



2015 OPERATING PLAN

June 18, 2014

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Fiscal Year 2015 Operating Plan

Background

The 1977 Agreement between The Research Foundation and the State University of New York calls for the submission of an annual financial plan for approval by the Board of Directors. The Research Foundation Fiscal Year (FY) 2015 Operating Plan (Operating Plan) describes the areas the Research Foundation plans to focus on toward implementation of the SUNY Strategy for Research and Innovation (currently in preliminary draft) and provides the financial plan in the form of a budget for the upcoming fiscal year.

Preliminary Draft SUNY Strategy for Research and Innovation: 2014-2020

The FY 2015 Operating Plan lays out an ambitious inaugural year for the preliminary draft of the *SUNY Strategy for Research and Innovation: 2014-2020*, a fresh and energetic driver of the Power of SUNY. The strategy will be further developed over the summer and reviewed by the SUNY Board of Trustees in the fall. This year we begin our work to contribute to its three big, measurable, aspirational goals to:

- 1) Increase Research Capacity and Performance,
- 2) Transform Economic Outcomes, and
- 3) Enhance Student Opportunities.

The work identified in the FY 2015 Operating Plan is the starting point for a comprehensive implementation plan for the draft SUNY strategy encompassing activities both at SUNY and the RF.

Plan Highlights

The FY 2015 Operating Plan:

- Provides best in class sponsored program administration through pre-award business systems, automated time and attendance, and uniform guidance for the new OMB Administrative Requirements, Cost Principles, and Audit Requirements for Federal awards.
- Leverages SUNY's systemness, firmly root, grow, and expand the reach of the five Networks of Excellence to sustain and grow SUNY research and improve our ability to compete for large-scale research awards. We will also add a new network in 2015 – Teaching and Learning.
- Advances key components of Governor Cuomo's innovation agenda, including START-UP NY, Innovation New York Network (INYN), Technology Accelerator Fund (TAF), and other initiatives designed to grow New York's economy.
- Supports SUNY's efforts to diversify our research base through international partnerships and strategic relationships with industry.
- Tracks measurable targets and employ data analytics to connect SUNY's vast research capabilities with the right opportunities as they arise.
- Provides support for SUNY undergraduate and graduate students to participate in research experiences, particularly in STEM fields, to keep them in the SUNY system and ultimately employed in the State of New York.

Funding the FY 2015 Operating Plan

| Direct Funding (in millions) | | | | | |
|-------------------------------------|-----------------|-------------------|-------------------|-------------------|-----------------|
| | 2012 Actual | 2013 Actual | 2014 Plan | 2014 Estimated | 2015 Projected |
| Grants and contracts | 781.1 | 843.1 | 938.5 | \$ 883.1 | \$ 795.7 |
| Contracted services | 176.3 | 202.3 | 184.8 | 187.3 | 188.8 |
| Total | \$ 957.4 | \$ 1,045.4 | \$ 1,123.3 | \$ 1,070.4 | \$ 984.5 |

| Sources of Allocable Funds (in millions) | | | | | |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2012 Actual | 2013 Actual | 2014 Plan | 2014 Estimated | 2015 Projected |
| Grants and Contracts Indirect Dollars | 149.3 | 140.1 | 141.1 | \$ 134.6 | \$ 133.4 |
| Cost Recoveries for Contracted Services | 6.8 | 6.9 | 7.1 | 7.0 | 7.1 |
| Equity Distribution from Brookhaven Science Assoc. | 1.6 | 2.8 | 1.5 | 1.5 | 1.4 |
| Fees Paid by Third Parties for Service Centers | 15.0 | 14.2 | 12.9 | 11.8 | 16.8 |
| Royalties from Licensees | 10.5 | 8.8 | 8.4 | 8.8 | 9.4 |
| Nonsponsored & Other Income | 15.6 | 24.8 | 13.5 | 11.8 | 11.1 |
| From Corporate Reserves | - | 5.2 | 2.0 | 2.0 | - |
| Generated through Investment (net) | 1.8 | 7.5 | 7.8 | 11.5 | 10.7 |
| External Borrowing | - | - | - | - | 2.0 |
| Total | \$ 200.6 | \$ 210.4 | \$ 194.3 | \$ 189.0 | \$ 191.8 |

| Uses of Allocable Funds (in millions) | | | | | |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2012 Actual | 2013 Actual | 2014 Plan | 2014 Estimated | 2015 Projected |
| Royalties Paid to Inventors (40% of total) | 4.2 | 3.5 | 3.4 | 3.5 | 3.7 |
| Central Office Operations | 24.3 | 23.5 | 24.9 | 24.9 | 25.5 |
| Corporate Reserve | 2.2 | 7.3 | 2.3 | 2.5 | 2.3 |
| Strategic Initiatives | 3.6 | 8.9 | 9.6 | 9.2 | 7.9 |
| SUNY Strategic Plan Support | 2.6 | 2.6 | 2.7 | 2.7 | 2.6 |
| Campus Operations and Research Support | 164.2 | 163.6 | 147.2 | 138.2 | 142.8 |
| Investment Reserve | (0.2) | 1.3 | 4.2 | 7.9 | 6.9 |
| Total | \$ 200.6 | \$ 210.4 | \$ 194.3 | \$ 189.0 | \$ 191.8 |

Actuals – Actual activity for that fiscal year

Plan – Projections provided for Board approval

Estimated – FY 2014 updated projections as of February 2014

Projected – FY 2015 projections as of February 2014

An assessment formula determines the amount of funding available for central office operations and strategic initiatives. For FY 2015 Strategic Initiatives is also funded by \$4.0 million from Net Investment Income and \$2.0 million from External Borrowing. See page 11 for a complete description of the assessment.

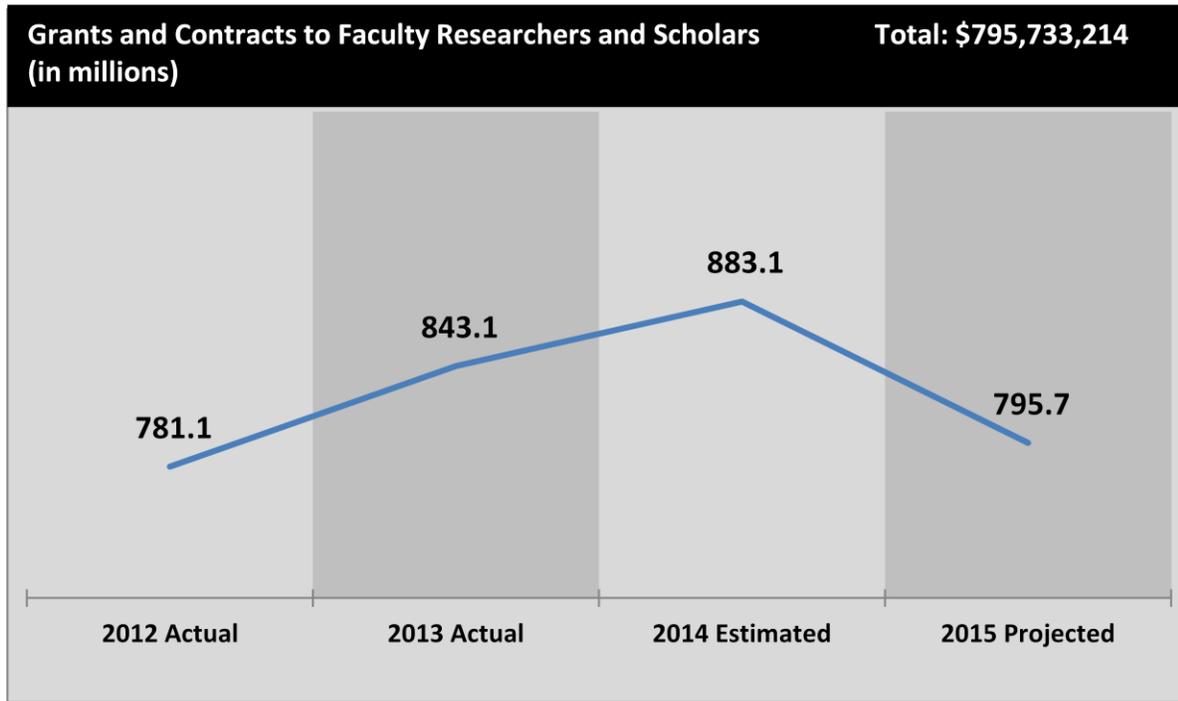
| Assessment (in millions) | | | | |
|---------------------------------|-------------|-------------|-------------|----------------|
| | 2012 Actual | 2013 Actual | 2014 Actual | 2015 Projected |
| Central Office | 27.6 | 28.2 | 28.1 | 27.4 |

RF Direct Activity

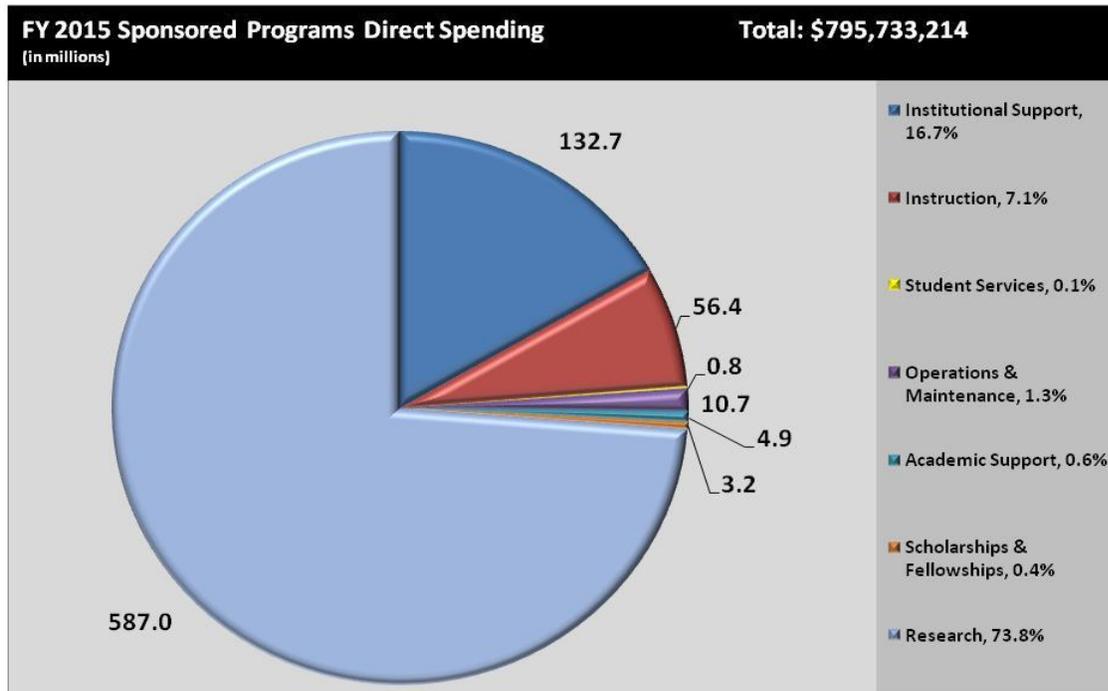
The funds received by the RF are generated by campus activity – primarily grants and contracts to faculty researchers and scholars. These include grants and contracts to individuals, collaborative programs, multidisciplinary centers, and institutes.

Grants and Contracts

Grants and contracts to faculty researchers and scholars provide direct dollars for expenditures that can be identified specifically with a particular sponsored project. In FY 2015, the direct dollars within grants and contracts to faculty researchers and scholars are projected to decrease from \$883.1 million to \$795.7 million.

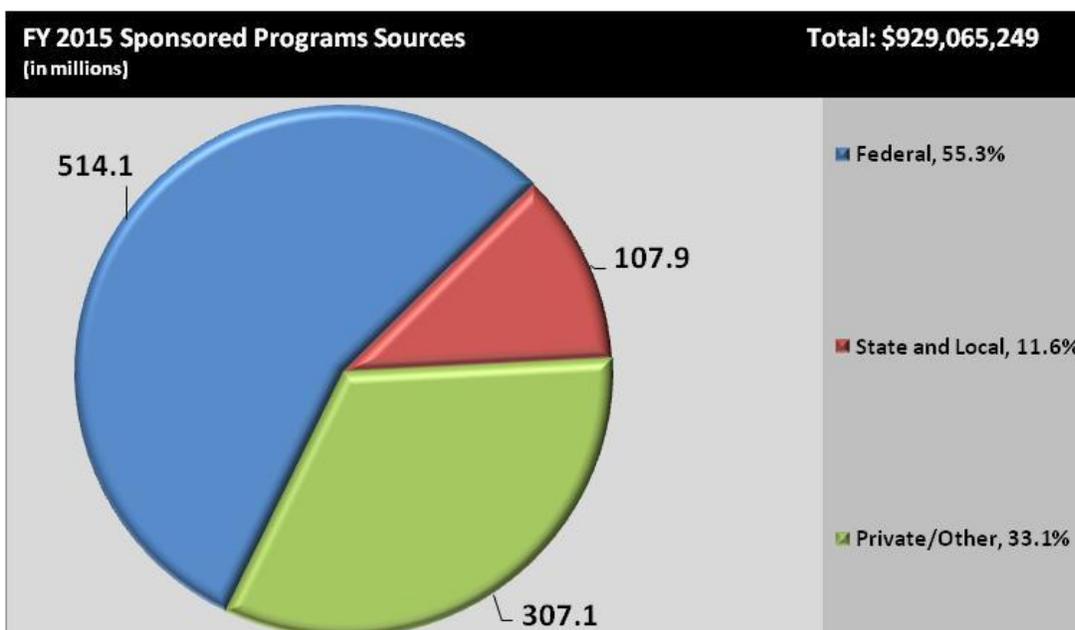


The categories in which grant and contract funds are expected to be spent in FY 2015 are depicted in the pie chart below.



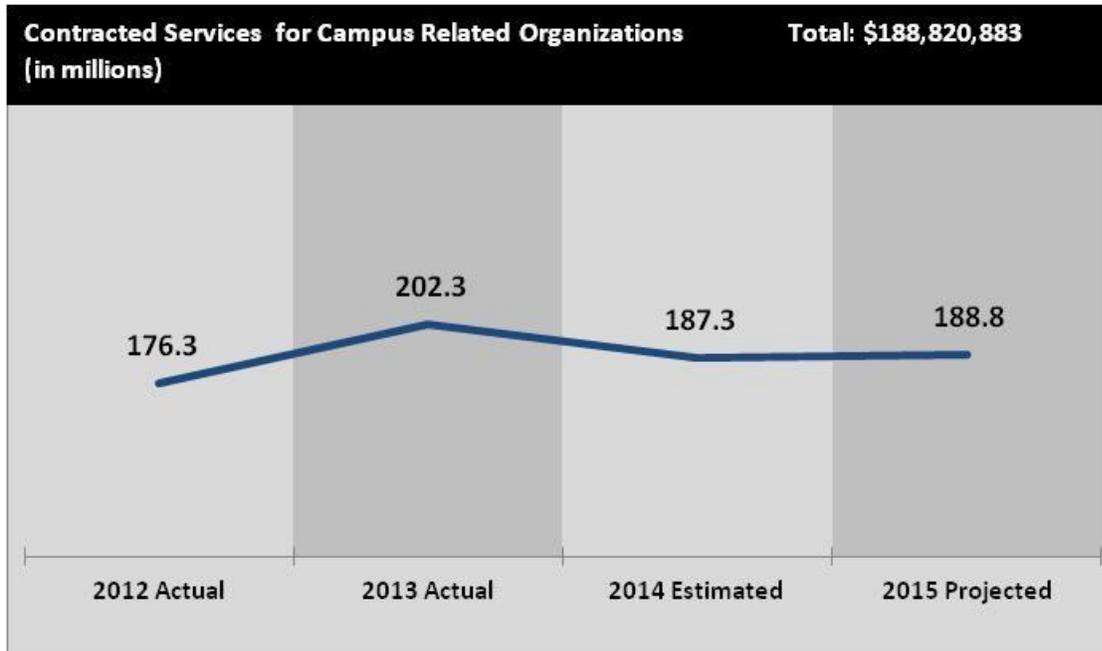
Cost recoveries for grants and contracts to faculty researchers and scholars are sometimes called indirect costs, overhead, or “facilities and administrative” costs. Cost recoveries come in the form of reimbursements by sponsors for things that cannot be directly and uniquely assigned to any particular project. In FY 2015, cost recoveries are expected to decrease from \$134.6 million to \$133.4 million.

Total grants and contracts funding (direct plus cost recoveries) is projected to be \$929.1 million (\$795.7 direct and \$133.4 in cost recoveries). The majority of the funds will be from federal sponsors, as depicted in the following chart:



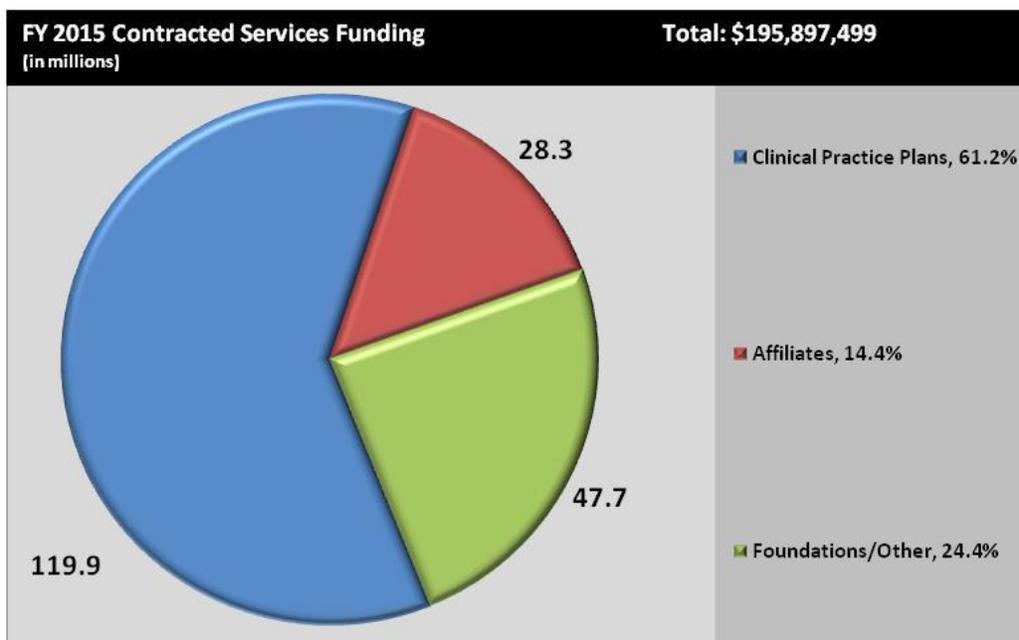
Contracted Services

Campus-related organizations using RF human resources, payroll, and purchasing/payables administration services (for example, clinical practice plans and campus-based foundations), will see a slight increase in activity from \$187.3 million to \$188.8 million for FY 2015.

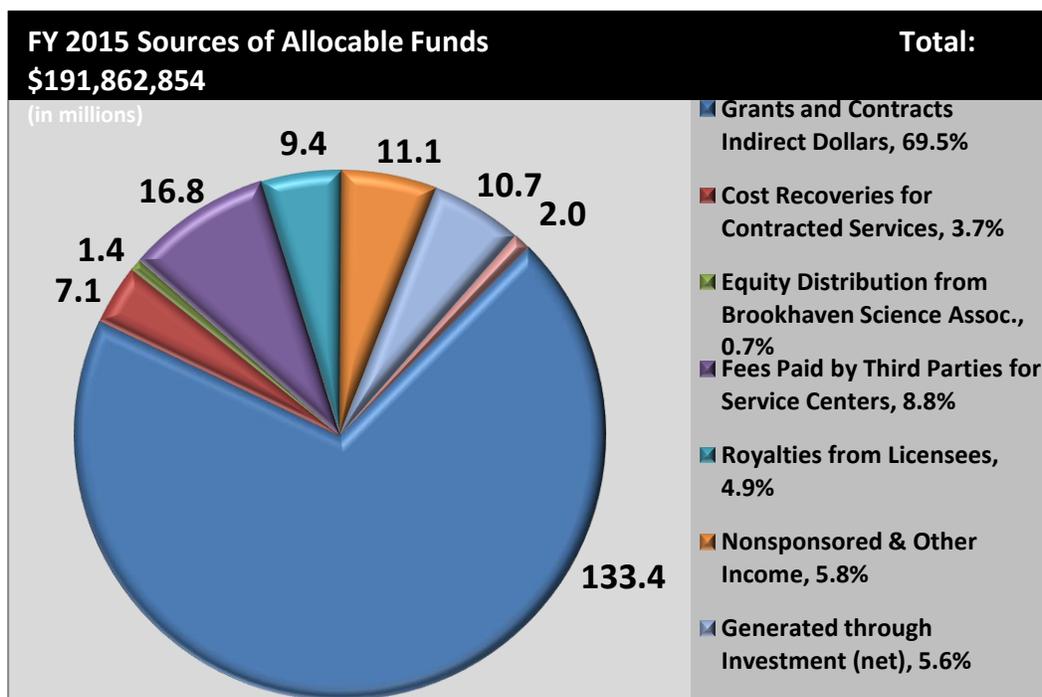


The RF recovers costs associated with providing contracted services for campus-related organizations through charging fees. In FY 2015, cost recovery for contracted services to campus related organizations is expected to increase slightly from \$7.0 million to \$7.1 million.

Total funding (direct plus recovery through fees) is projected to be \$195.9 million in FY 2015 (\$188.8 direct and \$7.1 recovery through fees). The primary users of these services are clinical practice plans, as depicted in the following chart:



Sources of Allocable Funds



Grants and Contracts Indirect Dollars

In FY 2015, cost recoveries for grants and contracts (indirect dollars) are projected to slightly decrease from \$134.6 million to \$133.4 million.

Cost Recoveries for Contracted Services

The recovery of costs associated with providing shared services to campus-related organizations will slightly increase from \$7.0 million to \$7.1 million.

Equity Distribution from Brookhaven Science Associates

The RF is a partner in Brookhaven Science Associates LLC (BSA), which runs Brookhaven National Laboratory. The LLC provides equity distributions to the members. It is anticipated that in FY 2015, equity distributions will slightly decrease from \$1.5 million to \$1.4 million.

Fees paid by Third Parties for Service Centers

The RF recovers costs from businesses and industries using RF-owned facilities, such as an MRI facility or nanotechnology clean room. This activity is projected to increase from \$11.8 million to \$16.8 million.

Royalties from Licensees

Traditional intellectual property commercialization generates royalties from companies that have licensed RF-owned intellectual property. Royalties are projected to increase from \$8.8 million to \$9.4 million.

Nonsponsored and other Income

Campuses retain balances remaining from fixed price sponsored awards and receive other types of non-sponsored revenue. In FY 2015, the RF expects this funding to slightly decrease from \$11.8 million to \$11.1 million.

Corporate Reserve

In FY 2015 there will be minimal costs for outsourcing of IT. See page 19 for additional details on source and use of the corporate reserve.

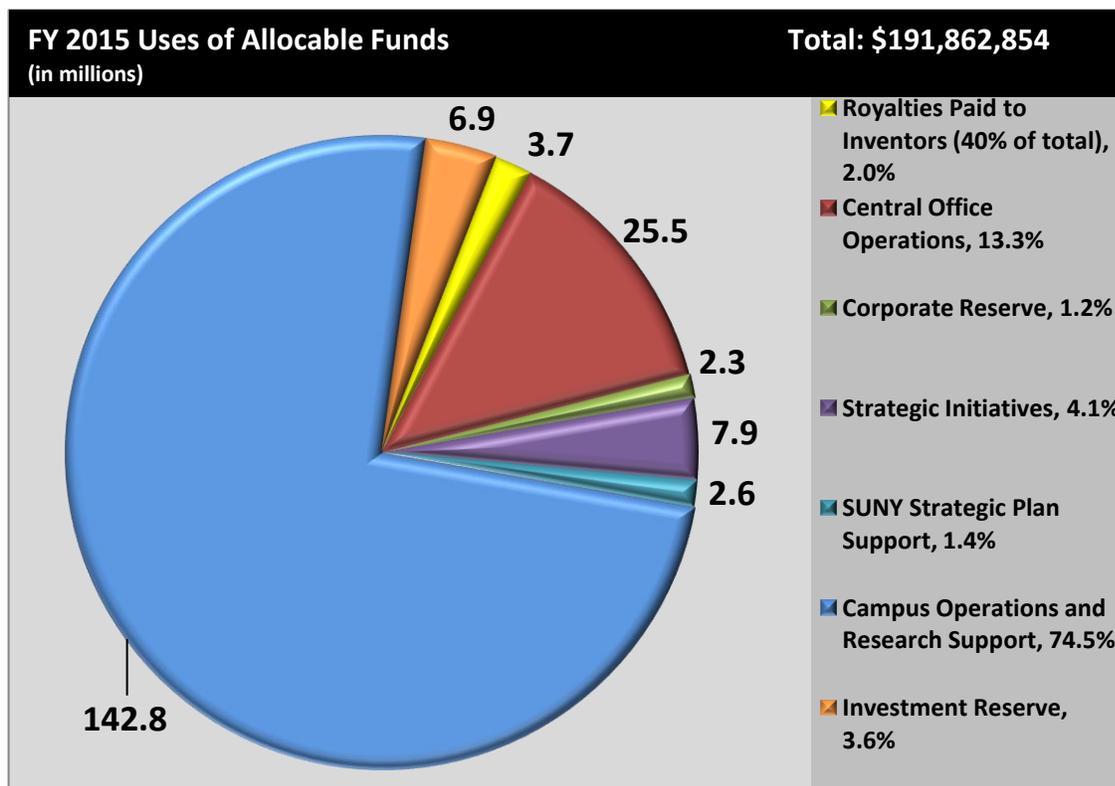
Net Investment Income

Net investment income is projected based upon an assumed average investment balance of \$191 million and a return of 6.75%, which is the targeted long term return of the operating pool. The RF projects investment income of \$12.9 million less treasury and investment related expenses of \$2.2 million, leaving a net balance of \$10.7 million. In FY 2015, investment income will fund \$4 million to the Networks of Excellence and \$2.3 million to the Corporate Reserve. See page 19 for additional details.

External Borrowing

In FY 2015 the RF is planning on borrowing \$2 million to fund multi-year initiatives such as pre-award and data analytics. As it has in the past, when the RF borrows money, we seek the most favorable terms, and look to other sources such as investments or new revenue sources sought in relation to our strategic plan, to minimize the amounts borrowed.

Uses of Allocable Funds



Royalties Paid to Inventors (40% of total)

The SUNY Patent Policy dictates that 40% of royalties be paid to the inventor of intellectual property. In FY 2015, this is anticipated to increase from \$3.5 million to \$3.7 million.

Central Office Operations

Central office operations provide a centralized infrastructure in support of the SUNY research enterprise across the state and around the world. In FY 2015, the allocation to central office operations will increase from \$24.5 million to \$25.5 million due to increased personnel and fringe costs for the staff supporting operations and the strategic agenda.

Corporate Reserve

In FY 2015, the corporate reserve will be allocated \$2.3 million from investment income. The RF's board of directors agreed on a goal to maintain the reserve at 10% of indirect cost recoveries. At the end of FY 2015, the reserve will represent 7% of indirect cost recoveries. See page 19 for additional details.

Strategic Initiatives

The RF will allocate \$7.9 million to Strategic Initiatives. See pages 12-18.

SUNY Strategic Plan Support

The allocation to SUNY Strategic Plan support will decrease slightly from \$2.7 million to \$2.6 million.

Campus Operations and Research Support

Campus allocations are expected to increase from \$138.2 million to \$142.8 million.

Investment Reserve

The investment reserve is projected to receive \$4.3 million from investment income and \$2.6 million from campuses who are charged interest for negative average cash balances. Total projected allocation to the investment reserve is \$6.9 million. See page 19 for additional details.

Calculating the Allocations

Campuses are allocated the funds that they recover or earn, less the assessments described below.

An assessment formula provides support for central office operations and strategic initiatives: 2.7% of revenues (all campuses) plus 1% of revenues (centralized campuses for sponsored program support) and agency service fees at cost. The “revenues” base is less equipment and comprises the weighted average of total revenue for the past three years: 50% prior year, 30% two years prior, 20% three years prior.

In FY 2015, the projected assessment is \$27.4 million. Of this amount, \$25.5 million will be allocated to central office operations (93% of the assessment) and \$1.9 million (7% of the assessment) will be allocated to strategic initiatives. After the end of fiscal year 2014, the fiscal year 2015 assessment will be recalculated based on actual fiscal year 2014 revenues.

The SUNY Strategic Plan support allocation is \$2.6 million and derived by a formula (.3% of last three years weighted average revenues).

Strategic Initiatives (\$7.9 Million)

The RF is working to catalyze growth in research and innovation across the SUNY system – an effort that has caused us to step back from our traditional thinking about how we operate. Starting in 2012, we began to direct a portion of our budget to strategic initiatives to stimulate growth at campuses and for the system overall. This year, continuing strategic initiatives are funded from the FY 2014 plan and a portion of strategic funding (\$425,000) is unallocated to allow for new opportunities that may arise during the year.

Investing in Growth

The investment in growth continues in our FY 2015 plan, with strategic funds dedicated to a solid, focused program that wraps much of our work within the umbrella of SUNY’s Networks of Excellence and moves forward with a global reach and an eye toward industry partnerships.



Strengthening the Foundation – Management Strategies (\$235,000)

In FY 2015 we will also build on our foundation – **aligning the RF organization to SUNY strategy** with a fresh eye and **putting in place the structures to measure and report out on outcomes**. We will also focus on our people, allocating RF central office resources to priority work, supporting them through **learning and development**, and carefully considering the impact on our campuses throughout the year.

Measurable Outcomes

Our plan supports the preliminary draft of the *SUNY Strategy for Research and Innovation: 2014-2020*, aligning with its goals to 1) Increase Research Capacity and Performance, 2) Transform Economic Outcomes, and 3) Enhance Student Opportunity and move forward toward its ambitious 2020 stretch goals.

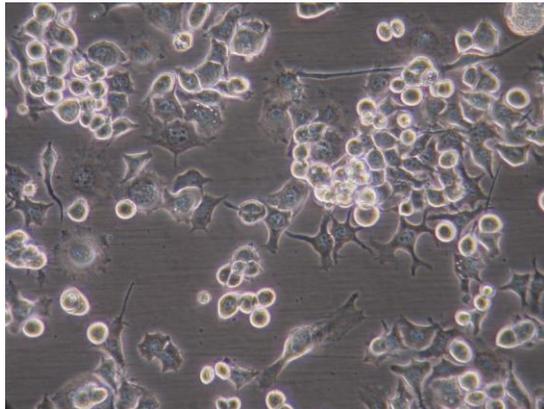
Goal 1: Increase Research Capacity and Performance

How we'll do it

Strategies

- Recruit research-performing faculty in high priority areas and provide them with the support that will make them successful
- Help faculty to write and submit large multi-disciplinary grant proposals, especially to federal sponsors
- Build platforms to support data intensive research
- Provide faculty with efficient and effective Sponsored Program Administration – so they can focus on research and not administration
- Develop strategic international partnerships

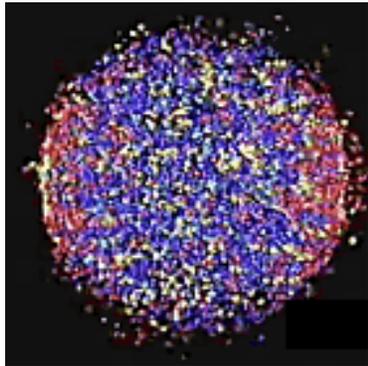
Initiatives



| Initiative | Objective | Estimated Budget |
|---|---|--|
| <p>Networks of Excellence: <i>Networks are our flagship initiative and will serve as a guiding force for much of our work this year, including:</i></p> <ul style="list-style-type: none"> • SUNY Faculty Collaboration Platform • Presidential Fellows | <p>Firmly root, grow, and expand the reach of the five Networks of Excellence established in 2014 to sustain and grow SUNY research and improve our ability to compete for and <u>win</u> large scale research awards. We will also add a new network in 2015 – Teaching and Learning.</p> | <p>\$4 Million</p> |
| <ul style="list-style-type: none"> • Federal Intelligence <ul style="list-style-type: none"> ➤ Advocacy ➤ SUNY Metro Presence in Washington D.C. ➤ SUNY Day DC | <p>Implement a platform to connect 3,000 researchers and 5,000 students across RF enterprise.</p> <p>Provide a unique opportunity to qualified candidates to lead and foster multidisciplinary research collaboration among SUNY campus researchers and form partnerships with business, industry, government, and other academic institutions that will lead to important research discoveries and foster economic growth.</p> <p>Support SUNY's key federal advocacy strategy to raise SUNY's stature and prominence among Congress, the White House, and federal agencies, which in turn will lead to greater recognition and support of SUNY's research enterprise and educational initiatives.</p> | <p>\$175,000</p> <p>\$200,000</p> <p>\$200,000</p> |

Goal 1: Increase Research Capacity and Performance

How we'll do it (cont.)

| Strategies | | | |
|--|---|---|------------------------------------|
| <ul style="list-style-type: none"> Recruit research-performing faculty in high priority areas and provide them with the support that will make them successful Help faculty to write and submit large multi-disciplinary grant proposals, especially to federal sponsors Build platforms to support data intensive research Provide faculty with efficient and effective Sponsored Program Administration – so they can focus on research and not administration Develop strategic international partnerships | | | |
| Initiatives  | Initiative | Objective | Estimated Budget |
| | <ul style="list-style-type: none"> International Partnerships | Partner with university systems and industry in countries identified to have sufficient research infrastructure, talent, and strong shared interests with SUNY's research strategy, to strengthen SUNY's Networks of Excellence and grow its research volume and global brand recognition. | \$100,000 |
| | <ul style="list-style-type: none"> Corporate Relations and New York Metro Presence | Create substantial, system-wide connections with companies whose size, breadth, and capacity merit our attention. We will develop a system for corporate relations, integrating with existing campus research activities, building upon the Networks of Excellence and the opportunities afforded by START-UP NY, to attract transformative corporate partners. | \$50,000 |
| | <ul style="list-style-type: none"> Shared Research Assets | Employ system for sharing research instrumentation and tools system-wide. | Potentially funded out of Networks |
| | <ul style="list-style-type: none"> Clinical Trial Infrastructure | Provide sufficient Good Clinical Practice (GCP) training to our clinicians and researchers; integrate and automate our IRB processes; and establish a web presence to match the research with patient and sponsors. | |

Goal 1: Increase Research Capacity and Performance (cont.)

How we'll do it (cont.)

| Strategies | | | |
|--|--|---|-------------------------|
| <ul style="list-style-type: none"> Recruit research-performing faculty in high priority areas and provide them with the support that will make them successful Help faculty to write and submit large multi-disciplinary grant proposals, especially to federal sponsors Build platforms to support data intensive research Provide faculty with efficient and effective Sponsored Program Administration – so they can focus on research and not administration Develop strategic international partnerships | | | |
| Initiatives | Initiative | Objective | Estimated Budget |
|  | Data Analytics | <p>Develop sophisticated data analytics capability in the next 1-3 years to support decisions on strategic direction for research, improve operational efficiency, and enable research activities dependent on data analytics.</p> <ul style="list-style-type: none"> Develop a unified strategy for existing tools (Report Center, Inteum, Incutrack, PIVOT Find a SUNY Scholar) Employee advanced analytical tools, such as natural language processing (NLP) and text data mining, to support our innovation and economic development agenda. | \$560,000 |
| | Best of Breed Sponsored Programs Administration | <p>Find ways to reduce the administrative burdens on our researchers, freeing them to generate more grant applications and focus on creative ideas and innovations.</p> | See below |
| | <ul style="list-style-type: none"> Uniform Guidance | <p>Implement the single biggest regulatory change in the last 50 years of research administration in compliance with OMB's final guidance that supersedes and streamlines requirements from OMB Circulars A-21, A-50, A-87, A-89, A-102, A-110, A-122, and A-133. New policies take effect on December 26, 2014.</p> | \$10,000 |

Goal 1: Increase Research Capacity and Performance (cont.)

How we'll do it (cont.)

| Strategies | | | |
|--|--|--|-------------------------|
| <ul style="list-style-type: none"> Recruit research-performing faculty in high priority areas and provide them with the support that will make them successful Help faculty to write and submit large multi-disciplinary grant proposals, especially to federal sponsors Build platforms to support data intensive research Provide faculty with efficient and effective Sponsored Program Administration – so they can focus on research and not administration Develop strategic international partnerships | | | |
| Initiatives | Initiative | Objective | Estimated Budget |
|  | <ul style="list-style-type: none"> Pre-Award Systems | Put in place system-wide pre-award business systems for faculty and campus administrators that allow them to easily submit proposals, manage the often daunting sponsored programs compliance requirements, and track and report on proposal data. | \$1.5 Million |
| | <ul style="list-style-type: none"> Oracle Time and Attendance | Replace paper time and leave documents and manual data entry processes with an electronic system, reducing paper and improving efficiency. | \$200,000 |
| | <ul style="list-style-type: none"> Records Management Pilot | Address the RF data obesity problem through policy and retention schedule development, and an electronic system for a pilot business area. | \$50,000 |
| | <ul style="list-style-type: none"> Strategic Technology Support | Providing the technology support to advance computing, data analytics, automated systems and universal technology. | \$850,000 |

Goal 2: Transform Economic Outcomes

How we'll do it

| Strategies | | | |
|---|--|---|-------------------------|
| Develop strategic relationships with industry and foster business development and job creation. | | | |
| Initiatives | Initiative | Description | Estimated Budget |
|  | Innovation New York Network (INYN) | Launch the network to connect downstate venture capital with upstate research and innovation and make it sustainable within two years, following the model of similar networks in California and other states. | \$45,000 |
| | <ul style="list-style-type: none"> SUNY Innovation Showcase | Conduct two Innovation Showcases targeted primarily at SUNY-related companies to connect them with investors and mentorship. | \$20,000 |
| | Technology Accelerator Fund (TAF) | Provide funding to support the advancement of SUNY innovations from the lab to the marketplace. When basic research funding ends, further evaluation and “proof-of-concept” is often necessary to establish that a new technology is commercially viable, to prove its value, and to reduce the risk for industry or investors. | \$300,000 |
| | START-UP NY | Support campuses in implementing Governor Cuomo’s program through plan development, training, and industry connections. | \$0 |
| | Innovation Programs | Launch innovation programs to support growth. Potential programs include the Innovation Bridge Program, Innovation Community Chest, Joint Venture Advisory, RF Master Industrial Accords, Innovation Ethics Reform, and SUNY Startup Equity Redemption. | \$585,000 |

Goal 3: Enhance Student Opportunities

How we'll do it

Strategies

Expand SUNY students' participation in research to support applied learning and to materially increase SUNY's supply of New York's STEM-educated workforce

Initiatives



| Initiative | Description | Estimated Budget |
|------------------------|---|------------------|
| Undergraduate Students | Allocate funding to campuses for the specific purpose of offering research opportunities in STEM fields to an estimated 250 SUNY undergraduate students. If the system's IUSE proposal is funded, the funds will be used for research opportunities for students as part of the proposed program, SUNY Research Passport. | \$200,000 |
| Graduate Students | Increase the number of quality National Science Foundation (NSF) and Department of Defense (DOD) Graduate Research Fellowship applications and evaluate RF graduate student engagement throughout SUNY. | \$200,000 |

Appendix A: Key Financial Elements of the Plan

Corporate Reserve

The following table shows the activity related to the corporate reserve:

| Roll forward (in thousands) | 2014 Estimated | 2015 Projected |
|-------------------------------|-------------------|-------------------|
| Opening balance | \$6,767 | \$7,091 |
| Allocations to reserve: | | |
| Investment reserve allocation | 2,541 | 2,339 |
| Distributions from reserve: | | |
| Research technology services | (2,217) | (232) |
| Ending balance | \$7,091 | \$9,198 |

Investment Income & Investment Reserve

The following tables show the activity related to investment income and the investment reserve.

| Investment Income (in thousands) | 2014 Estimated | 2015 Projected |
|-----------------------------------|-------------------|-------------------|
| Investment income | 13,760 | 12,861 |
| Treasury/Investment expenses | (2,222) | (2,194) |
| Net Investment Income | 11,538 | 10,667 |
| Funding to corporate reserve | (2,541) | (2,339) |
| Funding to Strategic reinvestment | (4,000) | (4,000) |
| Balance to Investment Reserve | 4,997 | 4,328 |

| Investment Reserve Rollforward (in thousands) | 2014 Estimated | 2015 Projected |
|---|-------------------|-------------------|
| Opening Balance | (20,955) | (13,019) |
| Charge to campuses | 2,939 | 2,618 |
| Funding from Investment Income | 4,997 | 4,328 |
| Ending balance | (13,019) | (6,073) |

Fringe Pool

The RF recovers the funds needed for the cost of employee fringe benefit programs, which include health insurance, retirement, Social Security, and other payments, by applying fringe benefit rates to accounts that fund employee salaries and wages. These rates are negotiated each year with the US Department of Health and Human Services.

| Fiscal Year | Regular Employees | Graduate Students | Undergraduate Students | Summer Employees |
|--------------------|--------------------------|--------------------------|-------------------------------|-------------------------|
| 2014 | 41.00 | 15.00 | 5.00 | 17.00 |
| 2015 | 42.50 | 14.00 | 5.00 | 15.00 |
| 2016 | 43.50 | 14.00 | 5.00 | 15.00 |
| 2017 | 44.00 | 15.00 | 5.00 | 15.00 |
| 2018 | 44.50 | 16.00 | 5.00 | 15.00 |

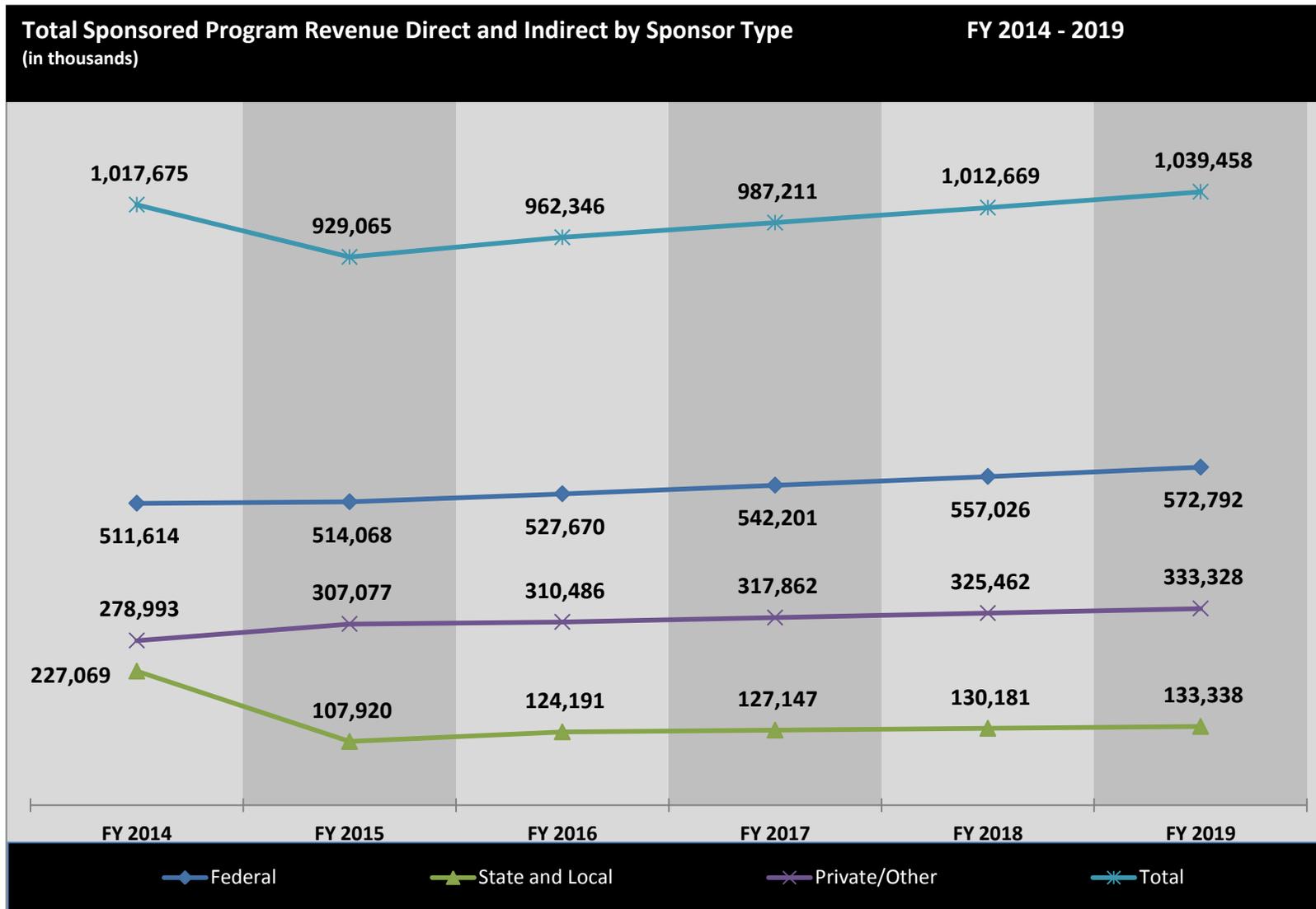
Salary Plan

Based on current and projected economic conditions and sponsored research funding levels, campuses may authorize increases up to the following for RF employees:

| Employee Type | Cost of Living | Discretionary Pool |
|----------------------|-----------------------|---|
| Administrative | 2% | 2% |
| Sponsored Program | 2% | Based on funds availability within each sponsored program |

Campuses will be provided with instructions for filing their local implementation of the corporate plan with the Human Resources Office at central office.

Appendix B: Projections



Sponsored Program Revenue Projections

| Location | Actual 2013 | Projections | | | | | | % Change 2014 to 2019 |
|-------------------------------|-----------------------|-------------------------|-----------------------|-----------------------|-----------------------|-------------------------|-------------------------|--------------------------|
| | | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | |
| CNSE | 329,485,565 | \$ 371,251,794 | \$ 285,652,700 | \$ 305,749,375 | \$ 311,864,362 | \$ 318,101,650 | \$ 324,463,683 | -12.60% |
| University at Albany | \$ 87,376,569 | \$ 93,873,131 | \$ 100,444,251 | \$ 107,475,345 | \$ 114,998,622 | \$ 123,048,525 | \$ 131,661,921 | 40.26% |
| Binghamton University | 34,903,689 | \$ 32,072,232 | \$ 34,466,208 | \$ 37,820,925 | \$ 41,458,614 | \$ 45,190,159 | \$ 49,263,424 | 53.60% |
| University at Buffalo | 150,425,733 | \$ 153,468,779 | \$ 153,690,000 | \$ 155,655,000 | \$ 157,832,000 | \$ 160,053,000 | \$ 162,320,000 | 5.77% |
| Stony Brook University | 175,639,643 | \$ 166,350,000 | \$ 163,246,500 | \$ 166,005,860 | \$ 168,817,242 | \$ 171,681,635 | \$ 174,600,049 | 4.96% |
| SUNY Downstate Medical Center | 61,788,121 | \$ 47,529,999 | \$ 45,218,264 | \$ 45,218,264 | \$ 45,218,264 | \$ 45,218,264 | \$ 45,218,264 | -4.86% |
| Upstate Medical University | 34,296,743 | \$ 33,703,071 | \$ 34,049,597 | \$ 34,200,556 | \$ 35,587,881 | \$ 37,044,535 | \$ 38,573,985 | 14.45% |
| SUNY Brockport | 4,281,365 | \$ 5,434,345 | \$ 5,392,232 | \$ 5,553,999 | \$ 5,720,618 | \$ 5,892,236 | \$ 6,069,004 | 11.68% |
| Buffalo State College | 24,004,193 | \$ 23,738,518 | \$ 25,969,658 | \$ 26,255,694 | \$ 26,545,526 | \$ 26,565,987 | \$ 26,565,987 | 11.91% |
| SUNY Cortland | 3,058,875 | \$ 2,993,000 | \$ 2,941,000 | \$ 3,028,000 | \$ 3,087,080 | \$ 3,147,432 | \$ 3,209,085 | 7.22% |
| SUNY Fredonia | 2,680,722 | \$ 2,776,584 | \$ 2,767,330 | \$ 2,795,003 | \$ 2,822,953 | \$ 2,851,183 | \$ 2,879,693 | 3.71% |
| SUNY Geneseo | 757,644 | \$ 838,540 | \$ 863,696 | \$ 889,608 | \$ 916,297 | \$ 943,786 | \$ 972,099 | 15.93% |
| Old Westbury | 2,302,556 | \$ 2,598,741 | \$ 2,661,715 | \$ 2,721,349 | \$ 2,782,601 | \$ 2,813,681 | \$ 2,845,166 | 9.48% |
| SUNY New Paltz | 3,778,594 | \$ 3,782,396 | \$ 4,820,142 | \$ 3,896,546 | \$ 3,933,230 | \$ 3,970,282 | \$ 4,007,702 | 5.96% |
| College at Oneonta | 6,471,584 | \$ 5,853,010 | \$ 5,212,540 | \$ 5,048,412 | \$ 4,904,596 | \$ 4,770,143 | \$ 4,644,629 | -20.65% |
| SUNY Oswego | 4,938,662 | \$ 5,079,979 | \$ 5,225,399 | \$ 5,372,469 | \$ 5,526,407 | \$ 5,684,819 | \$ 5,847,836 | 15.12% |
| SUNY Plattsburgh | 6,069,831 | \$ 4,990,000 | \$ 4,800,000 | \$ 4,800,000 | \$ 4,800,000 | \$ 4,800,000 | \$ 4,800,000 | -3.81% |
| SUNY Potsdam | 2,890,505 | \$ 2,525,483 | \$ 2,525,483 | \$ 2,525,483 | \$ 2,525,483 | \$ 2,525,483 | \$ 2,525,483 | 0.00% |
| Purchase College | 2,003,646 | \$ 1,380,494 | \$ 2,161,066 | \$ 2,142,407 | \$ 2,123,935 | \$ 2,105,650 | \$ 2,087,548 | 51.22% |
| SUNYIT | 2,106,705 | \$ 2,058,500 | \$ 2,263,015 | \$ 2,487,830 | \$ 2,734,973 | \$ 3,006,674 | \$ 3,305,385 | 60.57% |
| Empire State College | 1,196,540 | \$ 1,520,909 | \$ 1,833,074 | \$ 1,440,286 | \$ 1,442,383 | \$ 1,444,522 | \$ 1,446,703 | -4.88% |
| Alfred State College | 1,351,516 | \$ 864,061 | \$ 523,443 | \$ 562,505 | \$ 599,760 | \$ 542,383 | \$ 569,197 | -34.13% |
| SUNY Canton | 1,773,152 | \$ 1,374,699 | \$ 1,374,699 | \$ 1,374,699 | \$ 1,374,699 | \$ 1,374,699 | \$ 1,374,699 | 0.00% |
| SUNY Cobleskill | 2,333,167 | \$ 1,095,786 | \$ 824,906 | \$ 841,405 | \$ 858,233 | \$ 875,398 | \$ 892,906 | -18.51% |
| SUNY Delhi | 250,140 | \$ 240,302 | \$ 227,250 | \$ 214,900 | \$ 166,800 | \$ 160,650 | \$ 160,650 | -33.15% |
| Farmingdale State College | 4,331,883 | \$ 4,472,038 | \$ 4,037,000 | \$ 3,030,000 | \$ 3,038,069 | \$ 3,046,241 | \$ 3,054,517 | -31.70% |
| Morrisville State College | 1,215,347 | \$ 1,014,902 | \$ 1,024,702 | \$ 1,034,601 | \$ 1,044,598 | \$ 1,054,696 | \$ 1,064,894 | 4.93% |
| SUNY ESF | 14,439,487 | \$ 15,707,740 | \$ 13,446,000 | \$ 14,025,000 | \$ 14,217,080 | \$ 14,413,983 | \$ 14,615,840 | -6.95% |
| Maritime College | 104,023 | \$ 1,011,790 | \$ 673,287 | \$ 673,287 | \$ 691,610 | \$ 691,610 | \$ 691,610 | -31.64% |
| College of Optometry | 3,173,941 | \$ 3,602,000 | \$ 3,652,190 | \$ 3,754,276 | \$ 3,859,342 | \$ 3,967,475 | \$ 4,078,766 | 13.24% |
| Sys. Admin - Provost | 13,799,135 | \$ 24,472,548 | \$ 17,077,902 | \$ 15,752,945 | \$ 15,717,392 | \$ 15,682,239 | \$ 15,647,484 | -36.06% |
| Total | \$ 983,229,277 | \$ 1,017,675,371 | \$ 929,065,249 | \$ 962,346,029 | \$ 987,210,650 | \$ 1,012,669,020 | \$ 1,039,458,209 | 2.14% |

Appendix C: Central Office Operations

What is RF Central Office?

The RF central office exists to support SUNY faculty, staff, and students. Staff at central office provide the administrative, legal, financial, regulatory, and technical infrastructure required to manage sponsored award programs that advance SUNY research and innovation.

Central office comprises 128 professionals serving 31 SUNY campus locations and programs and employees located around the world – from Stony Brook to Singapore, Niagara to Nigeria, Rockland to Russia.

Central office performs tasks that otherwise would have to be performed at individual sites, necessitating additional FTEs, equipment, tools, and systems at each location. These critical shared services eliminate redundancy and reduce costs. Central office provides efficiencies of scale and subject matter expertise to bear on complex and difficult matters, providing each site with up-to-date information, expert counsel, and efficient execution.

System-wide Programs

Central office uses its unique system-wide vantage point to stimulate research and innovation across the SUNY enterprise. Some examples include:

- Five **Networks of Excellence** to sustain and grow SUNY research and improve our ability to compete for and win large scale research awards.
- The **Technology Accelerator Fund** provides the financial assistance necessary to support an invention from the lab to industry, external funding or venture capitalists.
- Key components of Governor Cuomo's bold innovation agenda, including **START-UP New York** and the **Innovation New York Network (INYN)** to connect industry with our campuses.
- Increased **STEM Research Opportunities** for SUNY undergraduates to create higher proficiency in science, technology, engineering, and math fields.

Research Foundation by the Numbers

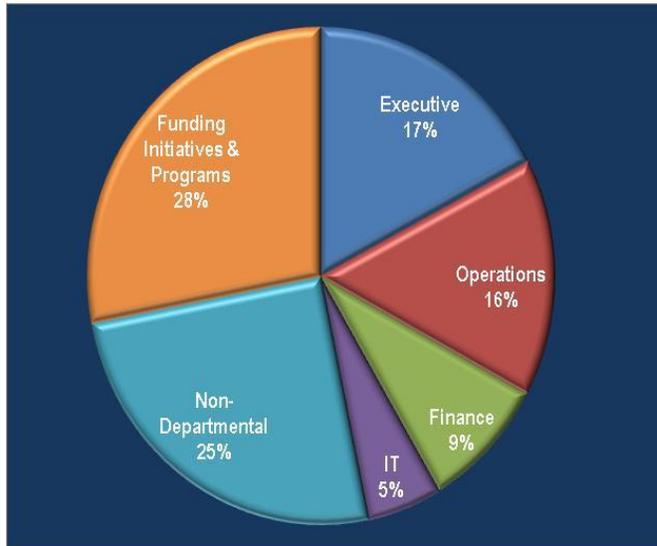
All data as of May 31, 2014 or by calendar year when indicated

| | |
|---|--|
| SUNY campus sites served | 31 |
| Contracts/agreements negotiated per month (for centralized) | 36 |
| New awards established per month (for centralized) | 122 |
| Outgoing invoices to sponsors per month (for centralized) | 202 |
| Financial reports to sponsors per month (for centralized) | 56 |
| Multi-campus collaborative proposals submitted | 6 (totaling more than \$32 million) |
| Average daily cash expenditures for sponsored programs | \$5 million |
| Internal audits Conducted | 29 |
| Resolved cases of litigation since 2001 | 2,000+ |
| Corporate insurance policies handled | 25 |
| Policies and procedures available on website | 556 |
| Total web page views from Jul 2013 | 316 |
| Annual checks on abandoned property for 50 states | 367 (totaling \$76,608.04) |
| Total job titles | 204 |
| Benefits programs managed (health, dental, disability, etc.) | 22 |
| Retirement contributions administered (basic & optional), FY2013 | \$45,578,880.11 |
| 2013 W2s | 15,943 |
| 2013 1099s | 3,371 |
| 2013 1042s | 674 |
| SUNY's Technology Accelerator Fund reinvestment | 10 new innovations and \$1.8 million reinvested |
| SUNY Related companies who participated in the NY Innovation Showcase | 17 |
| Campuses involved in the NY Innovation Showcase | 8 |
| Incubator directors and staff participating in monthly incubator meetings | 22 |
| Incubator programs participating in first class of the system-wide incuTrack tool | 6 |
| Affiliated corporations | 13 |
| Affiliate corporations dissolved/withdrawn since January 2013 | 6 |
| Large affiliated corporation restructuring transactions | 1 |
| Strategic industry partnerships/joint ventures structured or supported | 5 (approaching \$100 million) |
| Total Undergraduate student in STEM Undergraduate Research Program | 181 |
| Innovation Keystone | 500 hits from campus users (\$1.5 million in savings) |
| SUNY startups received discount in SUNY Insure | 23 |
| Support made by SUNY's Entrepreneur in Residence | 200 faculty and students, 6 new startups, \$550K in external funding |
| Learning Tuesday sessions in calendar year 2014 | 11 sessions serving 442 registered campus participants |

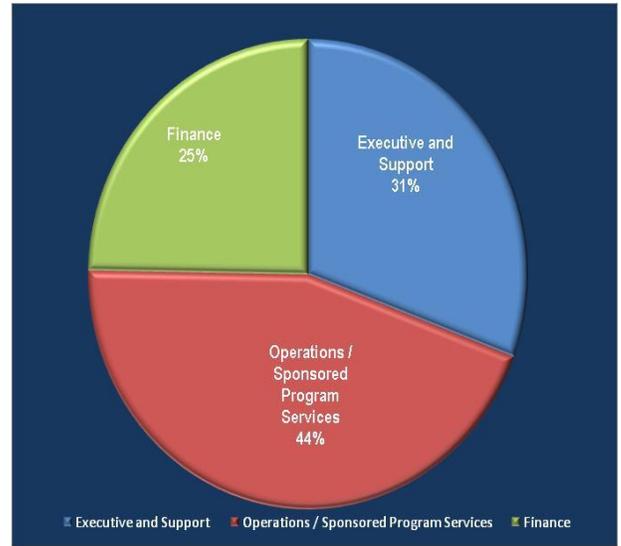
Central Office Functions and Other Expenses

All dollar amounts are FY 2015 projected costs

Costs



Full-Time Staff



CO Department Functions

(Functions described in the sections below)

128.5 FTEs

(Total all FTEs for all functions)

\$ 16,538,474

(Total all functions salary, fringe, OTPS)

Central Office Function Descriptions

| | | |
|--------------------------------|----------------|--------------------|
| Executive & Support | 30 FTEs | \$6,137,450 |
|--------------------------------|----------------|--------------------|

Executive Office: Leads the RF in providing services to the SUNY research community in sponsored programs administration, commercialization of innovation and intellectual property, industry collaboration, and public/private partnership creation and support. The RF President provides effective and efficient leadership, management, and direction to establish and accomplish strategic goals while collaborating with and supporting the SUNY community and private partners.

3 FTEs

Legal: Provides legal services for the Research Foundation and individual SUNY campuses, in the areas of sponsored programs, innovation and partnerships, technology transfer, labor and employment, and other key RF areas. Legal office staff responds to requests for legal advice from operations staff and leadership, identifies and solves legal problems, resolves disputes and manages litigation, and also proactively provides training and template development to prevent reputational, legal, and financial problems. Centralizing this service conserves resources and promotes standardization and legal compliance across all campuses.

7 FTEs

Internal Audit: Provides independent appraisals, recommendations, analyses, and other pertinent comments on the financial and operational controls of all offices, identifying changes in procedures to improve efficiencies, eliminate duplicate efforts, and reduce risks. Internal audit staff identifies areas of potential exposure before they are identified by external parties, and shares process improvements across all locations. The function also assists sites with external audit processes and responses (i.e., OMB A-133, sponsor audits, regulatory audits), giving each campus access to expertise in these areas.

9 FTEs

Innovation and Partnerships: Stimulates meaningful interaction between industry, investors and government, and the SUNY research enterprise. Its framework is to help SUNY campuses translate discoveries out of research into innovative products and services that serve to improve society and impact state, regional, U.S., and global economies. It does this by supporting industry research; creating startups, accelerators and incubators (and providing ongoing support); developing/managing targeted funds and programs; promoting commercialization opportunities; increasing the profile of SUNY innovation through outreach; and leveraging government relationships. The nature of this work demands a cross-campus, consultative approach to match industry and investors to opportunities, consolidate negotiating power across the enterprise, and promote sustainable returns, growth, and value.

11 FTEs

| | |
|--|--------------------|
| Sponsored Program Services/Operations 54 FTEs | \$5,497,501 |
|--|--------------------|

Centralized Grants & Contracts Administration: Helps to secure and successfully administer funding for campus research for the centralized campus locations. Grants & Contracts staff negotiate and execute grants, contracts, and subcontracts, including account set up and complete financial invoicing and reporting. Staff members serve campuses by solving business problems, helping to assure compliance with all sponsor terms and conditions, and offering critical training events. Increasingly, this team is consulted by decentralized campuses with business problems arising from state and federal sponsorship, including standard terms and conditions. The RF achieves efficiencies by sharing the service and cost of grant and contract administration for 23 campus locations.

17 FTEs

Office of Compliance Services: Helps the RF and SUNY prevent, detect, and correct any fraud, waste, and abuse and support compliance with the laws, rules, and policies governing the proper administration of sponsored research. It does this by developing, managing, and monitoring ethical policies (such as the Code of Conduct and Conflict of Interest policies), establishing an internal control methodology and supportive risk management solutions, overseeing information security, and developing/maintaining policy

governance. Compliance Services also provides day-to-day support for campus research administrators, including reviewing award documentation and sponsor assurances of compliance, implementation of the OMB requirements, and responding to federal and state mandated reporting requirements. Staff members serve campuses by solving business problems involving grant proposals and awards, compliance with terms and conditions, financial administration, effort reporting, education and training, conflicts management, and satisfactorily resolving audit findings. Given the critical nature of these activities for each campus and the opportunities for variance when handled separately, uniting these services under one infrastructure reduces risk and helps ensure an ethical and compliant environment for research activities.

8 FTEs

Strategy and Planning: Develops the RF strategic and annual operating plans, monitors corporate projects, coordinates leadership stakeholders of the organization (Research Council, VPRs, OMs), and manages all aspects of the OM relationship, including orientation, training, and evaluation. It ensures timely response to changes in the environment, efficient and stable strategic planning and project management, appropriate use of resources, enterprise-wide planning, and quality customer service for all stakeholders. It also interacts with a large and diverse audience across the enterprise to develop and facilitate the definition, collection, analysis, and reporting of metrics and key data elements that will enable data-driven decisions in support of RF and SUNY strategic efforts.

6 FTEs

Human Resources: Takes a proactive approach to maintain positive employee relations at campuses. In addition to developing and maintaining competitive compensation and benefit programs to attract, retain, and motivate a talented workforce, the function provides guidance and training to campus administrators and faculty to resolve HR issues in laboratories and offices, and ensures compliance with state, federal, and sponsor employment and workplace regulations. HR also creates a learning environment across campuses by offering Learning Tuesdays on “hot topics” and by developing both an enterprise-wide mentoring system and a succession planning process that can be adapted to individual campuses.

18 FTEs *(1 FTE charged against TIAA/CREFF credit)*

External Relations and Corporate Communications: Responsible for external and internal communications. Staff produces press releases, research articles, annual reports, executive presentations, web and social media content and other publications and communications that help amplify and promote campus research achievement and SUNY and the RF’s role in advancing New York’s Innovation Agenda. The function handles media inquiries, FOIL and FOIA requests to the RF, working with campus communications officers and operations managers as needed. The function oversees the RF public website, and supports other RF functions with internal communications and conference attendance and coordination. Centralizing this function gives each site access to communication resources and corporate public relations, media, and issue management support.

5 FTEs

| | | |
|----------------|----------------|--------------------|
| Finance | 33 FTEs | \$3,070,733 |
|----------------|----------------|--------------------|

Treasury: Responsible for various functions including payroll, investments, debt, insurance, facilities and treasury. This includes daily cash management, maintaining campus bank accounts, payroll operations, including checks, taxation, deductions, cost transfers, etc., handling receipts, and more. Depositing corporate cash into one centralized bank account provides better control over the cash receipts asset. Centralization is also the most efficient way to deal with the complexities of federal and state tax reporting. The Treasury function also includes investments oversight of operational funds (\$220 million), VEBA trust (\$140 million), pension plans (\$1.4 billion), and debt/line of credit borrowing strategies. This function provides a shared payroll service for eight campuses and manages corporate facilities as well as other back office corporate support including corporate-wide insurance and the corporate office at 35 State Street.

16 FTEs (7 FTEs are charged against Investment Income)

Cost Accounting and Accounts Payable/Purchasing: Prepares large, complex Facilities and Administrative (F&A) rate proposals for 31 operating locations and negotiates rates with the federal Department of Health and Human Services (DHHS). It also oversees fixed assets, assists campus staff in areas of federal compliance and safeguarding the assets of the corporation, disburses funds (checks, electronic payment) for all operating locations, provides corporate oversight for procuring goods and services, and provides guidance for campus staff regarding compliance with laws and regulations, particularly in regard to the IRS.

10 FTEs (1 FTE charged against electronic payment rebate income)

Financial Accounting: Ensures the integrity of the business system and provides appropriate accounting methods and reliable financial information that are critical for operational success. The function works with central office benefits and health insurance carriers to develop and negotiate fringe benefit rates with DHHS. It completes annual audited financial statements and tax returns and fulfills campus requests for assistance with financial information and foreign tax exemption. It compiles sources and uses of funds for the RF Operating Plan, including establishing and overseeing campus accounts for individual site allocations.

7 FTEs

| | | |
|-----------------------------|------------------|---------------------|
| Information Services | 11.5 FTEs | \$ 1,832,790 |
|-----------------------------|------------------|---------------------|

Information Services (IS) is partially outsourced. The in-house portion of IS includes the Chief Information Officer (CIO), Information Technology (IT) strategy, business intelligence, enterprise reporting, and business analysis. The RF's information technology outsourcing vendor manages and supports specific day-to-day IT operations as well as projects that fit into the RF annual Operating Plan and the evolving SUNY Strategy for Research and Innovation. This includes technology upgrades and customized technical support to increase compliance, reduce costs, and provide end users enhanced usability, performance, flexibility, and availability. Outsourcing this work is the most cost-effective way to ensure cutting-edge IT resources and management at a low cost to campuses.

11.5 FTEs

Non Departmental Costs

\$ 8,952,983

As a corporation, generic expenses are incurred that support the general corporate stewardship of the business as whole. These expenses are not specifically identified to a department, such as:

| | |
|--|-----------|
| Annual Audit | 330,000 |
| Facilities | 835,000 |
| Insurance | 1,227,000 |
| Outside legal | 330,000 |
| NCCIT, Software, Production Support, other | 5,534,662 |
| All other | 696,321 |

Total Central Office Operations

\$25,491,457