



# General Fund Budget

FY 2024-25



**SDSU** | Research  
Foundation

On cover: Photos courtesy of Junfei Xie (top left), Karilyn Sant (top right),  
and Amy Quandt (bottom).

## CONTENTS

Message from the Chief Executive Officer	4
Proposed General Fund Budget FY 2024-25	6
Executive Budget Summary	7
Budget Detail	9
Appendix A – Reserves	24

## MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

We are pleased to present a healthy budget for FY 2024-25 after another year of growth in which SDSU faculty continued to be highly active in achieving grant funding. Following two consecutive years with 17 percent increases per year in awards, SDSU Research Foundation continues to see an increase in the number of proposals submitted by SDSU faculty and awards received in FY 2023-24. As a result, we have been able to increase the amount of funds provided in support of the university and its research objectives.

The following factors helped inform our budget for the coming year:

- The number of proposals submitted through the end of the third quarter of FY 2023-24 is almost 9% higher than the same time last year and the dollar amount of those proposals is comparable to FY 2022-23, which was a record year.
- The number of awards received to date through this same period is 5% higher, and the dollar amount of awards received has increased by 15% compared to the same time last year.
- F&A on awards received in the first three quarters is up \$3.5 million over the same period.
- The amount in Work in Process (WIP) shows \$6,645,000 more in F&A awarded but not yet earned over the same time last year.
- University investments in research continue to target increased proposal submissions and have been successful in generating awards for large programs including a range of multidisciplinary programs expanding innovation and research activity at SDSU.

### **Budget**

Our proposed budget of \$49,087,000 for FY 2024-25 represents growth of 14% above last year and reflects our continued commitment to the following priorities:

- Ongoing service to SDSU and support for SDSU researchers as our top priority
- Strategic investments in staff and systems to enhance service and support the research infrastructure
- Investment in and support of research priorities
- Streamlining processes and creating efficiencies
- Continuing to fund reserves to support future needs

### **Resources**

For FY 2024-25 we are projecting to allocate \$10.24 million to SDSU for enhanced programs support, including \$5.3 million in Research Support Funds, an increase of \$880,000 or nearly 20% above the \$4.42 million budgeted in FY 2023-24. Allocations in FY 2024-25 also include \$1.375 million for project facilities and equipment support, \$1.7 million for Research Advancement and Technology Transfer staff, and \$500,000 for Research Infrastructure. We are proud to be able to provide this level of funding and continue to look for opportunities to increase our revenues to support the university's initiatives.

### **Staffing**

SDSU Research Foundation's five-year staffing plan, starting in FY 2020-21, aimed for a 25% increase in staff based on a 35% projected growth in awards. Although our initial projections planned for 10% awards growth in the first two years, actual growth reached 17% annually. We are on track

for another record year as we near the completion of FY 2023-24 and the awards received continue to outpace our original projection. To support the increase in both the volume of proposals submitted and the number of projects administered, we accelerated our hiring plan for this year, adding nine positions planned for FY 2024-25 to the nine planned for FY 2023-24 for a total of eighteen new positions. We will be reassessing future staffing plans based on the final metrics for FY 2023-24 to ensure we are positioned to support continued growth in awards, and we will continue to focus on recruitment, retention, and development of our staff to support services provided to our researchers.

## **Space**

As the new SDSU Imperial Valley Sciences and Engineering Laboratories in Brawley are set to open next year and the university proceeds with the future Innovation District at SDSU Mission Valley, spaces on and near the main campus are very much needed but in short supply. With 700,000 square feet of owned, operated, and leased space with a vacancy rate of only 4%, SDSU Research Foundation is actively evaluating spaces for efficient utilization to increase availability for research projects and other university needs while also increasing lease agreements.

In FY 2024, SDSU Research Foundation formalized a hybrid work model for our Central Staff which has allowed us to more efficiently utilize space in the Gateway Center building, reducing our office space from one floor to two, returning approximately 20,000 square feet of space to the university for other needs. We are proud to have reduced our physical footprint as well as our environmental footprint, with improvements that included energy-efficient lighting, low-flow water fixtures, and carbon-neutral and recycled materials. We look forward to sharing this as an example for creative and efficient use of space as the university and its research projects continue to grow.

SDSU's faculty, students, and staff achieve excellence in so many ways. SDSU Research Foundation is inspired by the important and innovative work of our researchers and project staff, and we are proud to help support them and the endeavors of the Division of Research and Innovation as we become a premier public research university.

Sincerely,

Michèle G. Goetz

Associate Vice President and CEO

## General Fund Budget FY 24-25

	FY 2023-24 Original	FY 2023-24 Mid-Year	FY 2024-25 Proposed
<b><u>SOURCE OF FUNDS</u></b>			
<i>Unrestricted Revenue:</i>			
Grants & Contracts F&A	30,800,000	33,000,000	35,500,000
Self-Support Programs Fees	3,500,000	3,100,000	3,200,000
Facilities Rents	6,614,000	6,603,000	6,717,000
TTO Revenue	117,000	117,000	120,000
Investments	2,000,000	3,000,000	3,550,000
<b><i>Total Unrestricted Revenue</i></b>	<b>43,031,000</b>	<b>45,820,000</b>	<b>49,087,000</b>
<b><u>USE OF FUNDS</u></b>			
<i>Basic Support</i>			
Administration & Operations	21,452,000	21,915,000	25,112,000
Facilities Expenses, Debt, Capital, & TI	12,512,000	13,159,000	13,572,000
<b><i>Total Basic Support</i></b>	<b>33,964,000</b>	<b>35,074,000</b>	<b>38,684,000</b>
<b>Net Remaining after Providing Basic Support</b>	<b>9,067,000</b>	<b>10,746,000</b>	<b>10,403,000</b>
<i>Allocations for Enhanced Program Support:</i>			
<b>Direct Support of Research:</b>			
Research Support Funds	4,420,000	4,960,000	5,300,000
SEED Grants Program	92,000	92,000	92,000
	<b>4,512,000</b>	<b>5,052,000</b>	<b>5,392,000</b>
<b>Support of Research Infrastructure:</b>			
Project Facilities and Equipment Support	1,000,000	1,100,000	1,375,000
F&A - Library Study and Rate Negotiation	100,000	150,000	50,000
Research Support - Library	50,000	50,000	50,000
Research Advancement & TTO	1,528,000	1,528,000	1,708,000
DRI Staffing Support for FY25 & FY26	750,000	1,500,000	-
Research Endowment Distribution	600,000	600,000	600,000
University Research Space	100,000	100,000	100,000
Research Infrastructure	-	-	500,000
	<b>4,128,000</b>	<b>5,028,000</b>	<b>4,383,000</b>
<b>Investment in Enhanced Service Initiatives:</b>			
Systems Infrastructure	200,000	300,000	300,000
Washington D. C. Representation	179,000	165,000	165,000
	<b>379,000</b>	<b>465,000</b>	<b>465,000</b>
<b><i>Total Allocations for Enhanced Program Support</i></b>	<b>9,019,000</b>	<b>10,545,000</b>	<b>10,240,000</b>
<b><i>Total Basic Support and Allocations</i></b>	<b>42,983,000</b>	<b>45,619,000</b>	<b>48,924,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>43,031,000</b>	<b>45,820,000</b>	<b>49,087,000</b>
<b>TOTAL USE OF FUNDS</b>	<b>42,983,000</b>	<b>45,619,000</b>	<b>48,924,000</b>
<b><i>Net Funds to (from) Reserves</i></b>	<b>48,000</b>	<b>201,000</b>	<b>163,000</b>



## EXECUTIVE BUDGET SUMMARY

Incorporated in 1943, SDSU Research Foundation (SDSURF) is an auxiliary organization of San Diego State University, authorized by California's Education Code and governed by a board of directors composed of SDSU leaders/faculty, the student body president, and community members. The organization exists to serve SDSU. SDSURF's management team works closely with SDSU's vice presidents for research and innovation and business and financial affairs to manage resources, set policies, and guide the efforts of a dedicated staff who seek to facilitate the work of SDSU researchers.

We are presenting an increase in Source of Funds compared to FY 2023-24 mid-year budget of \$3,267,000 or 7.1% and from the original budget of \$6,056,000 or 14.1%. Changes in the proposed budget for FY 2024-25 compared to the FY 2023-24 original and mid-year budgets are summarized here:

- Increase in F&A compared to mid-year budget of \$2,500,000 or 7.6% and compared to original of \$4,700,000 or 15.3%.
- Increase in Self-Support Programs Fees compared to mid-year budget of \$100,000 or 3.2% and compared to original a decrease of \$300,000 or 8.6%.
- Increase in Facilities Rents compared to mid-year budget of \$114,000 or 1.7% and compared to an increase from original of \$103,000 or 1.6%.
- Increase in Tech Transfer (TTO) revenue of \$3,000 or 2.6% from mid-year budget and original.
- Increase in Investment Income of \$550,000 or 18.3% compared to mid-year budget and \$1,550,000 or 77.5% from original.

We are presenting an increase in Use of Funds compared to FY 2023-24 mid-year budget of \$3,305,000 or 7.2% from original of \$5,941,000 or 13.8% in the following:

- **Basic Support**
  - Increase in Administration & Operations of \$3,197,000 or 14.6% from mid-year budget and \$3,660,000 or 17.1% from original.
  - Increase in Facilities Expenses of \$340,000 or 6.9% from mid-year budget and from original of \$880,000 or 19.9%.
- **Allocations for Enhanced Program Support**
  - Direct Support of Research:*
    - Increase in Research Support Funds of \$340,000 or 6.9% from mid-year budget and \$880,000 or 19.9% from original.
    - SEED Grant Program remains the same at \$92,000.
  - Support of Research Infrastructure:*
    - Increase in Project Facilities & Equipment Support of \$275,000 or 25.0% from mid-year budget and \$375,000 or 37.5% from original.
    - Decrease in F&A Library Study and Rate Negotiation – Rate Negotiation decrease of \$100,000 or 66.7% from mid-year budget and \$50,000 or 50.0% from original.
    - Research Support-Library amount remains the same at \$50,000.
    - Increase in Research Advancement & TTO of \$180,000 or 11.8% from mid-year budget and original.
    - Decrease in DRI Staffing Support of \$1,500,000 or 100% from mid-year and \$750,000 or 100% from original. This support was prefunded for FY 25 and FY 26 for staffing in the DRI division.
    - Research Endowment Distributions remains the same at \$600,000.
    - Increase in University Research Space remains the same at \$100,000.
    - Increase in Research Infrastructure of \$500,000 or 100% from mid-year and original.
  - Investment in Enhanced Service Initiatives:*
    - Systems Infrastructure of \$300,000 remains the same at mid-year and \$100,000 or 50%

increase from original.

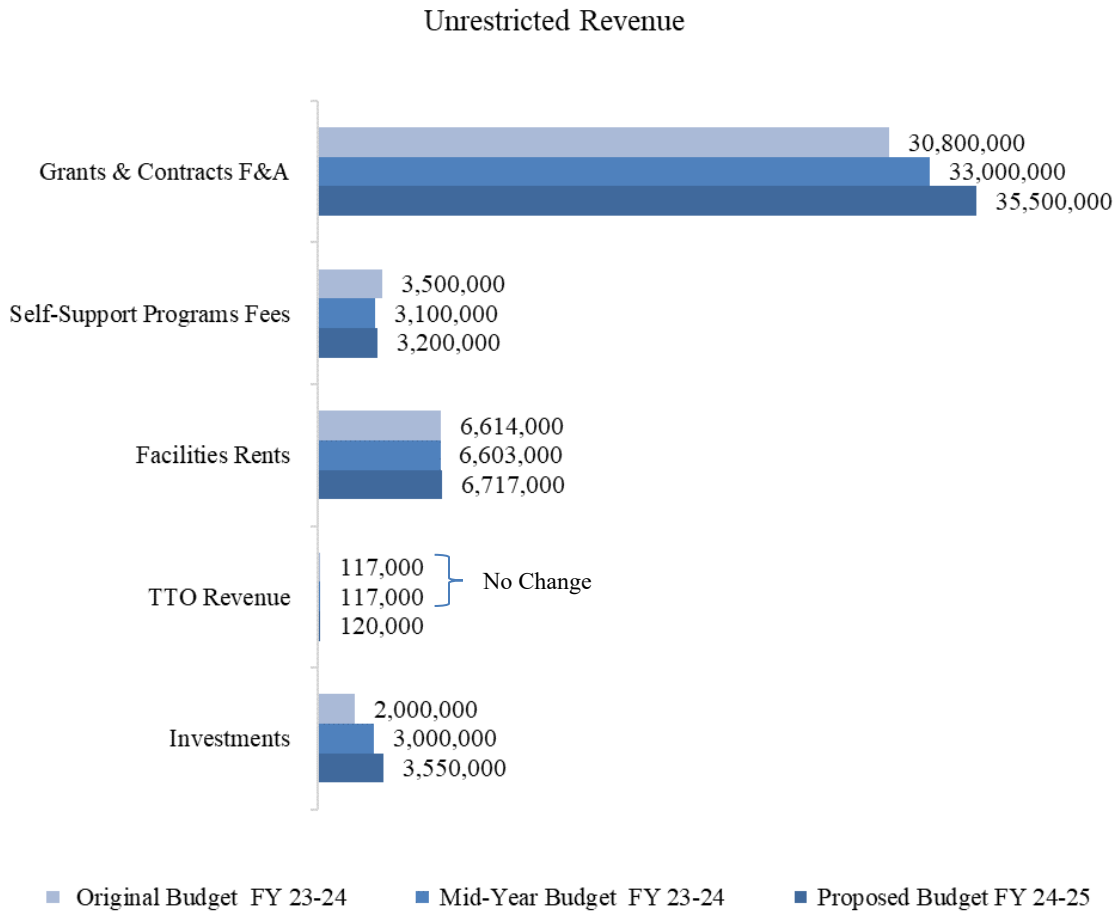
- Washington D.C. Representation remains the same from mid-year and a decrease of \$14,000 or 7.8% from original budget.
- **Reserves**
  - Source of Funds is projected to be \$49,087,000, while Use of Funds is projected to be \$48,924,000, adding \$163,000 to Reserves.



## BUDGET DETAIL

### Source of Funds

#### Unrestricted Revenue



Unrestricted Revenue is projected to be \$49,087,000, generated by SDSURF activities including the following revenue categories:

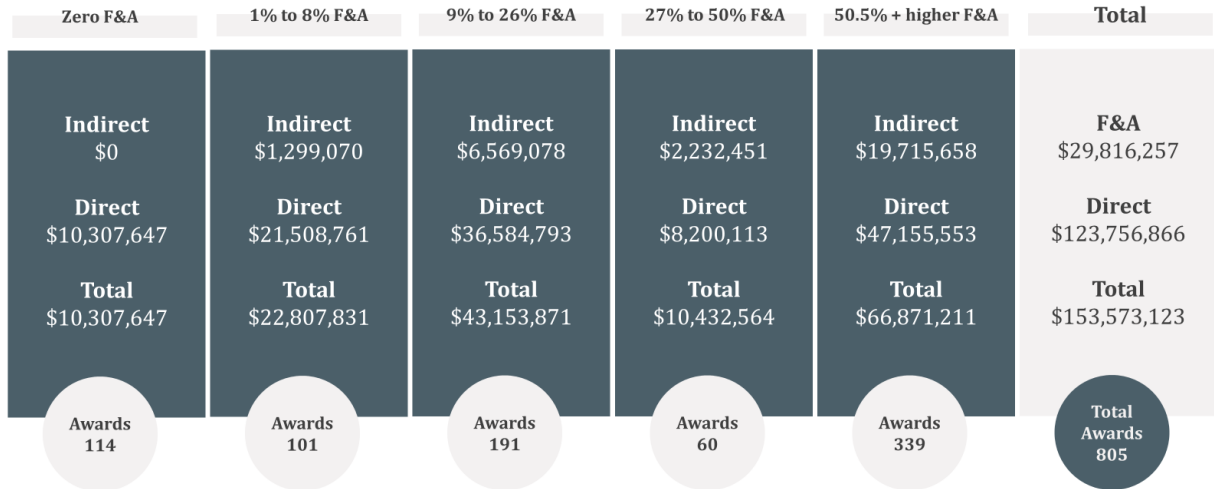
- Grants and Contracts (\$35,500,000)** revenue represents reimbursement for university and research foundation facilities and administrative (F&A) costs related to research. F&A is expected to increase by \$2,500,000 or 7.6% from FY 2023-24 mid-year budget and \$4,700,000 or 15.3% from original.

Projected F&A cost recovery represents approximately 72.0% of total unrestricted monies available. Although the federal negotiated F&A rate for research is 50.5% of modified total direct costs, many awards receive a lower rate, and certain categories of expense may be excluded when calculating the rate in accordance with federal rules. The actual recovery rate for FY 2024-25 is projected to be approximately 23% of all direct grant expenditures.

SDSURF accepts all awards on behalf of the university that have been approved by the SDSU administration. The following chart reflects actual grant and contract earned F&A for FY 2022-23 by rate ranges.

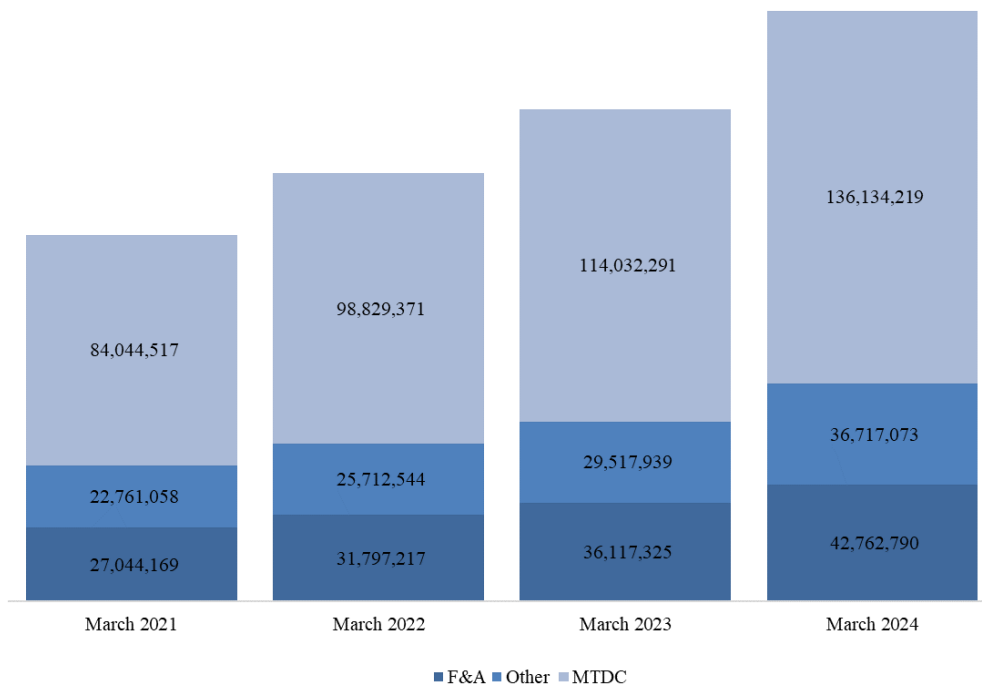
# F&A Stratification – FY23 Actuals

Average Recovery Rate – 24%



Estimating F&A cost recovery for the future involves projecting the volume of proposals that will be submitted and awarded, the dollar amount of awards that will be expended during the budget period, and the F&A cost recovery percentage to be earned. The amount in Work in Process (WIP) looks positive with almost \$6,645,000 more F&A awarded but not yet earned over the same time last year. WIP represents the amount of direct costs and F&A awarded but not yet spent. The following chart reflects WIP as of March 2021, 2022, 2023 and 2024:

## Work in Process

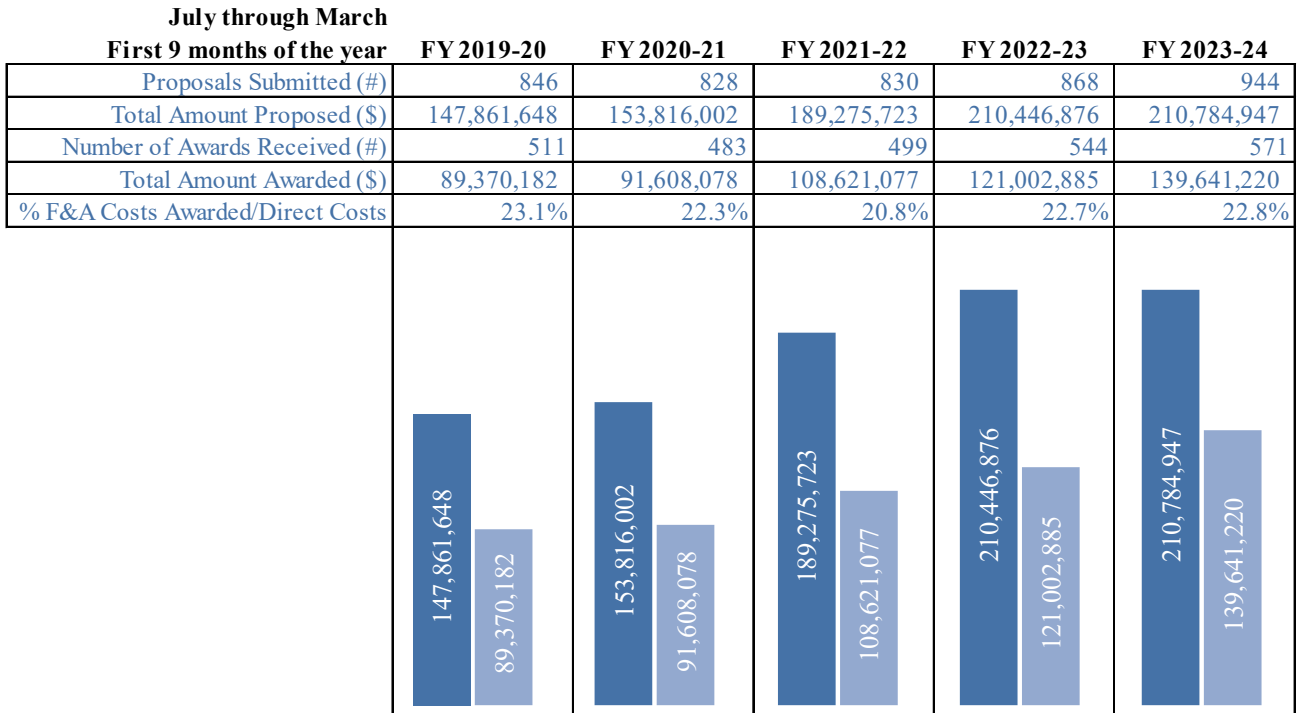


The following chart analyzes proposals and awards for the first nine months of the year comparing the current year to the prior four fiscal years. The number of proposals submitted in the fiscal year

to date as of March 31, 2024, is ahead of last fiscal year by 74 proposals an increase of 9.7% with dollar amount of proposals increasing by \$1,008,403 or .5%. The number and dollar amount of awards in the fiscal year to date as of March 31,2024, is ahead of last year for the first nine months by 28 awards or \$23,634,362 As a reminder, *F&A is not earned until the awards are spent.*

### Proposals and Awards

■ Total Amount Proposed (\$)    ■ Total Amount Awarded (\$)



## Total Annual Proposals and Awards

■ Total Amount Proposed (\$)    
 ■ Total Amount Awarded (\$)

July through June				
Full Fiscal Year	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Proposals Submitted (#)	1,250	1,230	1,237	1,270
Total Amount Proposed (\$)	234,035,301	253,797,699	293,811,873	315,356,216
Number of Awards Received (#)	758	723	761	805
Total Amount Awarded (\$)	144,427,675	140,623,428	164,466,566	192,210,398
% F&A Costs Awarded/Direct Costs	22.9%	23.6%	22.3%	22.8%

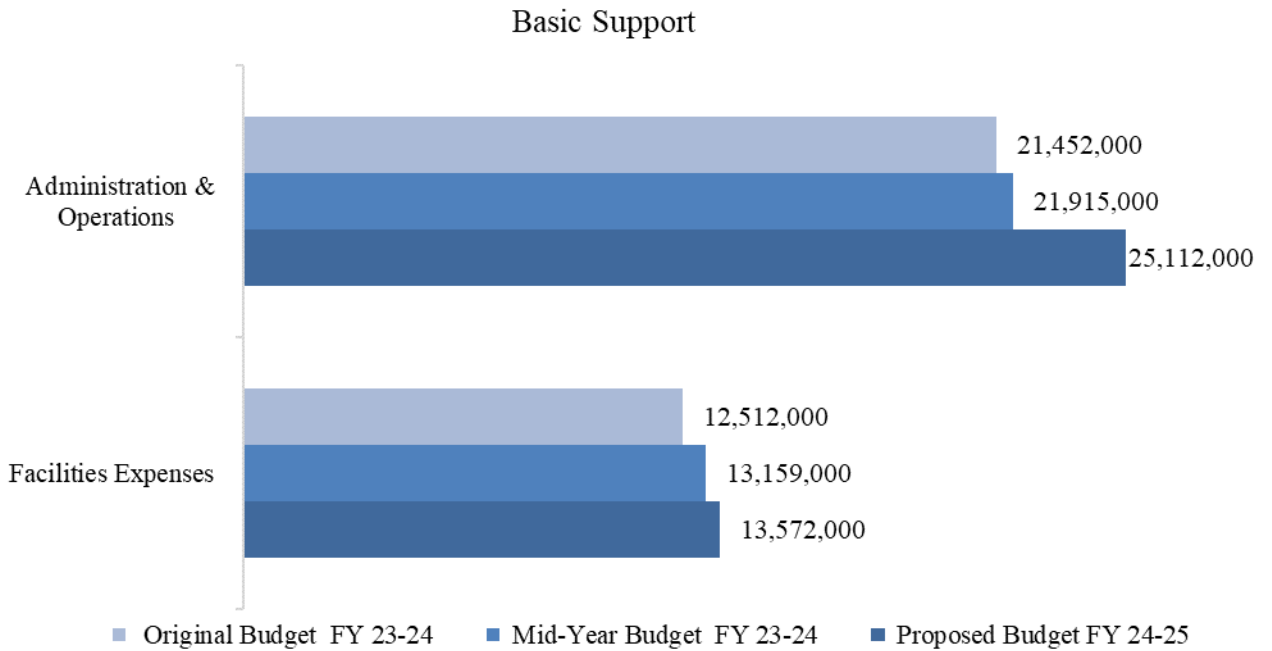
Fiscal Year	Total Amount Proposed (\$)	Total Amount Awarded (\$)
FY 2019-20	234,035,301	144,427,675
FY 2020-21	253,797,699	140,623,428
FY 2021-22	293,811,873	164,466,566
FY 2022-23	315,356,216	192,210,398

- **Self-support Programs (\$3,200,000)** include the research foundation’s administrative fee for services to self-support units including KPBS, The Campanile Foundation, SDSU Global Campus, and other miscellaneous campus programs. Self-support fees are expected to increase by \$100,000 or 3.2% from FY 2023-24 mid-year and a decrease of \$300,000 or 8.6% from original budget. Revenues declined in FY 2023-24 due to reduced volume in Global Campus, which is currently revising its strategies to enhance offerings.
- **Rents (\$6,717,000)** from properties owned by SDSURF are projected based upon current leases in place. Rents are expected to increase by \$114,000 or 1.7% from the FY 2023-24 mid-year budget and by \$103,000 or 1.6% from original. With the growth in the volume of research, we are moving some full F&A projects into our space which do not pay rent; the reimbursement of facilities costs is provided through the F&A recovered.
- **Technology Transfer Office (TTO) (\$120,000)** revenue includes royalties and legal reimbursements and is a slight increase of \$3,000 or 2.6% from the FY 2023-24 mid-year budget and original budgets. The research foundation earns royalty income from the sale of each product or service licensed under specific copyright or patent agreements. Net royalties are allocated to the inventors, the university, and the research foundation.
- **Investment Income (\$3,550,000)** reflects an increase from mid-year FY 2023-24 budget of \$550,000 or 18.3% and original of \$1,550,000 or 77.5% due to aggressive increases in interest rates by the federal reserve over the last fiscal year. As our short-term investments mature, we are able to reinvest in higher yielding investments.

*Use of Funds*

Overall use of funds is expected to increase by \$3,305,000 or 7.2% from FY 2023-24 mid-year budget and \$5,941,000 or 13.8% from original.

- **Basic Support (\$38,684,000)**, which includes Administration & Operations and Facilities Expenses, is projected to increase by \$3,610,000 or 10.3% from the FY 2023-24 mid-year budget and \$4,720,000 or 13.9%, from original.



- **Administration and Operations (\$25,112,000)** comprises the support functions necessary to provide an appropriate level of service to research foundation clients and to accomplish various compliance requirements imposed by regulatory agencies. The increase of \$3,197,000 or 14.6% over FY 2023-24 mid-year budget and \$3,660,000 or 17.1% over original is due to the following:

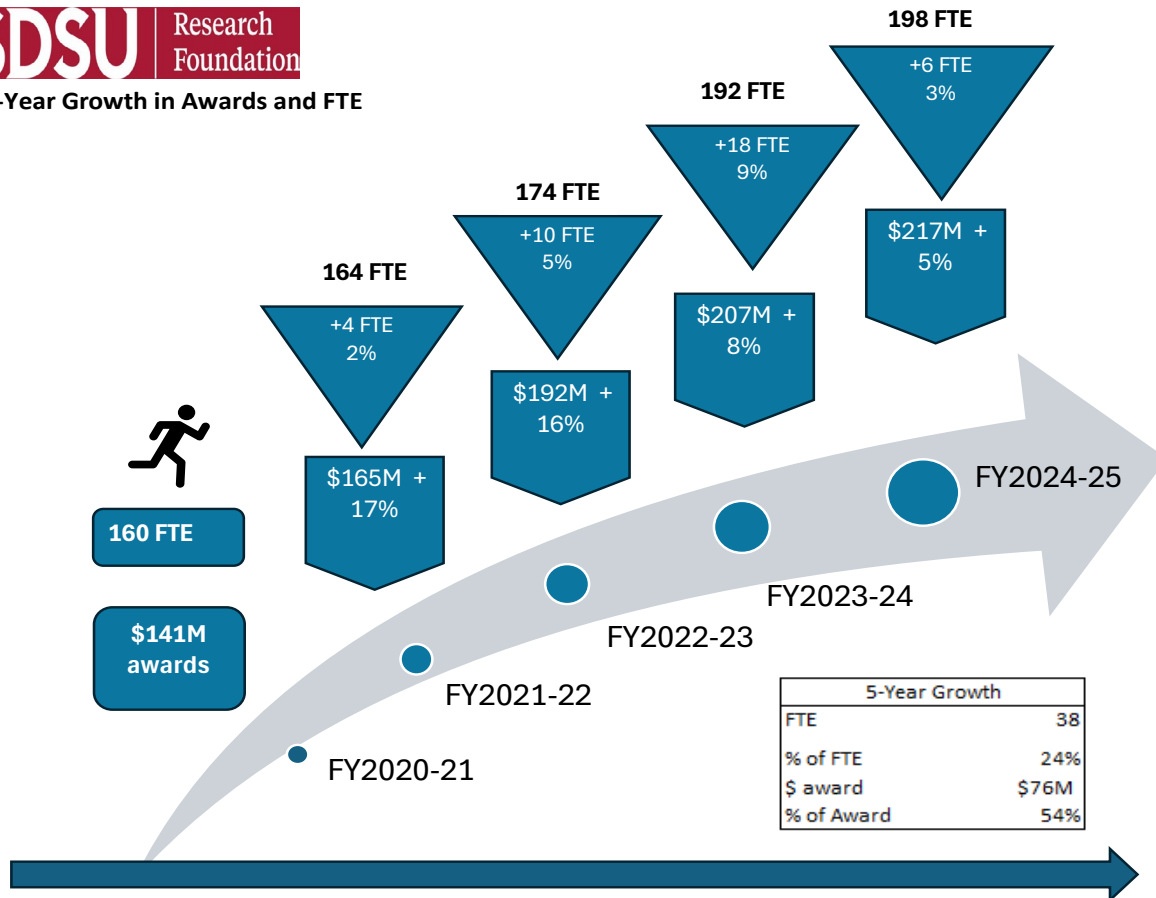
## Administration & Operations by Expense Type

	Original	Mid-Year	Proposed	Proposed compared to		Proposed compared to	
				FY 2023-24	FY 2023-24	FY 2023-24	FY 2023-24
	FY 2023-24	FY 2023-24	FY 2024-25	\$ Increase (Decrease)	% Increase (Decrease)	\$ Increase (Decrease)	% Increase (Decrease)
Salaries and Benefits	18,809,000	19,179,000	22,096,000	2,917,000	15.2%	3,287,000	17.5%
Operating Costs:							
Legal	143,000	143,000	205,000	62,000		62,000	
Insurance	235,000	260,300	400,000	139,700		165,000	
Equipment & Supplies	41,000	94,000	160,600	66,600		119,600	
Contracted Services	1,373,000	1,411,400	1,464,700	53,300		91,700	
Audit	340,000	335,700	334,600	(1,100)		(5,400)	
Other (Admin & Misc)	511,000	491,600	451,100	(40,500)		(59,900)	
	2,643,000	2,736,000	3,016,000	280,000		373,000	
	21,452,000	21,915,000	25,112,000	3,197,000	14.6%	3,660,000	17.1%

- **Salaries and Benefits** increased \$2,917,000 or 15.2% from the mid-year budget and \$3,287,000 or 17.5% from the original due to the following:
  - To support the growth that has occurred and the continued anticipated growth as we move to R1 status, adequate staffing is a top priority so that we can continue to support research and projects overall. For the first 9 months of the year, we have seen an increase in awards of 22% compared to the first nine months of FY 2022-23. Much of our operational support is transactional in nature; with each new award, SDSURF needs to provide operational support across all departments. With the positions added in FY 2023-24 and projected to be added in FY 2024-25, we will have increased staffing since FY 2020-21 by 24% whereas awards are anticipated to increase by 54%.
  - The following chart shows the trajectory since FY 2020-21 to projected growth in the current year and FY 2024-25 in staffing and awards:



**5-Year Growth in Awards and FTE**



- We added additional positions in FY 2023-24 that were hired throughout the year in accordance with the approved budget; the FY 2024-25 provides the funding for a full year of these positions – totaling \$701,000.
  - We have set aside funds for the cost-of-living salary increases of 5% to ensure we remain comparable with the CSU along with providing funds for upcoming reclasses promotion – totaling \$1,103,000.
  - We added funding of \$400,000 for new positions to support continued growth with the move to RI status; management will be analyzing metrics and volume indicators to determine the highest need for these new positions.
  - Fringe for the additional salaries totaled \$803,000.
- **Legal expense** increased by \$62,000 compared to mid-year budget and original. With the increased volume of activity at SDSURF, we have the need to increase legal to provide more consultations from counsel for miscellaneous legal needs.
  - **Insurance** expenses increased \$140,000 compared to mid-year budget and \$165,000 from original. The insurance market continues to be challenging. CSURMA/AORMA provides most of our insurance and continues to work to reduce premiums where feasible.
  - **Equipment & Supplies** increased from the mid-year budget by \$67,000 and \$120,000 from the original due to the need to replace laptop computers where warranties have expired. We plan to replace staff laptops every 4 years, with approximately 25% of equipment replaced each year.
  - **Contracted Services** increased from the mid-year budget by \$53,000 and from the original by \$92,000. Most of the increase is due to regular contract increases for items such as software agreements.

- **Audit fees** decreased from the mid-year budget by \$1,000 and \$5,000 from the original to be in line with our agreed upon engagement with our external auditors Grant Thornton.
- **Other** expenses decreased \$40,000 compared to mid-year budget and by \$60,000 from original. We were notified in FY 2023-24 about an anticipated significant increase in the environmental fee/tax from the State of California; however, as of now, the increase fee has not occurred to the extent anticipated.
- **Facilities expenses (\$13,572,000)** reflects an increase of \$413,000 or 3.1% over the FY 2023-24 mid-year budget and \$1,060,000 or 8.5% compared to original. Research foundation staff are involved in various activities related to real property, including managing the space provided to sponsored projects.

The current year budget projections reflect the following changes in overall facilities expenses:

### Facilities Expenses

	Original FY 2023-24	Mid-Year FY 2023-24	Original FY 2024-25	Proposed compared to FY 2023-24 Mid-Year Budget		Proposed compared to FY 2023-24 Original Budget	
				\$ Increase (Decrease)	% Increase (Decrease)	\$ Increase (Decrease)	% Increase (Decrease)
<b>Facilities Operating Expense</b>							
Salaries and Benefits	\$ 2,324,000	\$ 2,364,000	\$ 2,703,000	339,000		379,000	
Operational Expenses	1,458,000	1,517,000	1,520,000	3,000		62,000	
Insurance	1,067,000	1,133,000	1,166,000	33,000		99,000	
Utilities	1,902,000	2,108,000	2,298,000	190,000		396,000	
Property Taxes	324,000	279,000	284,000	5,000		(40,000)	
Contracted Services	1,050,000	1,070,000	1,135,000	65,000		85,000	
University Services/Parking	983,000	984,000	1,056,000	72,000		73,000	
	<u>9,108,000</u>	<u>9,455,000</u>	<u>10,162,000</u>	<u>707,000</u>	<u>7.5%</u>	<u>1,054,000</u>	<u>11.6%</u>
<b>Other Expenses</b>							
Capital & Tenant Improvements	1,310,000	1,310,000	1,310,000	-		-	
Debt Service	2,094,000	2,094,000	2,100,000	6,000		6,000	
	<u>3,404,000</u>	<u>3,404,000</u>	<u>3,410,000</u>	<u>6,000</u>		<u>6,000</u>	
	<u>12,512,000</u>	<u>12,859,000</u>	<u>13,572,000</u>	<u>713,000</u>	<u>5.5%</u>	<u>1,060,000</u>	<u>8.5%</u>

- **Facilities Operating Expense:** The original FY 2024-25 budget reflects an increase of \$713,000 or 3.1% from the mid-year FY 2023-24 budget and \$1,060,000 or 8.5% from original.
  - **Salaries and Benefits** increase of \$339,000 from mid-year FY 2023-24 budget and \$379,000 from original with the majority increase being due to the set aside funds for the 5% COLA to remain comparable with the CSU.
  - **Operational Expenses** increase of \$3,000 from the mid-year FY2023-24 budget and \$62,000 from original. This expense category includes regular increases in various service agreements, administrative costs, crew vehicle costs and other miscellaneous.
  - **Insurance** decrease of \$33,000 from the mid-year FY 2023-24 budget and \$99,000 from original due to reduction of space “owned” at the Gateway building.
  - **Utilities** increase of \$199,000 from the mid-year FY 2023-24 budget and \$396,000 from original. SDGE continues to notify us of regular increases in electricity costs. The facilities team remains focused on investigating and implementing additional utility savings measures.
  - **Property Taxes** budget reflects a slight increase of \$5,000 from the mid-year FY 2023-24 budget and a decrease of \$40,000 from original based upon fluctuations in use of space resulting in exemptions issued by the county.
  - **Contracted Services** an increase of \$65,000 from the mid-year FY 2023-24 budget and a \$85,000 increase from the original due to annual increases in our ongoing service

- contracts such as security, janitorial, and landscaping.
  - **University Services/Parking** budget increased by \$72,000 from the mid-year FY 2023-24 budget and \$73,000 from the original based on regular annual price increases. SDSURF issues payment to SDSU annually for utilities for the Gateway Center. SDSU will install utility meters at the Gateway building, in Spring 2024, so that actual usage can be monitored and billed; as of now, it is just an estimate that is charged. Thus, we may see a change in the line item during the FY 2024-25 mid-year budget development.
- **Other Expenses:** The original FY2024-25 budget reflects an increase of \$6,000 from mid-year budget.
  - **Capital and Tenant Improvements** remained the same from mid-year budget and from original. These costs are to upgrade the condition of buildings and their mechanical systems and the surrounding land area. Tenant improvements are provided for new leases and would be offset by increases in rental income. Major capital improvements planned for FY 2024-25 include the following:

***Alvarado Buildings:***

- *Alvarado Landscaping Improvements:* The research foundation is planning to continue with the Alvarado landscape improvement master plan, with Phase 4 scheduled, which covers areas around 6310 Alvarado Court and 6475 Alvarado Road, including an expansion of our drought-tolerant vegetation scheme and replacement of irrigation with a high-efficiency drip system.
- *6475 Alvarado Road Lobby Improvements:* Continuing with SDSURF’s long-term goals of modernizing the aesthetics of our buildings to complement their architecture, we are upgrading the lobby of 6475 Alvarado Road. The floor tile, columns, and lighting were last upgraded in 1994 and need repair. The plan is to replace these finishes with a mid-century modern design to complement the building while using more sustainable and energy efficient materials such as LED lighting.
- *HVAC Replacements:* Over the past five years SDSURF has replaced twenty-seven of its roughly 310 HVAC units that were beyond their lifecycle. For FY 2024-25, we are replacing two 20+ year-old package units, which are typically on a 15–20-year lifecycle, located at 6475 Alvarado Road. Additionally, we plan to replace 12 VAV (variable air volume) units within one of the five wings at 6505 Alvarado Road. These VAV units are original to the building from the early 1960’s. These units are showing signs of failure, requiring more maintenance, and can only accept a MERV-4 rated filter as opposed to a more efficient MERV-10/13 as are standard in our other buildings. All the new units will be more energy efficient, utilize more environmentally friendly refrigerant, improve indoor air quality and occupant comfort, and decrease maintenance costs.
- *Roof Resurfacing:* Our roof resurfacing projects for this year include new roof coatings at 6330 and 6386 Alvarado Court. These projects will address leaks that developed as a result of recent winter storms. The new roof material will be a reflective white “cool roof,” which will help to mitigate heat gain and utility costs and will carry a 30-year warranty.
- *Elevator Modernizations:* We are continuing our elevator mechanical operating equipment modernization efforts focusing on the two elevators at 6386 Alvarado Court. The interior cabs of these elevators were recently updated; however, their mechanical equipment is over 20 years old and due for replacement. Each year, our goal is to upgrade either the interior cab or mechanical equipment of an elevator within one of our buildings. In this case, the replacement of the mechanical equipment ensures the cab of the elevator will operate more efficiently and reliably

for years to come.

- Accessibility Upgrades: Our ongoing efforts to upgrade and improve the accessibility at our properties include various items for FY 2024-25, such as improvements to the common area restrooms at 6495 Alvarado Road, as well as handrail and ramp corrections at various Alvarado buildings. These items are identified in our ADA Transition plan, listing accessibility improvements recommended by our CAS (Certified Accessibility Specialist) surveys, which ensures we maintain a plan to address the highest priority ADA compliance concerns.

***Alvarado Court and Hardy Avenue:***

- Parking Lot Resurfacing: Our planned parking lot resurfacing project for FY 2024-25 includes several properties such as 6475 Alvarado Road (continuing around the building), 6363/6361 Alvarado Court, and 5814/22 Hardy Avenue. This work will include an overlay, seal coat and restriping, adjusting accessible parking spaces to be compliant with revised codes.

***Sky Park:***

- 9245 Sky Park Court Window Tinting: SDSURF team is evaluating a project to re-film the exterior windows at the 9245 Sky Park Court building. The existing window film is over 25 years old and has degraded, reducing its ability to block the sun's glare and UV rays into the building. The film has also begun to lift in many areas, requiring pieces to be replaced that do not match the rest of the building. This building is one of our top three utility users, and new window film will help to mitigate some of the heat gain, as well as provide a uniform appearance.

***Price Center:***

- 5141 Campanile Drive (Pride Center) Structural Repairs: During a recent inspection of the 5141 Campanile Drive property, SDSURF discovered an uneven slab situation inside the conference room space that appears to have developed over time, possibly due to changes in soil moisture content. This property is leased to the University for use by the Pride Center; however, it is the research foundation's responsibility to maintain the structural elements of the building. This issue will be investigated and addressed over the summer.

***Coastal Waters Laboratory:***

- 4165 Spruance Road Fencing Replacement: Due to the corrosive environment of being situated on San Diego Bay, the 4165 Spruance Road, Coastal Waters Laboratory, building's elements require maintenance, repairs, and replacements at a higher frequency than standard lifecycles. One element budgeted for replacement is the exterior fencing surrounding the USGS side of the building. This fencing will be replaced with a powder-coated finish for durability.
- 4165 Spruance Road Boiler Replacement: The central boiler at 4165 Spruance Road (Coastal Waters Laboratory) has been in operation for 19 years, nearing its 20-year lifecycle. Due to being in a more corrosive (salt air) environment, we are scheduling replacement of this unit to avoid a potential failure of the system. Additionally, this building has our highest and most expensive utility usage, and the new boiler will be a much more efficiently rated unit to save on utility costs and provide more reliable service.

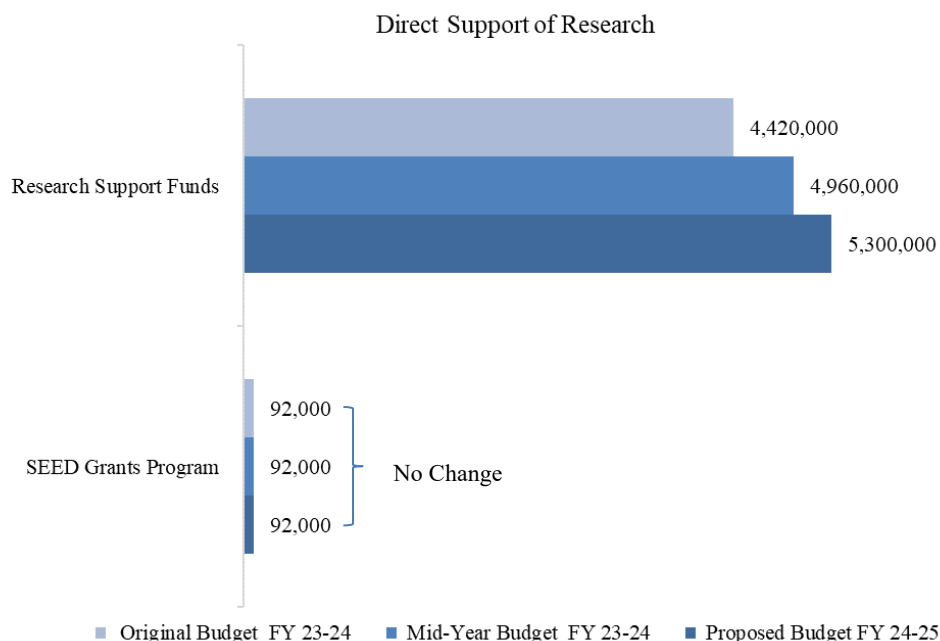
- **Debt Service** increased \$6,000 from FY 2023-24 mid-year and original budgets due to slight fluctuations in our debt service schedule which is not on a straight-line basis.

## Payments to SDSU

SDSU Research Foundation’s mission is to support and further the research, education, and community service objectives of San Diego State University. As part of our mission, we continually strive to support the university through customer service, and various funding to enhance research. The anticipated funding to be provided to the university for FY 2024-25 both as cost-recovery payments and as direct allocations is projected to be:

<b>Expense/Allocation Category</b>	<b>FY 2024-25</b>		
Gateway Utilities	262,000		
Gateway Rent	244,000		
University Police	172,000		
Mailing Services	138,000		
CSU Annual Audit Fee	84,000		
CSU Centrally Paid Indirect Costs	51,000		
University Research Space	100,000		
Phones	246,000		
Postage	49,000		
Parking	55,000	1,401,000	Operations
Microsoft A3 Licensing	105,000		
Microsoft A5 Licensing	100,000		
Adobe Cloud	94,000		
Zoom	24,000		
Patch My PC	4,000		
Patch Manager Plus	19,000		
JAMF per Apple IOS Device	2,000		
JAMF per Apple MacOS Device	8,000		
ServiceNow	2,000		
Google Unlimited Storage	10,000		
Oracle Tech Support	65,000	433,000	Information Technology
Research Support Funds	5,300,000		
University Grants Program	92,000		
Project Facilities and Equipment Support	310,000		
Research Advancement & TTO	1,708,000		
Research Support - Library	50,000		
Research Endowment Distribution	600,000		
Research Infrastructure	500,000		
Systems Infrastructure	300,000		
Washington D.C. Representation	165,000	9,025,000	Other Allocations & Support
CSU Bond Payments	2,076,000	2,076,000	SRB Debt Payment
<b>Total Annual FY 2024-25 payments to SDSU</b>		<b>12,935,000</b>	
<b>Total Annual FY 2023-24 payments to SDSU</b>		<b>9,625,141</b>	
<b>\$ and % Increase from FY 2023-24 to FY 2024-25</b>		<b>3,309,859</b>	<b>34.4%</b>

- **Allocations for Enhanced Program Support (\$10,240,000)** reflects a decrease of \$305,000 or 7.2% over the FY 2023-24 mid-year budget and increase of \$1,221,000 or 13.5% compared to original.

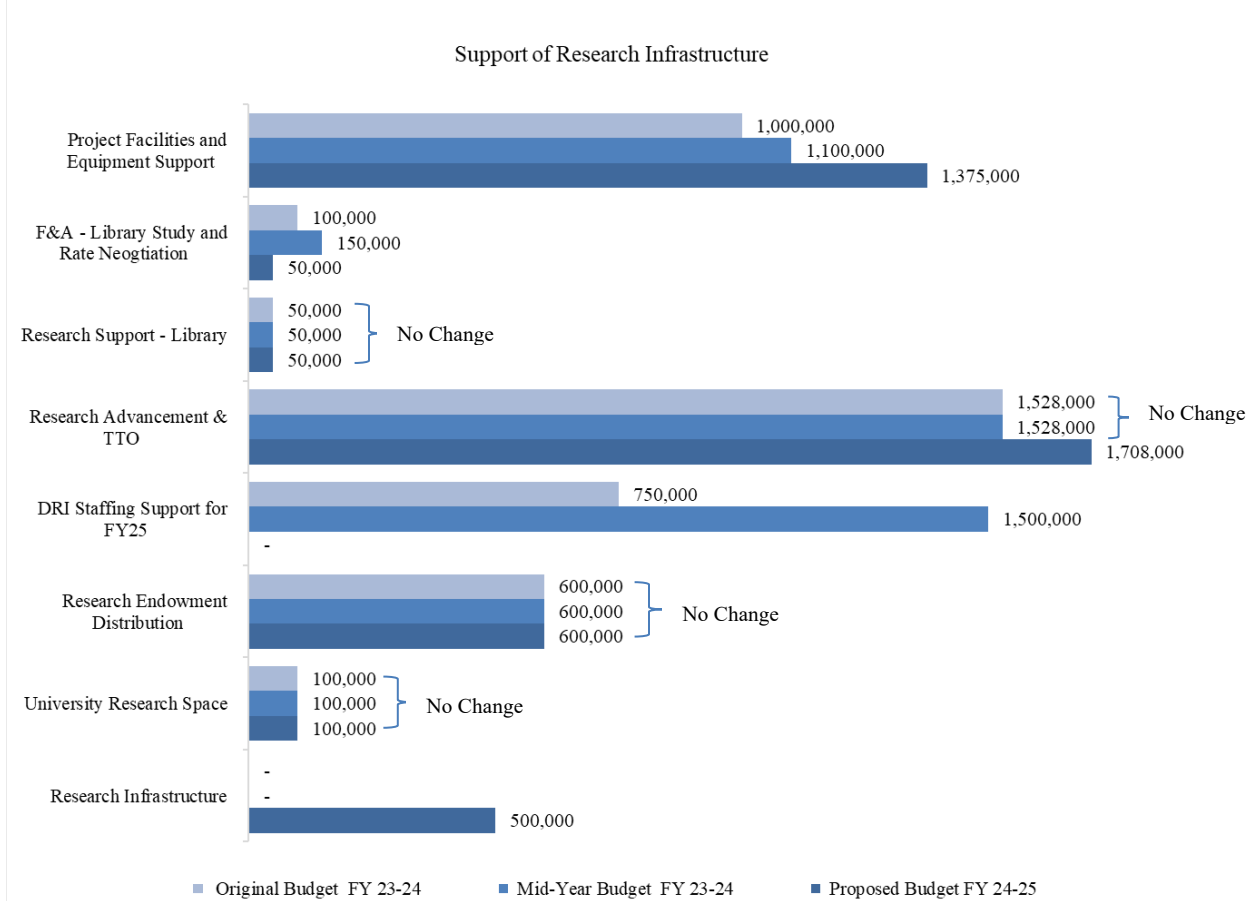


- **Allocations for Direct Support of Research (\$5,392,000):** This category refers to those resources allocated to principal investigators (PIs) and university units in direct support of proposal development, ongoing research programs, or other research endeavors. Allocations for Direct Support of Research increased by \$340,000 or 6.7% from the FY 2023-24 mid-year budget and \$880,000 or 19.5% from original. The change is due to the following subcategories:
  - **Research Support Funds (RSF) (\$5,300,000):** These funds are allocated to colleges, principal investigators, and the vice president for research and innovation to support new or existing university research initiatives. This allocation is made by formula and governed by policies approved by the university and research foundation board. RSF funds are provided to projects generating F&A at the fullfederally negotiated rate for on-campus research.
 

RSF reflects an increase of \$340,000 or 6.9% over the FY 2023-24 mid-year budget and \$880,000 or 19.9% from original. The proposed FY 2024-25 budget funds 100% of the formula. This RSF allocation will be updated at mid-year once the final F&A numbers are known for FY 2023-24 since the calculation and the amounts allocated in FY 2024-25 will be based upon actuals for FY 2023-24 according to policy.
  - **SEED Grant Program (\$92,000):** Support for the SEED Grant Program for FY 2024-25 is consistent with the FY 2023-24 mid-year and original budgets. These funds are used to support scholarly research, assist faculty to meet qualifications for retention, tenure, and promotion, allow faculty to bring advanced projects to conclusion and, facilitate development of a research program that may be competitive for extramural funding.

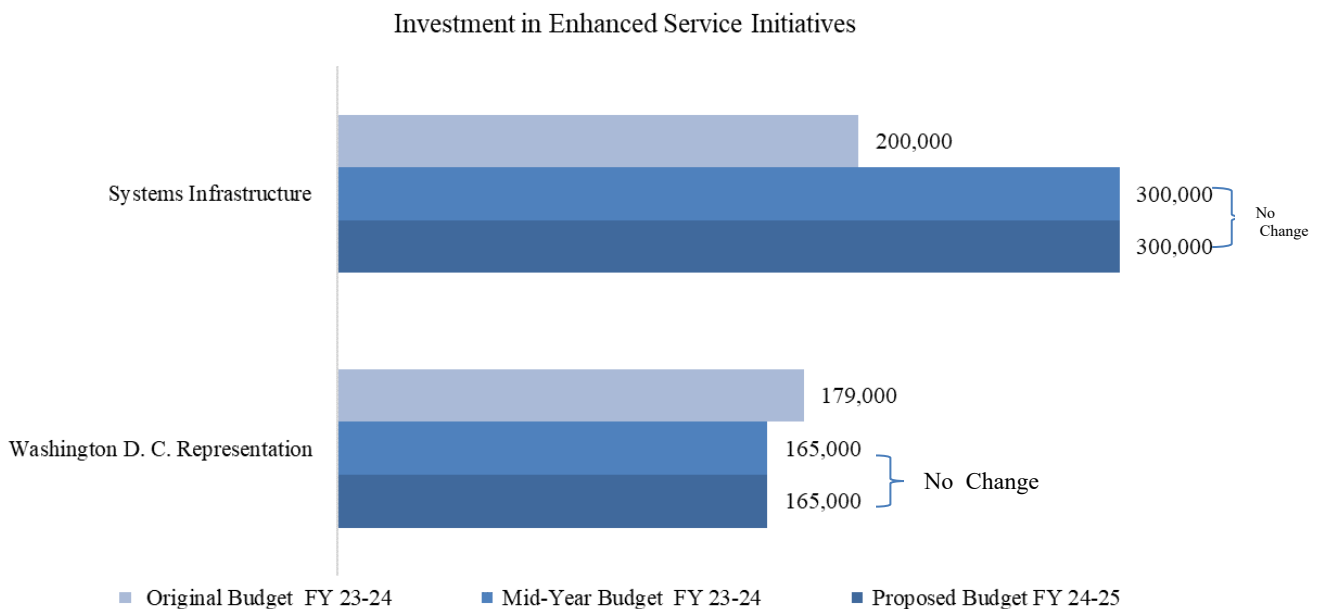


- **Allocations for Support of Research Infrastructure (\$4,383,000)** reflects a decrease of \$645,000 or 12.8% over the FY 2023-24 mid-year budget and an increase of \$255,000 or 6.2% over original. This category refers to allocations made in support of the infrastructure necessary to support and grow the research enterprise and includes the following subcategories:



- **Project Facilities and Equipment Support (\$1,375,000)** reflects an increase of \$275,000 or 25.0% from the FY 2023-24 mid-year budget and \$375,000 or 37.5% from original. These monies are used primarily for facilities and equipment support, such as outfitting space assigned to new projects. For example, office furniture, office equipment, and telephone installation are typically required immediately upon notification of a new award. These funds also cover allocations from the university for software and cybersecurity services provided to support SDSURF employees funded on grants and contracts. The overall increase is due to the replacement of the Air Handler Unit (AHU) at the Coastal Waters Lab.
- **F&A – Library Study and Rate Negotiation (\$50,000)** reflects a decrease from FY 2023-24 mid-year budget of \$100,000 or 66.7% and a decrease of \$50,000 or 50% from the original budget. By June 30, 2024, we will be submitting our information to the federal government for the new F&A rate based upon financial information from FY 2022-23; this allocation provides funds for consulting during the negotiation and rate development process as well planning for the future.
- **Research Support - Library (\$50,000)** reflects no change from FY 2023-24 mid-year budget and original budgets. This allocation recognizes the role the SDSU Library, and its faculty/staff play in supporting SDSU’s research mission and provides funds to support acquisition of research publications, software, and tools to support the research infrastructure.

- **Research Advancement & TTO (\$1,708,000)** reflects an increase of \$180,000 or 11.8% over the FY 2023-24 mid-year budget and original. The increase is due to a set-aside for anticipated COLA increases (5%) to remain comparable with CSU for the DRI positions funded here and additional legal funding needed for the TTO program.
- **Research Endowment Distribution (\$600,000)** reflects no change from the FY 2023-24 mid-year budget and original budget. SDSURF will continue to make a \$600,000 annual contribution to the Research Endowment Distribution Fund. The funds will support research by replacing the distribution of the research endowment previously held at The Campanile Foundation.
- **University Research Space (\$100,000)** reflects no change from the FY 2023-24 mid-year budget and original budget. This line item is the result of a policy established by the CSU Chancellor's Office to provide a mechanism for the university to recover a portion of space costs incurred in support of sponsored research programs.
- **Research Infrastructure (\$500,000)** reflects an increase of \$500,000 or 100% from mid-year budget and original. These funds will be used to continue to enhance the research infrastructure at SDSU. During FY 2022-23, SDSU hired a consultant to evaluate the research infrastructure at SDSU and provide recommendations for improvements or enhancements needed as the campus continues to grow to reach its strategic goal of becoming a premier public research university; A New Kind of HSI. The report includes many recommendations where additional funding will be required. A report will be provided to the Board on the prioritized use of these funds at an upcoming meeting.
- **Investment in Enhanced Service Initiatives (\$465,000)** reflects no change from the FY 2023-24 mid-year budget and an increase of \$86,000 or 22.7% from original. This allocation is intended to support the overall research enterprise through large-scale initiatives to streamline processes, create efficiencies, and develop opportunities for new research endeavors, including the following subcategories:



- **Systems Infrastructure (\$300,000)** reflects no change from FY 2023-24 mid-year budget and an increase of \$100,000 or 50.0% from original. SDSURF strategically invests in systems and infrastructure to streamline operations, enhance services to PIs, and to support increased research activity as SDSU moves towards becoming an R1 institution. Investments in FY 2024-25 will be focused on the following initiatives:
  - ✓ Chrome River procure to pay implementation including invoice processing and enhanced reporting capabilities.
  - ✓ MyRF online journal voucher functionality rolled out to additional projects.
  - ✓ MyRF online purchase requisitions with smart approval routing and improved processing times
  - ✓ Ongoing development and support of InfoEd subaward and subrecipient modules
  - ✓ Integration of additional SDSURF systems with SDSUid single sign-on with multi-factor authentication
  - ✓ SDSURF website refresh
  
- **Washington D.C. Representation (\$165,000)** reflects no change from the mid-year budget and a decrease of \$14,000 or 7.8% from the FY 2023-24 original budget. SDSU Research Foundation engaged a new advocacy firm, Van Scoyoc Associates (VSA), during FY 2020-21, along with a VSA sister company, The Implementation Group (TIG). TIG also provides support for large-scale grant opportunities.

***Reserves***

Source of Funds is projected to be \$49,087,000, while Use of Funds is projected to be \$48,924,000, adding \$163,000 to Reserves.

## APPENDIX A RESERVES

*The FY 2024-25 budget reflects adding \$163,000 to Reserves.*

Maintaining adequate reserves is critical to any business organization, especially for non-governmental organizations dependent on generating annual revenues to support their activities. Research foundation revenues are projected prior to the beginning of a fiscal year and are committed for program support (operating) costs, facilities (space) costs, and university support activities (allocations). Operating reserves are necessary to provide working capital to continue daily activities, to guard against a decrease in projected revenue or increase in projected expenditures, to cover potential unallowable costs for grants and contracts, and to cover over-expenditures of project activities. We continue to work toward sustaining a balanced budget with the goal of adding to reserves. The unexpected nature and impact of the pandemic has heightened our focus on the need for adequate reserves.

### Reserves

Mid-Year Budget FY 2023-24	Actual Balance 12/31/2023	Goal for Reserve as of FY 2023-24	Additional Funds needed to meet Reserve goal
<b>Discretionary Reserves</b>			
Operating Cash Reserves	8,367,000	17,537,000	9,170,000
Real Estate Deficit	(3,800,000)	-	3,800,000
Total Discretionary Reserves	4,567,000	17,537,000	12,970,000
<b>Designated Reserves</b>			
Operating Contingency	1,000,000	1,000,000	-
Facilities	-	1,500,000	1,500,000
Utilities	500,000	500,000	-
Insurance	300,000	300,000	-
Total Designated Reserves	1,800,000	3,300,000	1,500,000
	6,367,000		14,470,000

- **Discretionary Reserves**

- **Operating Cash Reserves:** The goal of the operating cash reserves is six months of operating expenses, represented in the Basic Support section of the budget. In general, maintaining six months of operating reserves is considered best practice in the industry and mirrors the reserve goals established by the Chancellor's Office of the CSU.
- **Real Estate Deficit** relates to the unfunded obligation (funds spent into deficit position) related to various strategic land acquisitions, the redevelopment project, and the Fraternity Row construction defects lawsuit. Considering this Real Estate deficit, we currently have less than two months of operating reserves funded towards the six-month goal.

- **Designated Reserves**

- **Operating Contingency:** Historically, the operating contingency reserve pertains to potential disallowances on grants and contracts and to other general operating contingencies. Despite best efforts, audit disallowances are an expected part of administering grants and contracts. The goal for this reserve is \$1,000,000 and is currently fully funded. The size of the allowance requires a judgment decision based on the following:
  - ✓ Volume of grant and contract activity
  - ✓ Time between audits
  - ✓ Continuity of experienced staff and adequacy of internal controls
  - ✓ Administrative resources devoted to the administration of grants and contracts
- **Facilities:** The facilities reserve was established to help manage major repairs, maintenance, and upgrades on Research Foundation properties. The goal for the reserve was established at \$1,500,000. The reserve was used in FY 2023-24 as part of the Research Foundation Gateway Center refurbishment. This reserve will be replenished as funds are available.
- **Utilities:** The utilities reserve was established to help manage unexpected, significant increases in the cost of utilities. With this reserve, the management team does not have to budget quite so conservatively for utilities as this reserve can be accessed if rates rise quickly or harsh weather causes a spike in utilities. The goal for the reserve was established at \$500,000 and is fully funded.
- **Insurance:** Each general liability insurance claim has a deductible of \$100,000. The primary source of funding for this reserve will be funds recovered from insurance relating to claims in prior budget periods. The goal for the reserve was established at \$300,000, which reflects three potential claims with a \$100,000 deductible for each claim and is fully funded.

**Non-Discretionary Reserves**

These reserves are designated for specific purposes and not accessible for general operations.

	<b>Actual Balance 12/31/2023</b>
<b>Non-discretionary</b>	
Research Endowment	825,000
Retiree Medical VEBA Trust	14,448,593
Employee Fringe Benefits	1,906,095
Workers' Compensation Insurance	3,845,000
Unemployment Insurance	3,004,000
<b>Total Non-discretionary</b>	<u><u>24,028,688</u></u>