. In very few cases there is cash in hand at the time of the award, usually when research is funded by industry.

**GIM 34 – Lynne Chronister**

Chronister introduced proposed changes to Grants Information Memorandum (GIM) 34, Guidelines for Classification of Sponsored Projects and Gifts, which was last rewritten in 2005. She said there are defined rules on what can be counted as a gift or grant. A donor is somebody with philanthropic intent, who may give a gift or a grant. A sponsor may also provide a grant. Chronister went through a presentation [Attached – Appendix B] giving an overview of GIM 34.

Additional points made during the presentation, and answers to questions asked, included:

- Gifts can be unrestricted or restricted (e.g., you are expected to do research in a particular area, and are asked to provide any reports produced) but restricted gifts cannot have stipulations as specific as requiring an end product as a condition.
- Donors may specify terms such that funding must be counted as a sponsored project, even though it’s really a gift.
- If a company wants to give a sponsored project instead of a gift, they have to pay indirect costs. This can lead to them trying to make things gifts that aren’t really gifts in order to avoid paying indirect costs – but taking lower indirect costs, especially on huge grants, can have impacts on future federal indirect cost rates.
- One of the biggest challenges faced is convincing foundations that indirect costs are real.
- Communication to investigators is important, especially stressing that direct costs can sometimes be written into grants, and that you can charge normally indirect costs directly to a grant when applicable.
- A key upcoming change to GIM 34 is the removal of UW requirements that research involving human subjects could not be counted as a gift. This creates a new problem, of putting internal controls in place on a gift to make sure all compliance areas are
covered. A process will be developed for catching this, rather than restricting what can be a gift or a grant. Instead, funding will be put where it belongs and regulatory controls will be moved.

The council then briefly discussed indirect costs and compliance regulations. Chronister asked council members to provide comments on the draft revision of GIM 34 before its finalization.

5. Adjournment
The meeting was adjourned at 10:30 a.m.

Minutes by Craig Bosman, Faculty Council Support Analyst. <cbosman@uw.edu>

Present:
  Faculty: Stenkamp (chair), Spieker, Wright, Vogt
  Ex Officio: Pantazis, Spelman, Nolan
  President’s Designee: Eaton
  Guests: Camber, Chronister, Gullion

Absent:
  Faculty: Curran, Haselkorn, Jain, Fluharty, Roseler
  Ex Officio: Smith, Starostina
Overall Summary of the FY11 CR (HR 1473)

- The proposed FY11 Continuing Resolution fund federal government through the end of the current fiscal year (September 30, 2011)

- The bill cuts nearly $39 billion from FY10 enacted levels, $12 billion of which have already been enacted through previous continuing resolutions

- Normally, an appropriations bill is accompanied by explanatory statements as well as a report, which provide further direction and guidance to agencies on how funds are to be spent. With a long-term CR, however, no report will follow the bill, so the legislative text will serve as the sole guiding document.

- Only the numbers specifically included in the bill are binding. However, many of the cuts that have been reported are based on assumptions rather than legislative mandate. The bill text requires each agency to provide spending plans to Congress within 30 days of the measure’s enactment, meaning that departments and agencies may have more flexibility than under normal circumstances.

- In addition to specific cuts to programs, the bill requires an across-the-board 0.2 percent reduction in non-defense related discretionary funding. This will be at the department/agencies’ discretion.

- The House will vote on the bill tomorrow, followed by the Senate. Debate will be closed so no amendments will be offered during the floor debate.

Agency Specific Information

National Institutes of Health (NIH)

NIH is provided $30.7 billion in FY11, which is a $260-million (or 0.8 percent) reduction from FY10. The additional 0.2% across-the-board cut will bring the total cut to NIH at 1% below FY10 levels. The cuts come from a $210-million pro rata reduction of all Institutes/Centers and Office of the Director and an additional $50-million decrease from the intramural buildings and facilities account. There are no policy references to the Cures Acceleration Network nor to the statutory mandates governing grant numbers or grant size that were included in HR 1 (House Republicans first attempt on an FY11 CR).

National Science Foundation (NSF)

The CR cuts NSF overall by $52 million, or 0.8 percent, from FY2010 levels. Again, the total cut is at 1% below FY10 levels when the 0.2% across-the-board cut is applied. As compared to FY10, the Research and Related Activities Account is cut by $42 million for a total of $5.6 billion, and the Education and Human Resources account is cut by $10 million to $862 million.

Department of Energy (DOE)

The DOE Office of Science receives $4.884 billion, which is $20 million below FY10. With the reduction of the $76 million in earmarks in FY10, this actually increases the Office of Science by $56 million. The Advanced Research Projects Agency-Energy (ARPA-E), will receive $180 million (no funds were appropriated in FY10 for
ARPA-E. Energy Efficiency and Renewable Energy (EERE) programs receive $1.835 billion, which is $408 million below FY10, and includes a rescission of $292 million in earmarks. The actual reduction to this program is only $116 million compared with FY10 due to the earmark rescission.

**Department of Defense (DoD)**

The CR provides $75 billion for research and development, and $31.4 billion for Defense health programs. This legislation eliminates all Defense earmark account funding, a cut of $4.2 billion from last year’s level.

**NASA**

The bill appropriates $18.5 billion for NASA and fully funds the newly authorized exploration program. The Science Mission Directorate is funded at $4.945 billion. NASA Aeronautics is funded at $535 million, $38 million more than FY2010 levels. NASA Education is funded at $145 million, a cut of $38 million compared to FY10. There is no funding specified for Space Technology program.

**National Institutes of Standards and Technology (NIST)**

Overall, the agency would be funded at $752 million, which is $55 million above H.R. 1 but $167 million below the FY 2011 requested level. Specifically, the CR cuts the Technology Innovation Program (TIP) by $25 million compared to FY2010 levels, funding the program at $44 million, while funding the Manufacturing Extension Partnership Program at $128.7 million, which is slightly above FY2010 levels. The Construction of Research Facilities money appropriated to NIST is prohibited from being applied to the Competitive Construction program.

**Economic Development Administration**

The CR provides $284 million for the Economic Development Administration (EDA). EDA’s grant program is funded at $246 million, which is $11 million more than FY2010 and the same as the FY2011 request.

**National Oceanic and Atmospheric Agency (NOAA)**

The CR provides NOAA with $4.6 billion, which is $947 million below the FY2011 requested level. This level requires administrative and overhead reductions and does not provide NOAA the funding increase requested for the Joint Polar Satellite System. The CR cuts NOAA Operations, Research, and Facilities by $119 million compared to FY2010 levels. It also prohibits funding for the establishment of a Climate Service at NOAA.

**National Endowment for the Humanities (NEH)**

NEH is reduced by $13 million from last year’s levels, which represents a $6-million cut from the President’s FY2011 request.

**Department of Homeland Security (DHS)**

The CR cuts DHS’s Science and Technology programs by $175 million compared to FY2010 levels; however, it includes a provision which specifically states, "funding for university programs shall not be reduced by more than twenty percent from the fiscal year 2010 level."
Environmental Protection Agency (EPA)

The EPA is reduced by $1.6 billion, a 16-percent decrease from FY2010 levels. EPA climate change funding bill-wide is cut by $49 million, or 13 percent.

United States Geological Survey (USGS)

The USGS overall is cut by $26 million compared to FY2010 levels.

Department of Housing and Urban Development (HUD)

The CR provides $100 million for the HUD Sustainable Communities initiative, which is $50 million below the FY 2010 enacted level. While the formula fund for the Community Development Block Grant (CDBG) programs remains the same, the CR eliminates funding for the Economic Development Initiative (EDI) and the Neighborhood Initiative (NI) grants as well as support for the University Communities Fund.

Department of Agriculture

A separate analysis was provided earlier today. As a reminder, the bill funds the Agriculture and Food Research Initiative (AFRI) at $264.5 million, an increase of $2 million over FY 2010. This morning APLU colleague Eddie Gouge sent the CGA a separate analysis on the USDA programs outlining the funding levels for the major programs.

USAID

The Collaborative Research Support Programs (CRSPs) are level-funded at $31.5 million and the Africa-U.S. higher education partnerships program is level-funded at $15 million. Significantly, the bill changes any “shall” to “should” in the Development Assistance section which, may impact how USAID interprets the bill language for these two programs.

Student Financial Aid and Higher Education

Pell Grant:
- The maximum Pell Grant award is maintained at $5,550 for the current year and $23.0 billion is appropriated for the program.
- Additional mandatory funds for the Pell Grant program are included for this current and future years.
- The “Year-Round” Pell Program would be eliminated effective July 1.

The CR would eliminate the Leveraging Educational Assistance Program (LEAP) and would fund the Javits Graduate Fellowship Program at $8.1 million. Other sources have reported that Supplemental Education Opportunity Grants (SEOG), TRIO, and GEAR UP would see reductions of $20 million, $25 million, and $20 million, respectively.

A different source is reporting that Title VI and Fulbright-Hays (International Education and Foreign Language Studies) programs will be cut by $50 million. The same source is reporting that the Foreign Language Assistance Program (FLAP) is funded at the current level of $26.9 million.
Classification of Gifts and Sponsored Projects: GIM 34
Lynne Chronister

Language
- Donor = gifts/grants
- Sponsor = grants/contracts etc.

Standards and regulations set by:
- Government Accounting Standards Board (GASB)
- Financial Accounting Standards Board (FASB)
- Internal Revenue Service (IRS)
- Office of Management and Budget (OMB A-21)

Sponsored Project:
- A sponsored project is any exchange transaction between the University and the sponsor that may occur in a number of forms. A University sponsored project is not a purchase or sale of goods or services or "work for hire" arrangement but instead is a mutual exchange involving the University and a sponsor.

Gifts:
- A gift is the voluntary provision of external support by a donor to the University, without any requirement for exchange of any economic or other tangible benefit in return to the donor beyond what any general member of the public would receive. Must be philanthropic in nature.

Grants
- The term "grant" does not determine the classification of an award as a sponsored project or gift. The source and "intent" of the sponsor/donor is a better metric.
Acceptance:
- **Sponsored Project Processing.** All sponsored projects shall be processed through the Office of Sponsored Programs.
- **Gift Processing.** All gifts shall be processed through the Gift Processing unit within the University Advancement Office. In appropriate instances an award may be accepted by the University of Washington Foundation and transferred to the Office of Sponsored Programs if the award falls within the criteria for a sponsored program rather than a gift.

Regulatory Compliance
All regulatory requirements with respect to the conduct of research and other compliance matters must be followed regardless of whether the support is processed as a sponsored project or a gift, including but not limited to, Institutional Review Board for the Protection of Human Subjects, Institutional Animal Care and Use, Radiation Safety, Biosafety, and Disclosure of Significant Financial Interests.

How Do I Know—Sponsored Projects?
1. Government sponsor
2. Delivery of goods, services etc.
3. Performance Milestones
4. I.P interest (patent, copyright etc)
5. A contract: Insurance, warranty, other contract clauses etc.
6. Funding rescission clause
7. Patient care costs/routine care
8. Testing services
9. Quid Pro Quo with sponsor

How Do I Know—Gifts?
- Primary beneficiary is the general public—not the donor
- Irrevocable
- No deliverables in exchange
- Donor has no expectation of economic or other tangible benefit.
- Detailed financial generally not required.

Other considerations
- Lack of Indirect cost on a project does not make it a gift.
- Gifts may be used to match federal dollars—but then must be used according to federal cost principles.
- In rare instances, a sponsor can provide both a restricted gift and a sponsored project for the same purpose.