

University of Florida Office of Research Report:

Impact of Sequestration on Research at UF

February 28, 2013

The research enterprise at the University of Florida is one of UF's significant strengths and distinguishing characteristics. In 2011, UF research expenditures from all sources (internal and external) topped \$700M/yr, placing UF 12th among all public US universities. Ironically, at a time when the State and Nation are in significant need of the innovation, inventiveness, and creativity produced by institutions such as UF, research universities are facing significant uncertainty and threatened cuts in research support due to the Budget Control Act of 2011 (or so-called Fiscal Cliff bill) that includes automatic across-the-board cuts in federal programs. While the American Taxpayer Relief Act of 2012 signed into law on January 2, 2013 eliminated much of the tax side of the "fiscal cliff", it simply delayed until March the budget sequestration provisions of the Act. Effective March 1st, a series of automatic cuts, a so-called sequester, will take effect and reduce budgets for all federal agencies. According to the Center on Budget and Policy Priorities, sequestration as revised by the January 2 fiscal cliff deal means across the board cuts of 7.3 percent in defense (with service personnel exempt) and 5.1 percent in nondefense discretionary spending for FY13. Universities including UF are already seeing a reduction in research awards from federal sponsors as the agencies anticipate these cuts in March 2013.

This Report estimates the impact of sequestration on the UF research enterprise. The analysis assumes a 5.1% reduction in federally-funded research at UF. The differentiation between defense and nondefense programs is ignored given that defense R&D accounts for less than 10% of the total UF federal funding for research. The report assumes that the 5.1% cut will establish a new baseline for federal agency budgets that applies beyond FY13. It is recognized that sequestration as currently legislated could have a higher impact in FY14 and beyond. However, given the significant uncertainty in predicting what actions Congress may take between now and FY14, this analysis considers the 5.1% reduction as applicable to all out years.

This analysis only considers research expenditures that are managed through the UF Division of Sponsored Research. Specifically, only 201 and 209 accounts are considered. The report includes in the presentation expenditure data from 2006 to present so as to provide historical perspective on the projected cuts. The report separately considers the impact on direct expenditures and recovered F&A (IDC) as these revenue streams support different types of activities within the university. Data from FY2012 are used as the baseline. For sequestration, the analysis assumes that non-ARRA federal funded research will be reduced by 5.1% relative to 2012 levels and that the decrease would be fully realized in 2013. In reality, the timeline for impact will depend on how agencies implement the cuts; the full impact will likely not be felt until FY14

Estimated Direct Expenditure Decrease Due to Sequestration (FY2013)		
	Total	Percentage
29-Medicine seq cut	-\$3,639,483	3.1%
19-Engineering seq cut	-\$1,804,242	3.7%
60-IFAS seq cut	-\$1,880,160	3.3%
16-CLAS seq cut	-\$1,122,428	3.7%
34-Dentistry seq cut	-\$380,673	4.3%
33-PHHP seq cut	-\$409,880	3.6%
57-Centers seq cut	-\$415,081	4.3%
32-Pharmacy seq cut	-\$273,107	4.1%
28-VetMed seq cut	-\$139,097	2.2%
26-HHP seq cut	-\$103,266	3.5%
30-Jacksonville seq cut	-\$288,149	4.4%
18-Education seq cut	-\$187,863	4.4%
56-Natural History seq cut	-\$126,636	4.1%
11-SponsResearch seq cut	-\$78,243	1.9%
OTHER seq cut	-\$244,239	2.6%
UF Total seq cut	-\$11,092,546	3.4%

Table 1: Estimated loss in direct research expenditures at UF in FY2013 due to sequestration. The losses reflect a 5.1% decrease in federally-funded sponsored research using data from FY2012 as the baseline. Also shown is the loss as a percentage of total research direct expenditures.

Estimated F&A Expenditure Decrease Due to Sequestration		
	Total	Percentage
29-Medicine seq cut	-\$1,182,050	-4.1%
19-Engineering seq cut	-\$542,498	-4.2%
60-IFAS seq cut	-\$386,591	-3.9%
16-CLAS seq cut	-\$331,656	-4.2%
34-Dentistry seq cut	-\$139,025	-4.6%
33-PHHP seq cut	-\$119,444	-4.1%
57-Centers seq cut	-\$126,278	-4.7%
32-Pharmacy seq cut	-\$84,741	-4.1%
28-VetMed seq cut	-\$40,302	-2.9%
26-HHP seq cut	-\$28,376	-4.2%
30-Jacksonville seq cut	-\$81,190	-4.4%
18-Education seq cut	-\$61,255	-4.4%
56-Natural History seq cut	-\$38,641	-4.5%
11-SponsResearch seq cut	-\$19,226	-1.6%
OTHER seq cut	-\$76,227	-3.9%
UF Total seq cut	-\$3,257,501	-4.1%

Table 2: Estimated loss in recovered F&A (IDC) at UF in FY2013 due to sequestration. The losses reflect a 5.1% decrease in federally-funded sponsored research using data from FY2012 as the baseline. Also shown is the loss as a percentage of total F&A.

Table 1 shows the estimated loss in direct research expenditures at UF in FY2013 due to sequestration. The losses reflect a 5.1% decrease in federally-funded sponsored research using data from FY2012 as the baseline. Also shown is the loss as a percentage of total research direct expenditures. The cuts are broken out among the units that have significant federal funding. For the University of Florida, this will represent a cut of \$11M in funding for direct research expenditures.

Table 2 shows the estimated loss in recovered F&A (IDC) at UF in FY2013 due to sequestration. The losses reflect a 5.1% decrease in federally-funded sponsored research using data from FY2012 as the baseline. Also shown is the loss as a percentage of total recovered F&A. The cuts are broken out among the units that have significant federal funding. For the University of Florida, this will represent a cut of \$3.2M in recovered F&A.

Projecting the Impact of Sequestration in FY14: Factoring in the End of ARRA Funding

In estimating research expenditures going into FY14, it is important to recall that the increase in research funding due to the American Recovery and Reinvestment Act (ARRA) of 2009 will disappear in FY2014. ARRA, commonly referred to as the Stimulus Act, was an economic stimulus package in 2009 that provided a significant one-time influx of research support into the university community including UF. The majority of these funds will be expended by the end of 2013.

To this end, this report provides an analysis assuming that all ARRA-funded projects will end in FY13. This is true for most ARRA projects but represents a conservative estimate; a small number of ARRA-funded projects will extend into FY14. Also, an analysis of current ARRA-funded projects indicates that ARRA-supported expenditure levels for FY13 will be similar to that seen in FY12. While the full impact of sequestration and the end of ARRA funding will likely not be realized until FY14, the analysis assumes full impact of sequestration in FY13 with full impact of ARRA funding loss in FY14.

Table 3 shows the yearly totals of ARRA-funded direct research expenditures at UF. Table 4 shows the yearly totals of ARRA-funded recovered F&A at UF. It should be noted that ARRA funding comes as individual sponsored research projects with defined end dates. As with any funded project, the PIs are expected to manage their research programs and plan for termination of projects. Nevertheless, the university will realize a net decrease in research expenditure as ARRA funding phases out.

	Total ARRA Expenditures					
	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012
29-Medicine ARRA only	\$0	\$0	\$24,768	\$16,486,596	\$27,754,234	\$8,924,871
19-Engineering ARRA only	\$0	\$0	\$0	\$995,302	\$2,156,868	\$1,658,162
60-IFAS ARRA only	\$0	\$0	\$0	\$519,854	\$1,023,677	\$594,197
16-CLAS ARRA only	\$0	\$0	\$51,106	\$2,756,375	\$2,547,347	\$1,769,221
34-Dentistry ARRA only	\$0	\$0	\$17,294	\$582,256	\$1,033,641	\$317,483
33-PHHP ARRA only	\$0	\$0	\$0	\$803,955	\$1,336,180	\$1,043,629
57-Centers ARRA only	\$0	\$0	\$0	\$726,568	\$243,963	\$40,755
32-Pharmacy ARRA only	\$0	\$0	\$0	\$423,968	\$710,246	\$190,547
28-VetMed ARRA only	\$0	\$0	\$0	\$449,355	\$554,771	\$256,884
26-HHP ARRA only	\$0	\$0	\$10,245	\$250,030	\$71,487	\$4,043
30-Jacksonville ARRA only	\$0	\$0	\$0	\$7,864	\$29,884	\$22,421
18-Education ARRA only	\$0	\$0	\$0	\$0	\$0	\$317,419
56-Natural History ARRA on	\$0	\$0	\$0	\$186,922	\$195,900	\$197,512
11-SponsResearch ARRA on	\$0	\$0	\$0	\$141,817	\$400,075	\$363,384
OTHER ARRA only	\$0	\$0	\$0	\$456,256	\$1,107,225	\$339,781
UF Total ARRA only	\$0	\$0	\$103,411	\$24,787,121	\$39,165,499	\$16,040,308

Table 3: Yearly totals of ARRA-funded direct research expenditures.

	Total ARRA F&A					
	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012
29-Medicine ARRA only	\$0	\$0	\$11,517	\$2,768,563	\$3,998,960	\$1,839,950
19-Engineering ARRA only	\$0	\$0	\$0	\$328,307	\$759,188	\$607,920
60-IFAS ARRA only	\$0	\$0	\$0	\$147,643	\$422,383	\$392,291
16-CLAS ARRA only	\$0	\$0	\$23,764	\$860,880	\$954,908	\$632,836
34-Dentistry ARRA only	\$0	\$0	\$8,042	\$257,412	\$373,599	\$119,587
33-PHHP ARRA only	\$0	\$0	\$0	\$238,496	\$375,481	\$325,889
57-Centers ARRA only	\$0	\$0	\$0	\$68,818	\$105,353	\$23,602
32-Pharmacy ARRA only	\$0	\$0	\$0	\$123,667	\$203,107	\$59,804
28-VetMed ARRA only	\$0	\$0	\$0	\$152,384	\$220,939	\$117,520
26-HHP ARRA only	\$0	\$0	\$4,764	\$73,529	\$28,824	\$1,880
30-Jacksonville ARRA only	\$0	\$0	\$0	\$0	\$10,606	\$10,426
18-Education ARRA only	\$0	\$0	\$0	\$53,336	\$63,590	\$117,088
56-Natural History ARRA or	\$0	\$0	\$0	\$35,606	\$84,348	\$83,616
11-SponsResearch ARRA or	\$0	\$0	\$0	\$45,997	\$154,483	\$159,119
OTHER ARRA only	\$0	\$0	\$0	\$195,604	\$344,678	\$136,303
UF Total ARRA only	\$0	\$0	\$48,087	\$5,350,243	\$8,100,449	\$4,627,830

Table 4: Yearly totals of ARRA-funded recovered F&A.

Given sequestration and the loss of ARRA funding, Table 5 shows the projected decrease in direct research expenditures in FY2014 (relative to FY2012) due to both sequestration and the end of ARRA-funded projects. The projected drop in UF research funding is \$27M or 8.4%. Most impacted will be those colleges for which direct research expenditures are used to support the base salary of college faculty.

Table 6 shows the projected decrease in recovered F&A in FY2014 (relative to FY2012) due to both sequestration and the end of ARRA-funded projects. The projected drop in UF recovered F&A is \$7.8M or 10%. Most impacted will be those colleges for which recovered F&A are used to support the research-related administrative and operational expenses that are recurring, as well as in the servicing of outstanding debts (e.g. bonds for buildings).

Estimated Direct Expenditure Decrease Due Sequestration and Post-ARRA (FY2014)			Estimated F&A Expenditure Decrease Due Sequestration and Post-ARRA		
	Total	Percentage		Total	Percentage
29-Medicine	\$12,564,353	10.7%	29-Medicine	\$3,022,000	10%
19-Engineering	\$3,462,404	7.0%	19-Engineering	\$1,150,418	9%
60-IFAS	\$2,474,357	4.6%	60-IFAS	\$778,881	8%
16-CLAS	\$2,891,649	9.1%	16-CLAS	\$964,492	12%
34-Dentistry	\$698,156	6.9%	34-Dentistry	\$258,611	9%
33-PHHP	\$1,453,509	11.4%	33-PHHP	\$445,333	15%
57-Centers	\$455,836	5.2%	57-Centers	\$149,880	6%
32-Pharmacy	\$463,654	7.0%	32-Pharmacy	\$144,545	7%
28-VetMed	\$395,981	7.5%	28-VetMed	\$157,823	11%
26-HHP	\$107,309	2.5%	26-HHP	\$30,257	4%
30-Jacksonville	\$310,570	6.5%	30-Jacksonville	\$91,616	5%
18-Education	\$505,281	17.0%	18-Education	\$178,343	13%
56-Natural History	\$324,148	19.1%	56-Natural History	\$122,258	14%
11-SponsResearch	\$441,626	11.3%	11-SponsResearch	\$178,345	15%
OTHER	\$584,019	6.9%	OTHER	\$212,530	11%
UF Total	\$27,132,854	8.4%	UF Total	\$7,885,331	10%

Table 5: Estimated decrease in direct research expenditures in FY2014 (relative to FY2012) due to both sequestration and the end of ARRA-funded projects.

Table 6: Estimated decrease in recovered F&A in FY2014 (relative to FY2012) due to both sequestration and the end of ARRA-funded projects.

Table 7 shows the actual direct research expenditures for FY2007-2012 along with projected expenditures in FY2013 and FY2014 accounting for sequestration (FY2013) and the end of ARRA-funded projects (FY2014).

	TOTAL DIRECT EXPENDITURES						FY2013	FY2014
	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	(projected)	(projected)
29-Medicine	\$96,955,052	\$90,244,294	\$85,979,207	\$104,206,823	\$117,988,034	\$117,773,253	\$114,133,771	\$105,208,900
19-Engineering	\$44,889,897	\$45,950,445	\$46,050,731	\$46,993,154	\$49,471,301	\$49,147,502	\$47,343,260	\$45,685,099
60-IFAS	\$45,844,157	\$46,880,969	\$48,356,157	\$53,026,433	\$53,457,796	\$57,254,446	\$55,374,286	\$54,780,089
16-CLAS	\$30,932,546	\$26,577,518	\$28,374,782	\$31,297,392	\$31,918,897	\$30,463,373	\$29,340,946	\$27,571,725
34-Dentistry	\$11,321,622	\$9,754,393	\$10,214,537	\$9,911,520	\$10,090,867	\$8,951,322	\$8,570,649	\$8,253,166
33-PHHP	\$9,824,789	\$9,053,580	\$9,936,788	\$11,485,160	\$12,774,937	\$11,504,186	\$11,094,306	\$10,050,677
57-Centers	\$6,234,289	\$6,779,845	\$8,565,456	\$8,603,237	\$8,850,273	\$9,669,116	\$9,254,035	\$9,213,280
32-Pharmacy	\$5,818,282	\$5,884,044	\$6,078,484	\$6,534,655	\$6,614,319	\$6,659,448	\$6,386,341	\$6,195,794
28-VetMed	\$8,177,330	\$9,037,136	\$6,395,569	\$5,761,283	\$5,284,998	\$6,330,872	\$6,191,775	\$5,934,892
26-HHP	\$3,252,593	\$4,083,243	\$4,027,789	\$3,875,669	\$4,278,026	\$2,987,943	\$2,884,677	\$2,880,634
30-Jacksonville	\$3,496,839	\$4,608,154	\$4,161,355	\$3,841,863	\$4,783,727	\$6,598,930	\$6,310,781	\$6,288,360
18-Education	\$1,285,250	\$2,133,497	\$2,809,466	\$3,621,890	\$2,978,030	\$4,228,345	\$4,040,483	\$3,723,064
56-Natural History	\$2,187,483	\$2,346,454	\$1,989,869	\$1,661,372	\$1,695,715	\$3,078,936	\$2,952,300	\$2,754,788
11-SponsResearch	\$3,251,443	\$5,235,486	\$3,791,131	\$3,763,056	\$3,920,042	\$4,169,257	\$4,091,014	\$3,727,630
OTHER	\$9,689,387	\$10,559,379	\$8,717,731	\$7,847,759	\$8,489,089	\$9,393,964	\$9,149,726	\$8,809,945
UF Total	\$283,160,959	\$279,128,437	\$275,449,052	\$302,431,266	\$322,596,051	\$328,210,895	\$317,118,349	\$301,078,042

Table 7: Actual direct research expenditures for FY2007-2012 along with projected expenditures in FY2013 and Fy2014 accounting for sequestration (FY2013) and the end of ARRA-funded projects (FY2014).

Figure 1 plots the UF direct expenditure data showing the projected impact of sequestration and ending of ARRA-funded projects. The top curve shows the performance to date from FY2007-2012 along with projected totals for FY2013 and FY2014. The dashed curve shows FY2007-2012 expenditure data without including ARRA funding. Figures 2-5 shows the same plots for the Medicine, Engineering, IFAS, and CLAS.

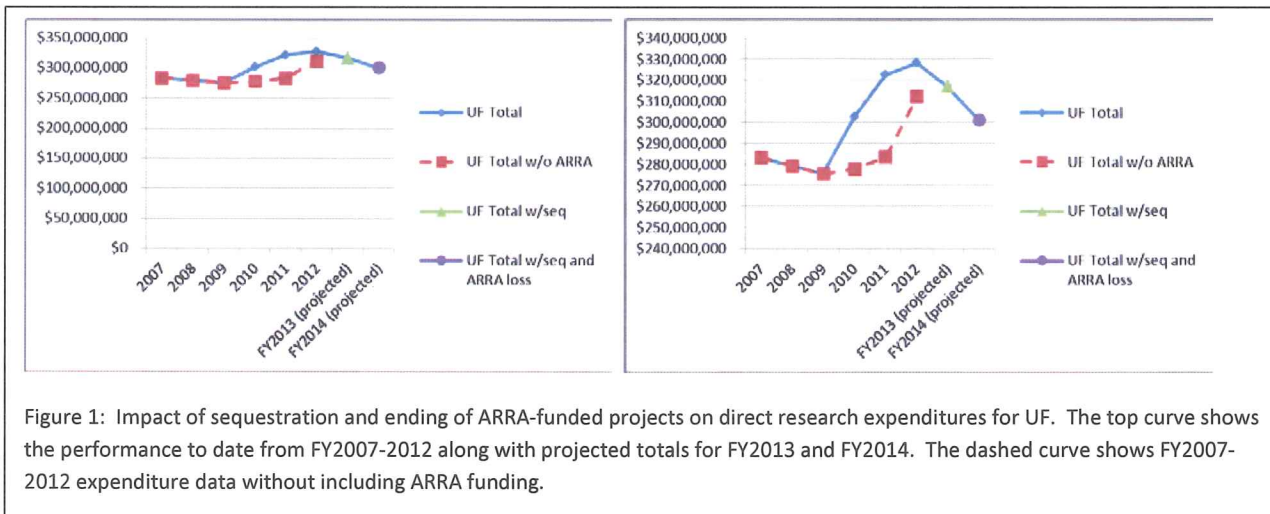


Figure 1: Impact of sequestration and ending of ARRA-funded projects on direct research expenditures for UF. The top curve shows the performance to date from FY2007-2012 along with projected totals for FY2013 and FY2014. The dashed curve shows FY2007-2012 expenditure data without including ARRA funding.

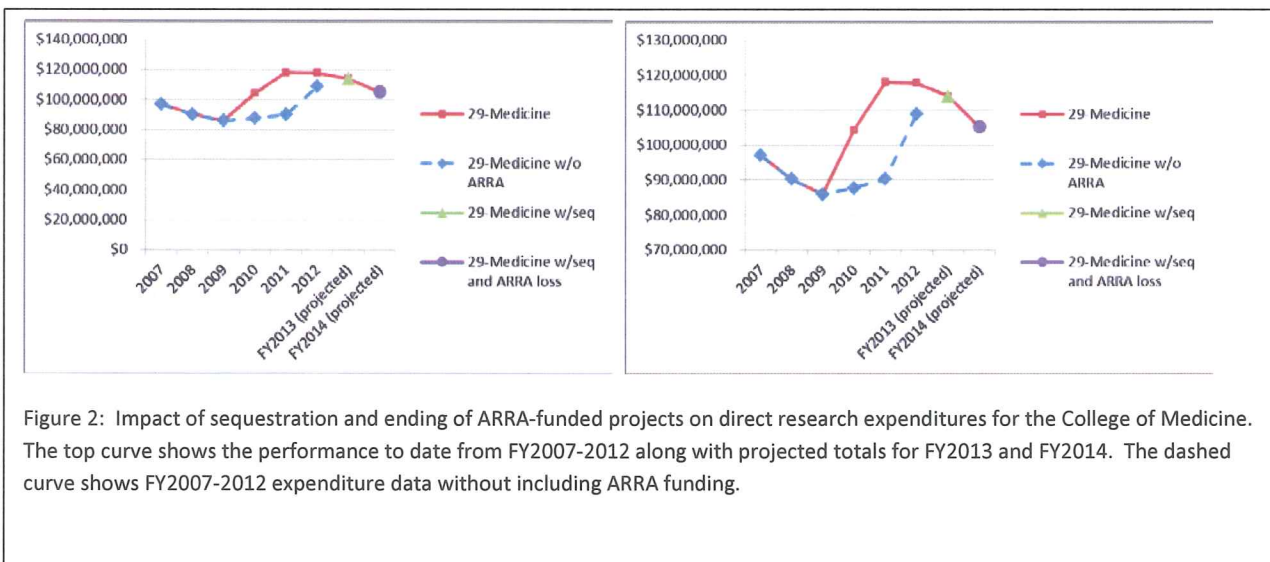


Figure 2: Impact of sequestration and ending of ARRA-funded projects on direct research expenditures for the College of Medicine. The top curve shows the performance to date from FY2007-2012 along with projected totals for FY2013 and FY2014. The dashed curve shows FY2007-2012 expenditure data without including ARRA funding.

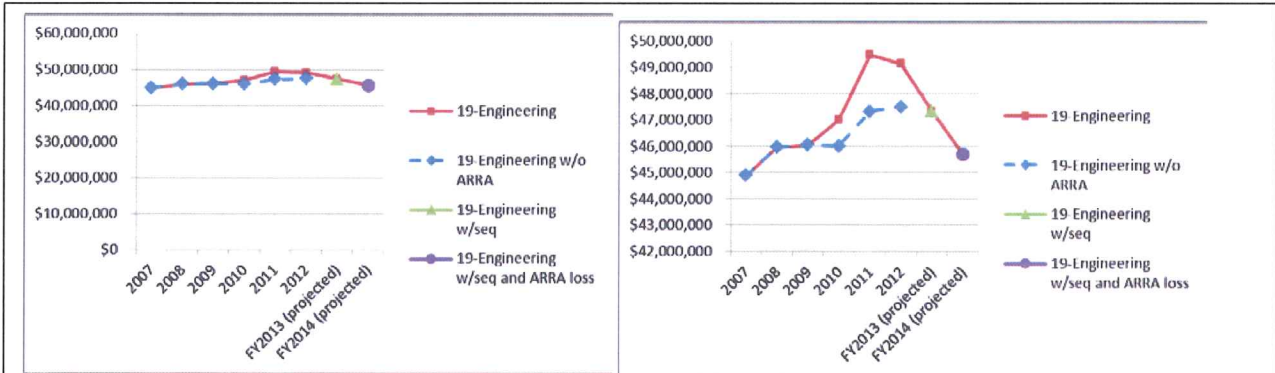


Figure 3: Impact of sequestration and ending of ARRA-funded projects on direct research expenditures for the College of Engineering. The top curve shows the performance to date from FY2007-2012 along with projected totals for FY2013 and FY2014. The dashed curve shows FY2007-2012 expenditure data without including ARRA funding.

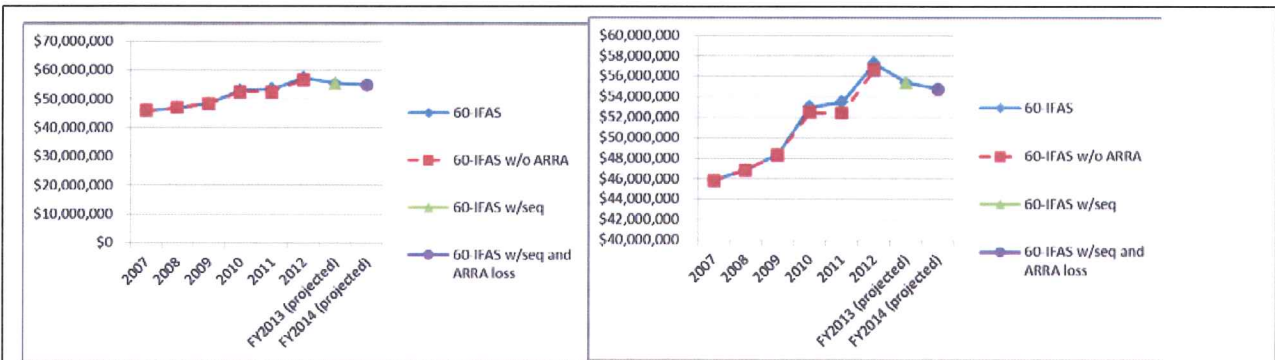


Figure 4: Impact of sequestration and ending of ARRA-funded projects on direct research expenditures for the IFAS. The top curve shows the performance to date from FY2007-2012 along with projected totals for FY2013 and FY2014. The dashed curve shows FY2007-2012 expenditure data without including ARRA funding.

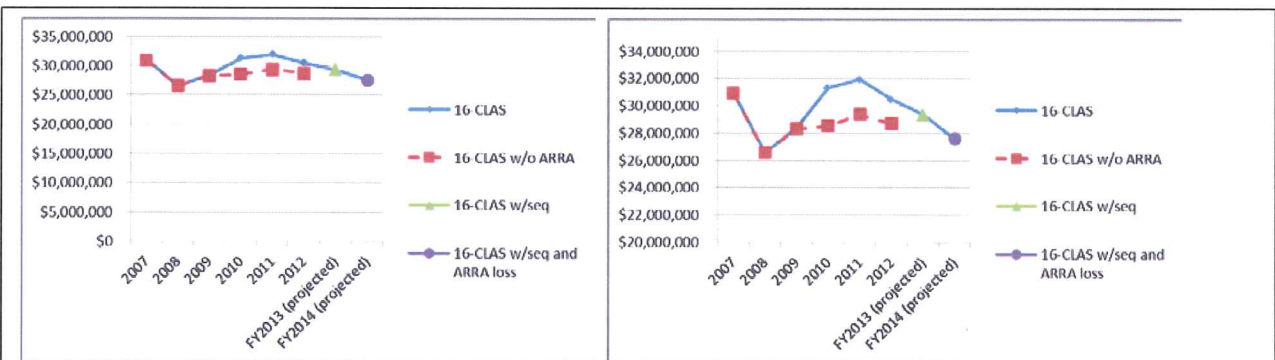


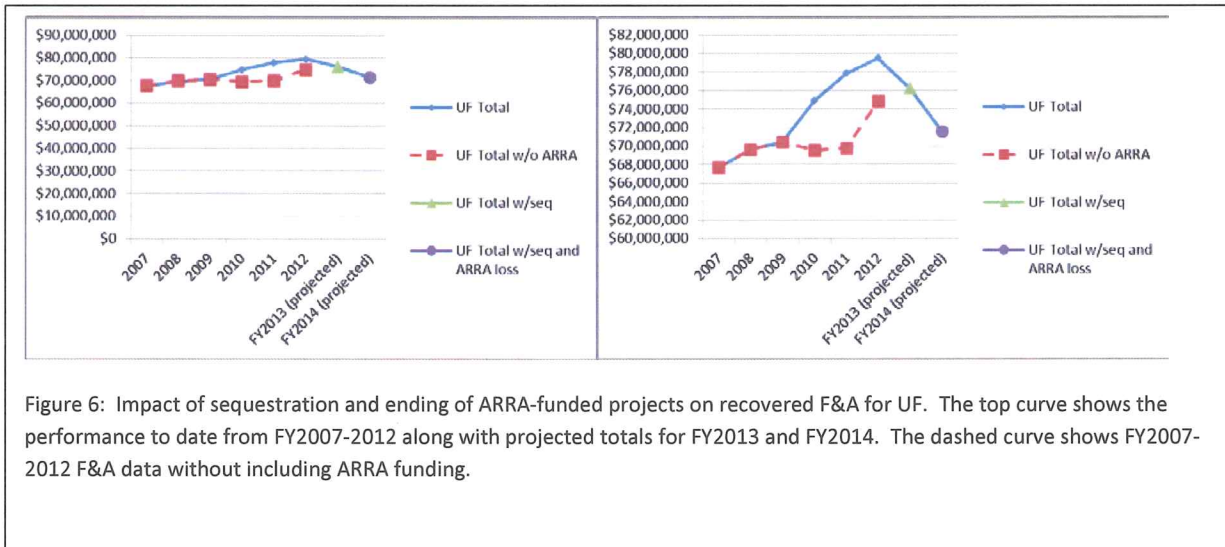
Figure 5: Impact of sequestration and ending of ARRA-funded projects on direct research expenditures for the College of Liberal Arts and Sciences. The top curve shows the performance to date from FY2007-2012 along with projected totals for FY2013 and FY2014. The dashed curve shows FY2007-2012 expenditure data without including ARRA funding.

Table 8 shows the actual recovered F&A for FY2007-2012 along with projected F&A in FY2013 and FY2014 accounting for sequestration (FY2013) and the end of ARRA-funded projects (FY2014).

TOTAL F&A EXPENDITURES							FY2013	FY2014
	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	(projected)	(projected)
29-Medicine	\$26,793,506	\$25,965,342	\$25,141,108	\$27,256,817	\$28,132,847	\$28,927,832	\$27,745,782	\$25,905,832
19-Engineering	\$11,636,096	\$12,542,886	\$12,187,681	\$12,397,528	\$12,762,093	\$12,864,771	\$12,322,273	\$11,714,353
60-IFAS	\$6,253,376	\$7,036,482	\$7,658,660	\$8,307,889	\$9,607,512	\$9,852,034	\$9,465,443	\$9,073,152
16-CLAS	\$7,652,999	\$7,332,388	\$7,885,973	\$8,970,672	\$8,828,865	\$7,878,397	\$7,546,741	\$6,913,905
34-Dentistry	\$3,666,623	\$3,336,089	\$3,335,578	\$3,338,122	\$3,467,623	\$3,017,103	\$2,878,078	\$2,758,492
33-PHHP	\$2,217,548	\$2,535,543	\$2,534,105	\$3,103,056	\$3,438,070	\$2,897,687	\$2,778,243	\$2,452,353
57-Centers	\$1,712,749	\$1,599,021	\$2,370,743	\$2,151,484	\$2,332,067	\$2,696,304	\$2,570,027	\$2,546,425
32-Pharmacy	\$1,593,114	\$1,481,040	\$1,673,365	\$1,713,734	\$1,804,262	\$2,057,694	\$1,972,953	\$1,913,149
28-VetMed	\$1,689,184	\$1,724,082	\$1,738,119	\$1,525,446	\$1,496,144	\$1,392,429	\$1,352,127	\$1,234,606
26-HHP	\$811,745	\$914,216	\$805,112	\$738,911	\$671,379	\$674,159	\$645,783	\$643,903
30-Jacksonville	\$1,126,804	\$1,413,271	\$1,446,847	\$1,692,048	\$1,470,474	\$1,833,104	\$1,751,914	\$1,741,488
18-Education	\$394,813	\$682,991	\$719,474	\$826,988	\$897,231	\$1,406,830	\$1,345,574	\$1,228,487
56-Natural History	\$543,925	\$749,666	\$672,873	\$717,291	\$631,257	\$860,483	\$821,841	\$738,225
11-SponsResearch	\$150,030	\$558,525	\$602,367	\$789,690	\$895,106	\$1,174,197	\$1,154,972	\$995,853
OTHER	\$1,455,802	\$1,737,524	\$1,715,081	\$1,358,817	\$1,433,036	\$1,945,850	\$1,869,623	\$1,733,320
UF Total	\$67,698,313	\$69,609,068	\$70,487,085	\$74,888,494	\$77,867,966	\$79,478,874	\$76,221,373	\$71,593,543

Table 8: Actual recovered F&A for FY2007-2012 along with projected F&A in FY2013 and FY2014 accounting for

Figure 6 plots the UF recovered F&A data showing the projected impact of sequestration and ending of ARRA-funded projects. The top curve shows the performance to date from FY2007-2012 along with projected totals for FY2013 and FY2014. The dashed curve shows FY2007-2012 recovered F&A without including ARRA funding.



Figures 7-10 shows the same plots for the Medicine, Engineering, IFAS, and CLAS.

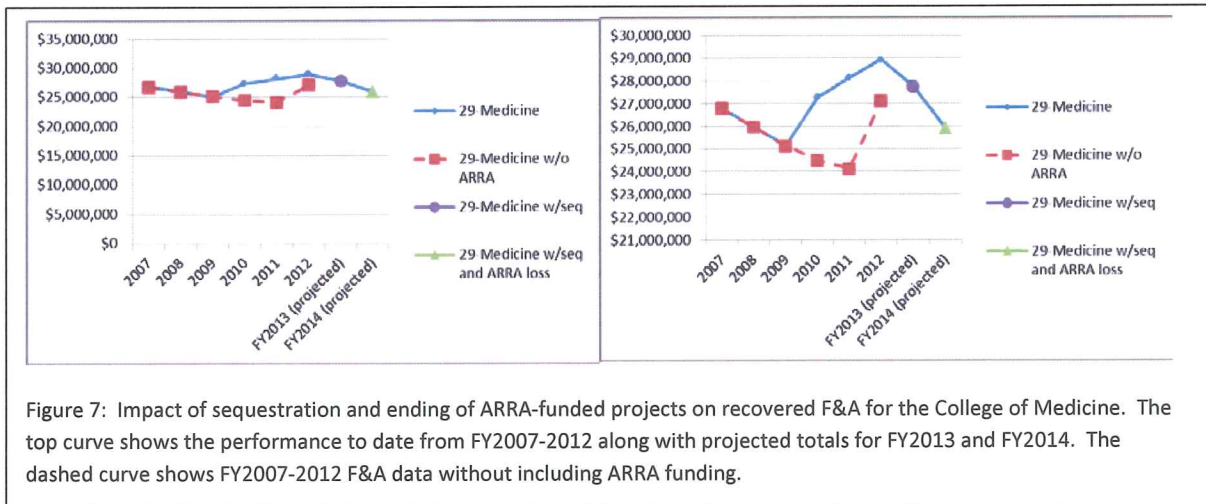


Figure 7: Impact of sequestration and ending of ARRA-funded projects on recovered F&A for the College of Medicine. The top curve shows the performance to date from FY2007-2012 along with projected totals for FY2013 and FY2014. The dashed curve shows FY2007-2012 F&A data without including ARRA funding.

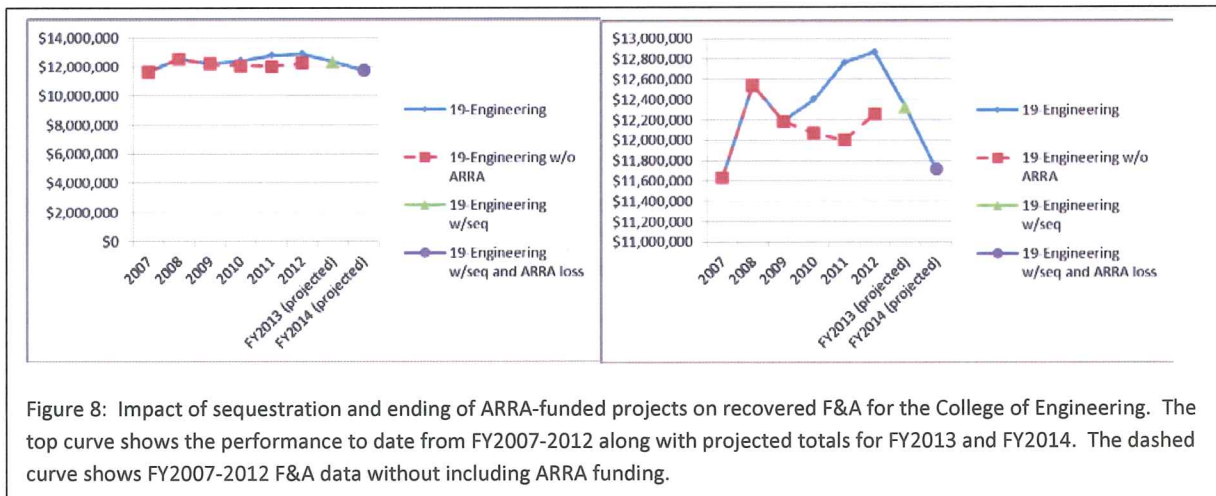


Figure 8: Impact of sequestration and ending of ARRA-funded projects on recovered F&A for the College of Engineering. The top curve shows the performance to date from FY2007-2012 along with projected totals for FY2013 and FY2014. The dashed curve shows FY2007-2012 F&A data without including ARRA funding.

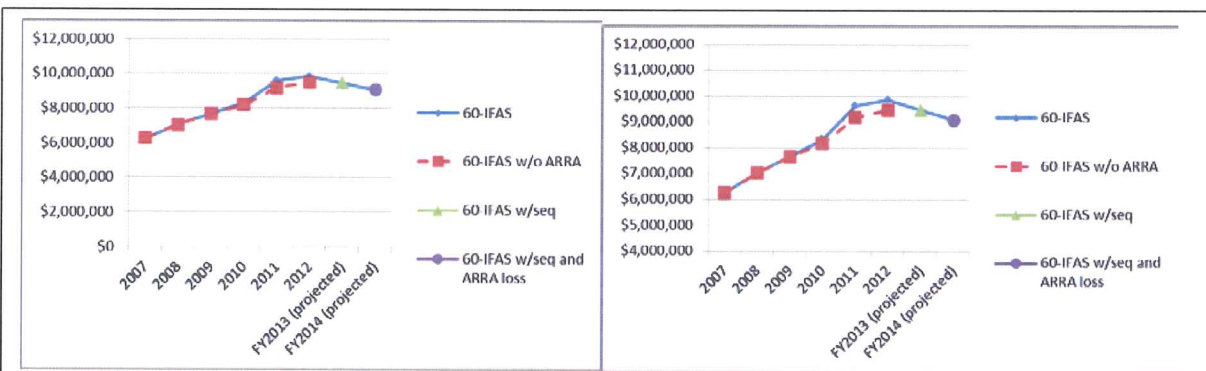


Figure 9: Impact of sequestration and ending of ARRA-funded projects on recovered F&A for IFAS. The top curve shows the performance to date from FY2007-2012 along with projected totals for FY2013 and FY2014. The dashed curve shows FY2007-2012 F&A data without including ARRA funding.

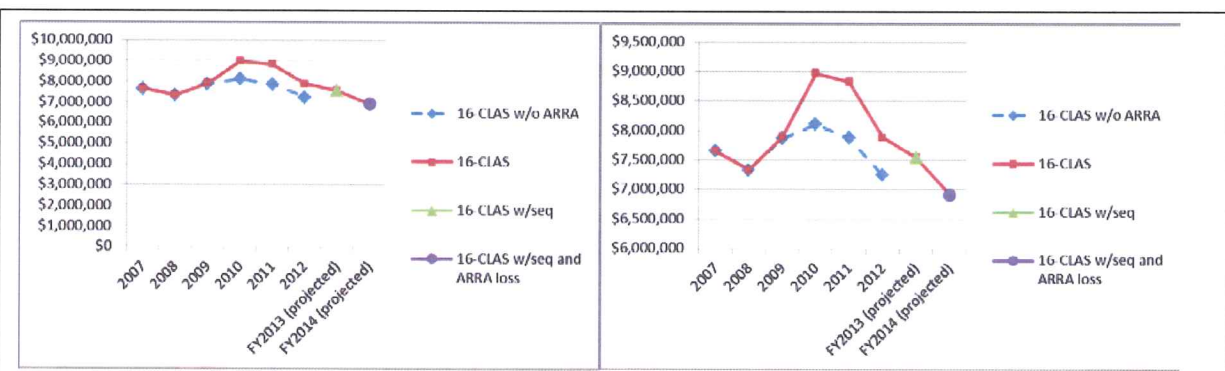


Figure 10: Impact of sequestration and ending of ARRA-funded projects on recovered F&A for the College of Liberal Arts and Sciences. The top curve shows the performance to date from FY2007-2012 along with projected totals for FY2013 and FY2014. The dashed curve shows FY2007-2012 F&A data without including ARRA funding.

Recommendations:

1. Each affected College should review anticipated expenses against F&A revenues and develop a plan to accommodate for potential drops in F&A while satisfying long-term commitments.
2. Each affected College should review anticipated expenses against direct charges to grants/contracts. This will include Graduate Research Assistants, Post-Docs, and Faculty support. Support for tenure-track faculty and Graduate Research Assistants should have high priority so long as the anticipated activity is in support of the specific grant/contract.
3. Given that sequestration will put significant pressures on program sponsors, faculty should be encouraged to be particularly responsive to sponsors' needs, providing deliverables and reports in a timely manner.
4. Those Service Support Units (Office of Research, Contracts and Grants, Finance and Accounting, Environmental Health and Safety) supported through the Sponsored Programs Administration (SPA) tax will be asked to accommodate a 4% budget cut consistent with the anticipated drop in F&A due to sequestration.
5. Overall, each College should develop a plan outlining how they will accommodate anticipated decreases in direct and F&A support.