

Tracy Parker: Good morning again. My name is Tracy Parker. I work in the office of sponsored programs at central office. I began there about four years ago in the award establishment department, and I currently fill the role of contract and grant administrator. I'm joined by Scott and some of my colleagues in tech transfer, who will introduce themselves once they get up here.

So first we want to take a look at what research administration is, where we fit into the picture. We'll take a look at the lifecycle of an award, and then we'll also take a look at the system-wide support that central office provides.

So how did we get here? How many of you set out to obtain a career in research administration? One, interesting. Very good. It's not generally the type of career that we say as we're growing up, "I want to be a research administrator," or, "I want to work in research administration." For me, it seems to be the type of career path that you don't really know much about until you fall into it.

I want to share a quick video clip that I found online with you that I found pretty entertaining.

[Video played, 0:01:27 to 0:05:04]

So lots of different answers. I was in the field – I was in research administration at the Research Foundation for quite some time before I started to make the whole connection and determine what my piece in the puzzle was. It wasn't until I looked at the big picture and my role in that that I realized that I do have a pretty important job, and it wasn't as mundane and boring as I might have thought that it was some days.

I think it's important for us all to realize that we do play an important role in the piece of the puzzle. There are many different career paths in research administration that we can pursue and look into if we find a true interest and passion in what we do.

There are also many different organizations available to us that we can and should become a part of. Just to name a couple of those, there's NCURA, SRA, and AUTM.

So now that we're all convinced that we have awesome jobs and we're super excited about what we do every day, let's take a look at the two models of sponsored research support that the Research Foundation offers within the SUNY system.

We have our decentralized campuses. By a show of hands, how many of you are from one of our decentralized campuses? Oh, quite a few of you. Great. At our decentralized campuses, you have your own office of sponsored programs that handles I guess from soup to nuts from proposal to award to closeout.

At the central office office of sponsored programs, we provide support to our 22 centralized campuses. It's a little bit small print, but this is a screenshot of our org chart at central office. We have two sides of the house. We have our contract and grant administration side that provides our contract and grant negotiation piece, our award establishment piece within the life cycle, and then we have our accounts receivable and billing side of the house.

It's important to note that while we provide the full support for our 22 centralized campuses, we also are providing system-wide support to all our SUNY campuses. By "system-wide support," I mean things such as our Oracle; PACS, which you're all becoming familiar with if you're not already; SAM; Grants Gateway; DUNS. Systems like that, we're maintaining and monitoring those as well.

The next couple slides are just gonna share with you some of the volume based on expenditures across the system. This slide here will show you where central office falls within the line of expenditures. Highlighted in green here is central office.

Again, that \$116.2 million makes up our or includes our 22 centralized campuses that we support. That number is actually a little bit higher today since we have now integrated system administration sponsored programs into our Research Foundation portfolio. So that number should actually be a little bit higher.

Again, that number, that \$116.2 million, breaks down into our 22 campuses that we support fully, which includes our three doctoral, our 12 arts and sciences, and our seven technical colleges.

And then again just a snapshot here of our seven decentralized campuses and where each of those fall. We learned in Ellen's presentation that SUNY Poly is at the top, and then it just gives you and you can see the expenditures as they go through our decents.

So now we want to take a look at the lifecycle of an award and the role that each of us play within that lifecycle. The lifecycle begins with a proposal preparation and submission stage.

By a show of hands, how many of you work in pre-award? Would anyone like to share with us some of the things that you are responsible for or that you do on a daily basis?

Ellen:

I can tell you what I'm doing right now, which is trying to actually figure out before we sign an award letter – this is through actually the state. We just received through the Performance Investment Fund a total of \$765,000.00 for five awards, five different programs.

And I'm doing what's called communities of practice post-award, actually, management. So I get everybody in the room together collectively and figure out what the launch – what we have to do to launch the program.

I know that's not pre-award. On the pre-award side, basically I sit down with the faculty and the staff and conceptualize what the program is, how it fits with that sponsor, and if it doesn't fit, if it can, and mitigate that.

And then I help actually write the proposal, and sometimes I write 90 to 95 percent of the proposal. I do probably 100 percent of most of the budgets.

Tracy Parker:

Excellent. Thanks for sharing, Ellen. That gives a great synopsis of what pre-award is responsible for. You're seeking funding opportunities, submitting proposals, responding to RFPs, preparing your budget, considering your F&A costs, looking at specific sponsor guidelines, your cost share, can you commit cost share, how much can you commit, should you commit cost share, and considering your subawards if you may be issuing any of those at that point as well.

Once your proposal is awarded, we move into the award negotiation and acceptance stage of the lifecycle. This is where my responsibilities come in at central office as a contract and grant administrator.

Once we receive the agreement or the contract, we're working through the terms and conditions, making sure that there's something that we can agree to, considering the reporting, billing, indemnification, intellectual property ownership, just to name a few.

Also we're going through those, we're making sure that we are in compliance and abiding by federal and state laws, Research

Foundation policies, SUNY policies, specific sponsor guidelines.

So once we're finally in agreement, which can take anywhere from a couple hours to months to perhaps years in some cases, once we have a fully agreed-upon and executed agreement, we move into the award establishment stage of the lifecycle. At this point, this is where your award will be set up in Oracle by your award establishment team.

They'll review the contract or notice of award at that time as well for any reporting and billing requirements to make sure that they're loaded correctly into Oracle. They're gonna be setting up their physical file, uploading the cost share requirements into the award to make sure that we're in compliance with that, reporting, and again the subrecipient monitoring process would begin at this stage as well.

Once the award is up and running, we enter the award management and reporting stage of the lifecycle. Do we have any folks in the audience that work in billing? No one, okay. A shy one over here.

So once we're in this stage, we're billing our sponsors. You may encounter many sponsor-specific billing guidelines, formats, invoicing that can be quite time-consuming, whether it's fixed cost, cost reimbursable, monthly billing, quarterly billing, what have you.

You're also monitoring your cost sharing at this point, reconciling your F&A along the way, subrecipient monitoring, submitting your financial reports, as well as any interim progress reports or any other reports that might be required throughout the lifecycle as well.

Once the award has termed, we enter the award closeout stage of our process. This is basically just submitting any of your final reconciliations, your final billings, final progress reports, technical reports, invention reports, anything that might be due upon the closing of the award, reviewing your F&A, closing everything out, and beginning your record retention process.

So that sums up the lifecycle and the roles that each of us play throughout that lifecycle. Again, at central office, as I said earlier, we support our 22 campuses throughout that lifecycle, but in the bigger picture, we're also supporting Research Foundation-wide all of our SUNY campuses through our system-wide support, again including the system piece of it, any campus assistance that we're

providing, training and presentations such as this one, policy development, auditing, and all of those fun things.

So my colleagues in tech transfer will now talk to you about some of the more exciting things that might occur throughout the lifecycle of an award.

Matthew Mroz:

Thank you for having us. My name is Matthew Mroz, and I'm joined here with two of my colleagues from central office, Steven Wood and Tanya Waite. So we're here to give you a brief overview of technology transfer at SUNY.

So to start us off, how many you know what technology transfer is or have heard these two words? Okay, great. Ross, I see you raising your hand, 'cause Ross is our technology transfer director at SUNY Poly.

One of the ways that I look at defining technology transfer is what empowers me to wake up every morning and come to work? What excites me about my job? And it's right here at the bottom of the screen, and this is also what excites our team at central office. It's the possibility of moving SUNY research discoveries to market to help improve and save lives, and that's exactly what it motivates us to do every day.

So this map illustrates SUNY's technology transfer infrastructure across the state. So it's not just the three of us at central office supporting technology transfer across the enterprise. It's actually a statewide group consisting of eight technology transfer offices in total.

Like I mentioned, Ross in the audience supports technology transfer locally for SUNY Poly, and there's technology transfer offices at all the decentralized locations. So the decentralized locations are illustrated on this map of the circles surrounded by the dot.

So our office at central office supports technology transfer in two ways. Similar to Scott and Tracy's group, we support the day-to-day operations and support faculty that are involved in technology transfer and patenting and intellectual property, and have an interest in becoming entrepreneurs or just have an interest generally in moving their research discoveries into real-world products and services.

So we support those operations for SUNY's 22 centralized

campuses, and then together with SUNY's decentralized locations, the leadership of those offices and us develop internal controls and policies and procedures to empower them to enter into business transactions, supporting moving technology to market, in addition to setting priorities, developing new initiatives and programs to combat any of the barriers that we see in moving SUNY technology to market.

Some of those initiatives are you may have heard of things like SUNY's Technology Accelerator Fund, which we manage from our office at central office, which provides funding to support proof-of-concept projects, to move SUNY technologies that are really poised for commercialization to the next step and hopes to attract a partner that will then develop and commercialize that technology.

Another huge milestone that we worked on across the enterprise with our teams at the decentralized technology transfer offices was reforming SUNY's patent and inventions policy to be more modernized and to be more flexible to allow us to interact with industry in even greater ways than we have been in the past.

So this is just a snapshot of our structure at central office. Tanya, Steven, and I are part of a bigger operation at central office, the office of industry and external affairs. You'll see us all here in this center location.

We work closely with our strategy and planning colleagues, Ellen Kelly and her team. We work closely with our external relations group, Peter Taubkin, to help support marketing our operation and marketing all the great stuff arising from SUNY research. And our colleague Jeff Boyce is also working with us for SUNY's economic development initiatives.

So the technology transfer ecosystem is much greater than just the three of us working with all of you and all of your faculty members, but it starts really with the work being done by Scott and Tracy at central office from the sponsored programs team.

We presented this presentation to you all together because we feel that we are interdependent upon one another. The things that they're negotiating and the terms that they are negotiating in sponsored research agreements implicate downstream transactions that the technology transfer office would be involved in in moving those research discoveries outside of the lab and into the market.

So next I'm gonna ask Steven and Tanya to come up to give you guys a general overview of the process that we use to engage with faculty members across the system.

Steven Wood:

Good morning, everyone. All right, so this is a little graphic that we use to illustrate the cycle as we see it. For us, the technology transfer cycle starts at discovery, but that really interlinks with the sponsored programs, as Matt just mentioned, because those discoveries often come out of that sponsored research.

So it starts with discovery, and I'm not sure where I'm supposed to point this. There we go. Okay, so it starts with discovery. When the inventor has a discovery, they often get funneled to folks in our offices like Ross and ourselves through folks who know us.

It's really good then for us to have a good relationship with you all in sponsored programs and the other offices that have touchpoints with these researchers and inventors because you might hear about something that – thank you.

So you might hear about something that should be a disclosure and be assigned intellectual property to the SUNY system and be a project for us to take on for technology commercialization and tech transfer purposes.

So the first step after discovery is that disclosure. At central office we have an online disclosure at the various distributed offices. There are other disclosure processes in place, and the tech transfer is the best place to start.

So for the evaluation, once we take that disclosure in, we engage in an evaluation of that disclosure. Is it a complete disclosure, first and foremost? If it is a complete disclosure, then we move into analyzing two main features, and that's the commercial prospects for that technology.

What does the market look like? Is it a highly segmented market? Is it highly consolidated? What's its value? What are the opportunities for this type of technology to move into that market?

We also look at protectability. They kind of play into each other. If it's very likely to be protectable through patent and otherwise, that might improve its chances of commercial market success.

So we make an analysis. We put that into a memo that we share with our colleagues in administration at the various campuses to

come to a decision of whether or not to move forward into the intellectual property protection step on our chart.

For us, we primarily deal with patents and copyrights, and you can see some examples here. In the United States, one important thing to keep in mind is even though there may have been a public disclosure, there still is a one-year grace period. So we can file a patent application within one year of a public disclosure such as a presentation at a conference or a journal publication.

Those types of public disclosures do inhibit our ability – they prevent our ability, in fact – to obtain patents in places like Europe, and that can be important especially when you're talking about very global industries like the pharmaceutical industry. But here we do have a one-year grace period. That's important to note.

For copyrights, copyrights are different than patents. You don't have to actually register a copyright to have a copyright. As soon as we created this and as soon as we pressed save on this slide presentation, we created a copyright in that.

So as soon as you write your notes on your pad, you have copyright on those notes. If you want to sue somebody for lost profits, then it's important to register that copyright. But you can do that on the way to the court, so to speak.

Software and apps are an important area where copyright is a very easy protection, and we're very interested in learning about any apps that might be developed at the various campuses because we're seeing more and more that these apps are very good opportunities for commercialization.

I believe I'm passing the baton here to Tanya now to discuss some customer discovery with you.

Tanya Waite:

Thank you, Steven. So at this point in the process, the inventors might be in the middle or towards the end of the award, and the campus has accepted our recommendation to move forward with intellectual property.

In the case of patents, they're thinking about making a good investment in that. So we think about what are we going to do in terms of research to figure out if the IP is really going to have commercial viability and if we're gonna be able to get it to the market.

This first step is customer discovery. This was developed by Steve Blank from Stanford in coordination with the National Science Foundation. The National Science Foundation has an innovation I-Corps program curriculum that essentially provides opportunities for inventors to use the scientific method to make hypotheses about what they think customers in the marketplace would say.

So you go out and interview the industry in person and really get firsthand from customers what they think about, what their problems are, and what they are staying up at night thinking about that your technology could solve. The idea is to try to speak with them in an unbiased way without sharing your invention to really get that feedback and do the research in person.

So you get a chance to validate the hypotheses and essentially determine product/market fit. So what is the value your technology will bring, and do your customers see that value, and are they willing to spend money to purchase a product or service?

Then once we have some of that information, we look to marketing. We work with our folks in external relations closely to help us with things like tech cards, other marketing materials and fliers. They have lots of stuff on our website, Facebook, Twitter, and we also do a lot of one-on-one networking and attending conferences and talking with folks and getting them excited about technologies.

And then ultimately one of the big steps in this process is partnering. So the idea when we're going through customer discovery, we're really looking for a potential partner more long-term, and partnering can come in a number of forms. It could be further sponsored research. It could start with a confidentiality agreement, and then we work a lot with licenses.

If you think about a licensing agreement, it's gonna be long-term, 20 years or so plus. It's sort of like a marriage. You really want to find a partner that you want to work with on a long-term basis. So it's important to start with small steps and work on the relationship.

And then final steps, product development. This really is where it's handed off to a startup company or a larger company to work on making the product, and the inventor has more of a role as an advisor at this point.

And then the final step being public use and financial returns. There the campus's investment is realized, and this is where we

really see products on the market and these really amazing life-changing technologies. Also there's financial returns to the campus and the inventor.

So with that I'll turn it back over to Matt, who is going to provide a success story to wrap together sponsored programs and tech transfer.

Matthew Mroz:

Okay, so what really gets us excited is when both of these lifecycles work together to actually produce a really positive outcome. On the presentation here you see inventors from SUNY Buffalo, Randall Rasmusson on the left and Glenna Bett on the right. Together probably about 15 years ago they worked together on their first American Heart Association grant.

So if you think about all of the different people working on that grant to support them to get them funded, that involves each and every one of you, your roles. The pre-award people supporting them, putting together the budget, writing the grant material, making sure that it fits all of the criteria of the American Heart Association's RFP, submitting that grant through the appropriate network.

Then when that grant gets awarded, providing Randy and Glenna and PIs, just any other PIs, with the support they need to make sure that that grant is administered properly in compliance with sponsor guidelines.

So that's just a success story, and it really shows the impact that all of us have on making sure that Randy and Glenna are successful in achieving their mission with their American Heart Association grant. They were also funded many, many times following that from the National Institutes of Health, which then kind of brought in the commercialization aspect of the project.

Randy and Glenna invented a very exciting system to support cardiac safety testing for all new drugs. So the FDA had a requirement where any pharmaceutical company that wants to introduce a new therapeutic into the market must be required to go through a specific set of parameters to examine and make sure that that therapeutic did not have any adverse impacts on cardiac – your heart and any implications related to heart functioning or your cardiovascular system from functioning.

And through the American Heart Association and NIH grants, Randy and Glenna were able to develop this system that consists of

proprietary software and some hardware that really enabled pharmaceutical companies to do this in a quick, fast, and efficient way possible.

Based on all of that information, they reached out to their tech transfer office, run by Jeff Dunbar at the University of Buffalo. They disclosed their technology. Working with Jeff, they got their inventions patented, and then working through the office of research and economic development at the University of Buffalo, they formed a company called Cytocybernetics, which is up there.

Cytocybernetics then went on to be awarded several millions of dollars' worth of funding from the 43North business plan competition. The SUNY Technology Accelerator Fund provided funding to Glenna Bett and her team to support some of the development work that Cytocybernetics was looking for.

More recently, Glenna and Randy enrolled in Start-Up NY and now have an operating company out in Western New York. There are products that were once only made available to other academic institutions for research purposes only.

Through SBIR Phase II funding – so the National Institutes of Health thought that the Cytocybernetics technology was great and it could really serve a purpose in the market. So they awarded them with them an SBIR Phase II fund recently, which is I believe up to \$2 million. They're gonna use that money to support further development of their tool to introduce their whole hardware and their system into the pharmaceutical market.

So this is just an example of when all the pieces that Tracy and Scott and Tanya, Steven, and I were talking about work together, they create huge successes like this. This is something that we're really proud of.

[Music playing]

Keith Kaplan:

So I'm Keith Kaplan. I'm the manager of financial accounting over at the central office across town, and I am responsible for financial statements as well as Form 990 preparation for the Research Foundation, and lots of special projects and answering campus questions, et cetera. Thank you so much, Laurel.

So I want to get a sense of what you guys are all about. Who here in the audience is from the sponsored programs research administration end of things? A few hands. Okay, great. Who here

is from – hello. It's my protégé over here, Charlene, from last year.

Who here is from accounts payable/payroll functions? Okay, we've got a smattering more. HR?

Audience: [Whoops]

Keith Kaplan: Whoa, excited HR. You always know you're with HR.

[Laughter]

Audience: If you're not, you're in trouble.

Keith Kaplan: It's true. Who has not raised their hand yet? What's that?

Audience: Procurement.

Keith Kaplan: Procurement, okay. Any other functions? Okay, great. So I just wanted to get an understanding of where you guys are. Excellent, okay. So this presentation, it's gonna be about a half an hour. It's gonna cover these four things. It's going to be where you can get financial information. We're gonna talk a little bit about where the money comes from that the RF receives. The handout I just gave you is that money coming in, revenues.

We're gonna talk a little bit about how the campuses differ in terms of volume of sponsored programs, which is obviously our core business. And then we're gonna talk about what we spend our money on, which is the most fun part of it. We're in the holiday season where it's about spending money, right? So that will be the end of this.

But before I get into it, I have a question for the group, and that is what year is it?

Audience: '18.

Audience: 2017.

Keith Kaplan: I heard two different answers. Who here says it's 2017? Nobody. And who here says that it's 2018? There's some tentativeness. There's not a whole lot of – the reality is it's both. For my purposes, it's all about 2018, right? It's fiscal 2018. So July 1, 2017, until June 30, 2018, that's our fiscal year. That's what I'm focused on.

I have to do some tax reporting, too. And you guys who do accounts payable and payroll, you're all about calendar year, right? And some of my reporting is calendar year as well. So I get focused on both, but, yeah, we're all about fiscal year '18 right now.

So I want to just address – especially for you sponsored programs folks, you research administrators, I get a lot of questions from campuses that come – let's say from the pre-award side somebody is applying for a grant, and they're being asked for financial information, right?

"I need your financial statements." Or worse than that, 'cause that's easy, "I need very select information on your financials." And even for existing awards, your sponsors will sometimes be asking for updated financial information.

So most people know where to find stuff, but it's just good to have a little bit of a refresher or a little bit of – just to make sure everybody's on literally the same page. This is our web page on – I would really call this our launch pad for our key financial reports.

Does this have like a little red thingy? Oh, no, I just did something terrible.

Audience: Keith, there's a little button right there. Right there.

Keith Kaplan: Oh, thank goodness. But not if I turn the whole thing off. Do I hit it again? Would that make it come back? No, something much worse would happen.

Audience: It just came out of the packaging.

Keith Kaplan: Yeah, it comes right out of the package and *pfft*. All right, anyway, the four reports that are on that page that will come up again soon – oh, yeah. All right. So where's the red dot thing?

Audience: Right here.

Keith Kaplan: All right.

Audience: Don't touch whatever you touched.

Keith Kaplan: Yeah, I'll never touch that. We'll put a piece of tape on it or something. I hope there's no cats around here, right? They're supposed to get excited about that.

Okay, so this is where you're going. You're gonna go on the public website, About Us, Reports & Publications. The four things that people ask for the most – I have helpfully put little arrows on this for this – would be – actually, I'll start with this one: the single audit report, the financial statements, Form 990, and our operating plan. So those are the four reports that I get the most requests about and the most questions about.

I just want to show you. This is where you go, and you just click on those links. Everybody knows how to do that. But I also want to show you so you're familiar with what things look like. This is the operating plan, for instance, right? The operating plan, it lays out several years. It's produced, and it's approved by the board in May and June of – let's say May and June of '17 we got approved the fiscal '18 operating plan.

So this last column over here is all future. It's unknown at that point. When it was arrived at, '18 hadn't started yet. And so this is our guess, with lots of campus help. Campuses give us the information campus by campus, and we add it all up on how much we're expecting to get in direct and indirect revenues from sponsored programs.

I'll explain that a little bit more later. But how much we're gonna get in investment income and all these other things. Also we talk about the central office and how much central office is going to cost to operate next year.

So that's what the operating plan is all about, and it comes in handy when people are asking, "What's your budget? What's your budget for the Research Foundation?" When somebody asks you that question and you say, "Budget for the Research Foundation?"

You know your department budget probably or you know – maybe you might know something about your campus. You might or might not know your campus revenue and budget. But this is the Research Foundation's budget.

The next thing I'm showing you, this is what the financial statements look like when you go to that launch pad and you click on that. This is our balance sheet, just to give you an example, showing our assets, our liabilities.

So I'm not gonna go through this in detail, but we do have a section when we do the – I'm looking over at Kathleen – when we do the

Leadership Academy. We do have some information on financial literacy and financial statements, et cetera. I'm always delighted to go into this in more depth and have you folks analyzing that. But that's what that looks like.

Our single audit report, and a lot of you guys are familiar with the single audit report. That includes the financial statements in it, but it also has a lot of information about our compliance with federal regulations.

And then finally the Form 990. It's my personal favorite.

[Laughter]

You don't want to admit that you have a favorite child, but come on. Anyway, the Form 990 is our IRS filing. It's an information return, and it provides all kinds of information not just about finances, but also about the governance of our organization, about our board of directors, number of employees, and how much people make who are our officers.

There's all kinds of detail that goes into that form. It's a publicly available form, and every tax-exempt organization is required to file this. That's what we are, and that's what we do. Anybody have any questions about this stuff? Okay.

Anyway, we'll get into the stuff that – I just passed around to you guys a little handout. That's the revenues portion of our statement of activities, also known as our income statement. If you do any investing and you look at financial statements for the companies you may have in your 401(k) or your IRAs or your 403(b) accounts, that's ours. It's our financial statement.

I'm just giving you the revenues for now. I don't want to get into all that expense stuff yet. But as you can see, the really, really big number is direct and then indirect sponsored programs revenues. I'm gonna go into sponsored programs in a little bit more depth in a few minutes.

But there's other sources, too. It's not all about sponsored programs, okay? You research administrator sponsored program people, it's important, but there's other stuff, too.

We also receive income from royalties – it's not a huge number, and we would like it to be bigger – for the discoveries that are made at SUNY campuses. Most of our royalty volume is actually

from Stony Brook. Any Stony Brook people here? No? Ok.

Well, they do deserve some kudos because they do contribute to our bottom line with these royalties, and UB gets some royalties as well. But we really could – we could have more. Other organizations have a lot more.

We also get money from the contracted services that we provide, especially at Upstate and Stony Brook. We have contracted services agreements, and we get fees for that to help reimburse us for our costs for running those programs.

I mentioned investment income. Last year was really a big year for investment income. We have a portfolio of \$215 million – at least that was the number as of the last year end – and we keep that in a pool of investments. That helps us finance sponsored programs where we haven't been paid yet. So by having a portfolio, it enables us to be able to write checks where a sponsor hasn't paid us yet.

So it's very important for us to have that portfolio. It sounds really boring. It sounds like, "Oh, this is just some account. We have some Wall Street people, and they're taking care of it." But it's very important for our operations to have this investment pool, and it's very important for us to make money on it.

So last year we made, as you can see, about a ten percent rate of return. Is everybody making a ten percent rate of return on their retirement accounts? I hope so, really. Anyway, that is a little bit high for us. Over the long term, it's really closer to six-and-a-half to seven-and-a-half percent is usually the range that we get. But we had a good year last year, and we had a really bad year the year before. So it happens.

And we get other funds. We get a small amount of gifts here and there. I'm not gonna go deep into these numbers, the non-sponsored, the other income, and the third party, but basically we have certain facilities and certain things that we let third-party users use, and we get revenues from just miscellaneous sources.

So it's not nearly as big as sponsored programs, but I just want to let you guys know, sponsored programs isn't everything in giving us the money that we need to run our organization.

Okay, so going into the sponsored programs, the nature of it. Most of the time, the direct costs, we're being paid back for money that

we're spending out. I think everybody has gotten a little bit of a grounding on sponsored programs, and I'm not here to teach about sponsored programs.

But the basic principle being that the costs have to be reasonable, allowable, allocable. So as long as we do that, we spend; we receive. These direct costs are basically just a flow-through. We expend; we receive. We expend; we receive.

The indirect costs are based on rates that – again, this is more of a sponsored programs type of thing, so I'm not gonna go deep into this. But we do get paid back for indirect costs, especially on federal awards. That's where we get the most indirect cost recoveries.

Now there are times that something looks like an indirect cost, and we're able to charge it as a direct cost. But if that happens, you can't then claim it later as part of your indirect costs. This is where we get into the concept of double dipping. Everybody remembers George Costanza. He did that, and it was not looked kindly upon.

So to give you an idea of how much sponsored programs expenditures and revenues we have, this is how things have gone over the years. I want to also give you guys an idea of what happens in the larger marketplace for us.

It's actually a shame that I can't have more years. In 2011, 2012, 2013, we were still feeling the aftereffects of the American Recovery and Reinvestment Act.

So those of you who may – I know this is mostly new – how many people here are new hires? Okay, so there's some people here who are not new hires, some people who remember a little further back.

We did receive a bunch of revenues in the early part of this decade from the federal stimulus. But then as that trailed off, in 2013 and 2014 Poly started getting a lot of awards, starting spending a lot, started receiving a lot.

And so 2014 was a really big year for Poly. The combination of that, of Poly and the fact that there was still a little bit of ARRA money, we were slightly over \$1 billion that year. It was a banner year. We hope to get back there again sometime soon.

So that's kind of trailed off. New York State volume went down a little bit. But our federal volume has been pretty strong over the

last couple of years. Again, I'll get into our different sources, but this is the big picture.

That green line is the indirect cost ratio, and what that means is it's how much we get back in indirect cost recoveries versus our direct. Right now it's somewhere around 16 percent. We'd love it if it was more like 20 percent. That would really help us be able to afford to do our programs.

So to give you an idea of how the campuses stack up – can everybody see this? This is kind of hard, I know. But the really, really big one over there is SUNY Poly, for those of you in the back, and the really, really tiny one is the College of Optometry. But this gives you an idea.

SUNY Poly has a lot of volume, but they have very little in the way of indirect cost recoveries, whereas Stony Brook and Buffalo have a much healthier amount of indirect cost versus their direct costs. So that really tells you the campuses are not the same.

Albany is also a university center, but look at its ratio, much lower 'cause Albany has a lot of New York State business. New York State does not pay indirect cost recoveries the way that federal does. That's the natural result.

This tells you a little bit more about our mix. So if you think about this side over here, this axis over here is how much of a share, 0 to 100 percent, of the total pie or the total bar for each of these. The blue is federal, okay?

So Optometry has a lot of federal. Stony Brook has a lot of federal. The University of Buffalo has a lot of federal. Poly, as you can see, that yellow is nonfederal, okay? The federal flow-through, that's where Albany has the most in its mix. So it's federal money, but it's flowing through the state. So you might have like DHHS money flowing through OCFS and programs of that nature.

And you can see the medical centers are kind of in the middle. Binghamton is kind of in the middle. The red dot is the indirect cost recovery rate. So it's super high for Optometry. This axis is the cost recovery rate. Optometry is 40 percent. So it's a tiny campus, but it gets a ton of indirect cost recovery for its size.

Anyway, in terms of once we get the money, we're getting this money. Most of our money, as I said before, is indirect cost recoveries aside from the direct, the in and out. So we get the

indirect cost recoveries. We get the investment income.

We take all that money – the royalties money, et cetera – and we either allocate it out to the SUNY campuses for them to spend on their programs and whatever they need to spend it on as long as it has – well, basically it's at the discretion of the campus, so I shouldn't even say "as long as." It's at the discretion of the campus.

So we are able to maintain – obviously there's back office employees like ourselves and keeping the lights on, having the Oracle system, and all those other things that we need to keep going. We need funds from the campuses. Obviously the campuses have employees.

The campuses also are assessed so that the central office can function. Like any other corporation, the RF needs to have a legal department, an HR department that's centralized, an accounting department to produce these wonderful reports, and all the other things. It's like any other corporation.

So we have an assessment to be able to afford that. Roughly it comes out to a little under three percent of revenues, although a portion of it is cost-based. I won't get into that in detail.

But about 0.3 percent of revenues are assessed in order to support SUNY system admin programs as well. So there's a little bit of an assessment for that. We also assess to reimburse for agency fees for central office and other locations.

We also have a couple of reserves. That's something that the board is aware of but folks on the ground aren't as aware of. It's on our operating plan, so it's not a secret or anything. Like any other organization, we have the need to make sure that we have enough money, A, if there's a real program or emergency of some sort, but also for initiatives.

If we need to upgrade a system, if we need to do something with Oracle, that's always done through a vehicle like our corporate reserve. Our target is to have ten percent of annual F&A as a corporate reserve. We're a little bit short of that, but we're building towards it.

Our investment reserve is the other reserve that we keep centrally, and the objective of the investment reserve is to make sure that we can allocate some of that investment income back to the campuses.

We haven't been able to for several years because of problems in the market several years ago, but it's expected at some point it's gonna be decided how that's gonna be done. But when we have an investment reserve, it kind of guarantees the campus that they will get what the budget says. So that's why we have a reserve.

So what we spend our money on. This pie chart shows the pieces. The biggest pieces – obviously you can see this blue and this reddish-brownish – this is salaries and this is fringe. Close of half of our annual expenditures are people, and that shouldn't surprise any of us.

That's really our stock and trade. This is everything, including direct expenditures. But a lot of it is professors' time, graduate students' time, et cetera, our time. So salaries and fringe are most of it.

We also have quite a healthy slice here for consulting, general services like expert consulting, management consulting, consulting that's required on sponsored programs. We have subawards – that's the purple over there – supplies, equipment. That's where the big chunks of money goes.

And of course there is the beloved "other." Now "other" includes things like fellowships, tuition, bad debt. There's a few other chunks in there. It's kind of stark to see how much of this is people-related expenses.

I just want to encourage you to contact me. If you have any questions as you're going through your day-to-day and you get requests from sponsors and you don't know where to find something, that is something I'm always happy to assist with.

So does anybody have any questions?

Audience: The graphs you showed on indirect cost that you take in –

Keith Kaplan: I'll be repeating it.

Audience: Is that information that's up for the campuses?

Keith Kaplan: This one, you mean?

Audience: Yeah, or does the financial office make suggestions to the campus on how to adjust that or is that up to the campuses?

Keith Kaplan: The question here, see how it's such a big difference. I'll just paraphrase. It's such a big difference among the campuses. She was just asking an excellent question, which was does the financial office get this information and then go back to the campus – would this be accurate – and say give recommendations or advice on ways that that can be improved?

I know that that's something that's definitely – it's definitely discussed very openly. Definitely the campuses are aware of it. On Report Center, you get the sponsored programs activity report, the SPAR.

This information is very much known to everybody certainly because the allocations of the funds are based on what the campus actually brings in. The campuses are not gonna get back more than what they brought in.

So it's in their best interest, and they know that. The more money they bring in, they more money they have available programmatically to do the things that they want to do and to help support SUNY. So the campuses are very much incented.

They do the best they can. Unfortunately you can't do much sometimes with the mix of the programs that you have. A lot of it has to do with the mix of the types of programs that are offered academically at those campuses.

So if you go to like an Oswego or an Oneonta, you're not gonna get the same amount of let's say science-based research that generates the big federal dollars if you have a ton of people at those locations who are let's say education majors.

That's what they're gonna be focusing on. That's where the research is gonna be or the grants and programs are gonna be. Really, it's almost like a systemic limitation that exists sometimes. Great question.

Audience: Can you talk about revenue from grants awarded for research and other sponsored programs? Are these revenues that are actually inverse to us from the expenditures that we spend on like a cost-reimbursable award, or does this include committed funds for a given timeframe?

Keith Kaplan: It includes both. So that's all kinds of sponsored programs, whether it's cost or event-based revenues. But no matter what it is, it's us performing under a sponsored program. But the direct is just the

monies that we spent to accomplish programmatic objectives. So we break out the direct versus the indirect just to provide that context to the reader.

Audience: So I guess what I'm asking is how do we treat committed funds and _____ [*inaudible due to faintness*]? We set up an award for a program that's going to be giving us the total amount of the award in the beginning, but it's still cost-reimbursable _____. How do we treat the program income – I'm sorry, how do we treat those committed funds within the context of, sorry, revenue for a given timeframe?

Keith Kaplan: Oh, so you're saying committed funds that haven't been spent yet is what you're asking about?

Audience: Correct.

Keith Kaplan: Ah, okay.

Audience: So I'm not talking about expenditures. I'm talking about revenues. But are you saying that our revenues are only equal to our expenditures in the year?

Keith Kaplan: Bingo, yes. I'm sorry, I didn't understand the first part of the question, and that's an excellent question. So the essence of that here is that Oracle, the system that supports us, has rules. It actually has accounting rules within it.

Basically, revenue gets generated, if you will, when the expenditures either happen or when events are achieved. That's when it'll come up for me like, "Oh, some revenues just came in from Oswego or Albany or wherever."

Audience: Thank you.

Keith Kaplan: Sure, absolutely.

Audience: With the Oracle applications for business, specifically purchasing, a lot of times we get blackouts where the screen will go completely black, and we have to use an older version of Mozilla, for example, because it's not compatible with the programming that we use at our campus. Are you looking into IT upgrades for Oracle?

Keith Kaplan: The initial part of the question was about the purchasing modules. There's definitely it sounds like some glitches that exist with Oracle. That's more of an interface. That sounds to me more like

it's not Oracle itself perhaps, but it sounds like the way that we are hosting it.

So I'm not really sure how that would work in terms of whether that would be resolved with an Oracle upgrade. I do know that we're probably a couple more years away from an upgrade. We had one a few years ago. I think we had it in '14 was the most recent one, and it's usually five, six years in between major upgrades.

But your issue sounds like it's a little bit more immediate. So I don't really know the answer to your question. It's not something I really would be cognizant of.

Audience: And the other question that I had was in regards to research P-cards. At our campus we use them sporadically for vendors that accept purchase orders.

I know on the state side, at the end of the month we'll go into the SUNY system and reconcile our cards and **encumber** 'em to whatever state account is – and I had heard possibly that the Research Foundation was gonna do something of that nature where it would be online. Is that true?

Keith Kaplan: You're pointing to – I'm sorry.

Audience: I was pointing to **Stephanie**.

Keith Kaplan: To Stephanie?

Audience: She might know.

Keith Kaplan: Stephanie, do you have any insight on that?

Stephanie: No, I don't really know.

Keith Kaplan: Stephanie is centralized on the AP and procurement side. Yeah, that's really much more of a purchase-to-pay-cycle type of question or procurement cycle. I don't work in that area, so I'm sorry, I'm not able to answer that. Afterwards I'm gonna give you the name of somebody at our office I think can help you out who's in charge of that.

Audience: Okay, I appreciate that. Thank you.

Keith Kaplan: Anybody else with any questions? All right, well, thank you very much.

[Applause]

[End of Audio]