

Contracts & Grants Q214 Award Report

Increases in Federal and Private Funding

Summary

UC's award funding for the second quarter of FY 2013-2014 totaled nearly \$1.2 billion, exceeding the amount reported for Q2 last fiscal year by about \$168 million, an increase of 16.3%. For the year to date, the current award total of \$2.96 billion is likewise about \$170 million above last year (6.1%), because the Q1 amounts for both years were nearly identical. Last fiscal year, however, was a low point in award funding, due mainly to steep declines in federal support. A better point of comparison for this year would be FY 2011-12, which is the period just prior to the major cutbacks in federal R&D appropriations. The year-to-date total for FY 2013-14 is only about 1.1% (\$31 million) less than the amount received for the same period of FY 2011-12.

One positive trend so far during FY 2013-14 is a return to some semblance of stability in federal agency funding—though this plateau is still well below peak levels. Federal contracts and grants to UC for Q214 amounted to \$558 million, which is relatively high for a second-quarter award total, but some of this total may be an artifact of reporting delays. Although federal funding patterns remain uncertain, the fiscal-year-to-date total suggests that federal awards for the year as a whole will certainly equal, and most likely exceed, last year's federal agency funding of \$2.9 billion, and could well reach the \$3 billion milestone once again.

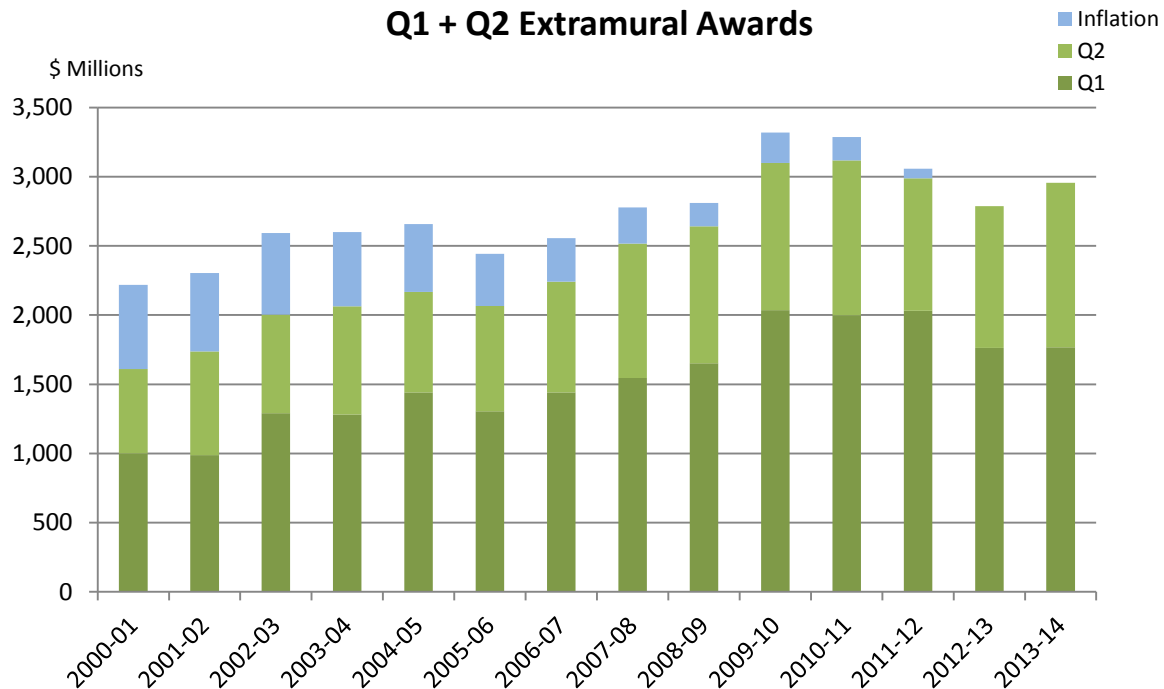
A second positive trend is a substantial increase in private sponsorship, most notably from the business community. The spike in corporate support is due almost entirely to two major research contracts totaling nearly \$111 million to UC San Diego's Department of Neurosciences for Alzheimer's disease studies. The Department also secured an \$11 million award for Alzheimer's research from the NIH's National Institute on Aging.

Key findings for Q214 and the year to date are as follows:

- Federal funding for the fiscal year to date, for awards of all types, totals \$1.7 billion, which is about \$144 million above last year, an increase of 8%.
- Corporate funding for Q214 totals about \$224 million. This is about \$113 million above Q2 of last year, thanks to several very large Alzheimer's research awards to UC San Diego.
- Of the \$1.2 billion UC received in extramural funding during Q214, research awards, including clinical trials, amounted to \$952M, or 79.9% of the award total. Federal research funding for the year to date totals about \$1.45 billion. This amount is \$121 million (9%) above last year, but still about \$100 million (6%) below the year-to-date amount for FY 2011-12.
- Most locations reported increases in overall funding for the fiscal year's first two quarters. The largest increases were at UC San Diego—thanks again to the major Alzheimer's research awards—and at UC San Francisco—reflecting an increase in reporting of awards from the National Institutes of Health.

I. Quarterly Performance Metrics

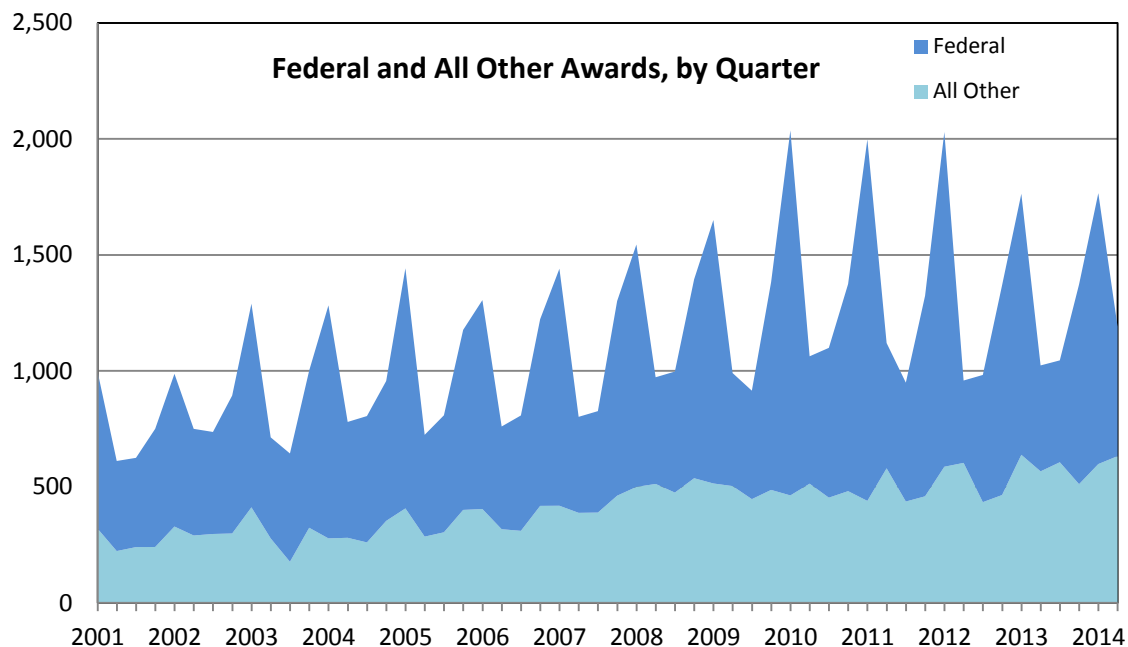
Extramural awards for Q214 totaled about \$1.2 billion, \$168 million (16.3%) above the amount reported last year for Q213. Quarter 1 totals for both years were nearly identical, so year-to-date funding for FY 2013-14 is now \$170 million (6.1%) above last year. The year-to-date total is running only slightly behind 2011-12 levels, adjusting for inflation.



Quarterly Extramural Awards, FY 2001 – 2013 (\$M)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Q1	999	987	1,290	1,282	1,442	1,305	1,440	1,545	1,650	2,037	1,998	2,030	1,763	1,766
Q2	612	750	713	780	724	760	802	972	991	1,063	1,120	958	1,023	1,191
Q1+Q2	1,611	1,737	2,003	2,062	2,166	2,065	2,242	2,517	2,641	3,099	3,118	2,988	2,787	2,957
Q3	625	737	644	805	809	808	826	997	915	1,099	949	982	1,045	
Q4	750	894	1,002	956	1,177	1,223	1,301	1,395	1,383	1,374	1,324	1,369	1,373	
FY	2,986	3,368	3,649	3,824	4,152	4,096	4,370	4,909	4,938	5,573	5,391	5,340	5,205	

Award totals for UC's second fiscal quarter are always well below the first-quarter amounts. This is a function of the federal funding cycle, which awards the largest amounts in the final quarter of the federal fiscal year (corresponding to UC's Q1). With direct federal sponsorship providing about two-thirds of all UC's awards, this produces sharp quarterly spikes in funding.



II. Award Trends by Sponsor Category

The award total for Q214 was close to \$1.2 billion, larger than any previous second quarter amount, thanks to increases in both corporate and federal sponsorship. The sharp spike in business sponsorship is due mainly to two Alzheimer's clinical trial research awards totaling about \$111 million, reported by UC San Diego. The increase in federal funding is partly attributable to a more favorable federal budgetary climate. But it may also reflect the fact that a change in conflict of interest requirements, instituted by the National Institutes of Health a year ago, delayed release of some funds and created a reporting backlog that was finally cleared during Q214.

Q2 Awards by Sponsor Category, FY 2006-2013

(\$ Millions)

SPONSOR	Q206	Q207	Q208	Q209	Q210	Q211	Q212	Q213	Q214
Federal	443	414	460	487	549	540	355	457	558
State	67	89	99	94	96	139	97	103	57
Other Gov't*	13	24	17	24	24	23	55	33	23
Business	54	76	145	98	71	94	119	111	224
Non-Profit	101	101	152	167	187	164	179	164	192
Academia**	42	56	56	76	73	93	80	79	85
TOTAL	760	802	972	991	1,063	1,120	958	1,023	1,191

* Other Gov't includes Agricultural Market Order Boards.

**Academia includes the categories of Higher Education, DOE Labs, Campuses and UCOP.

Fiscal-year-to-date comparisons provide a better sense of funding prospects for the year than the current quarter, which is in some ways anomalous. So far, FY 2013-14 seems most comparable to FY 2011-12, the period just after the influx of Recovery Act awards, and just prior to the major cutbacks in federal agency R&D appropriations.

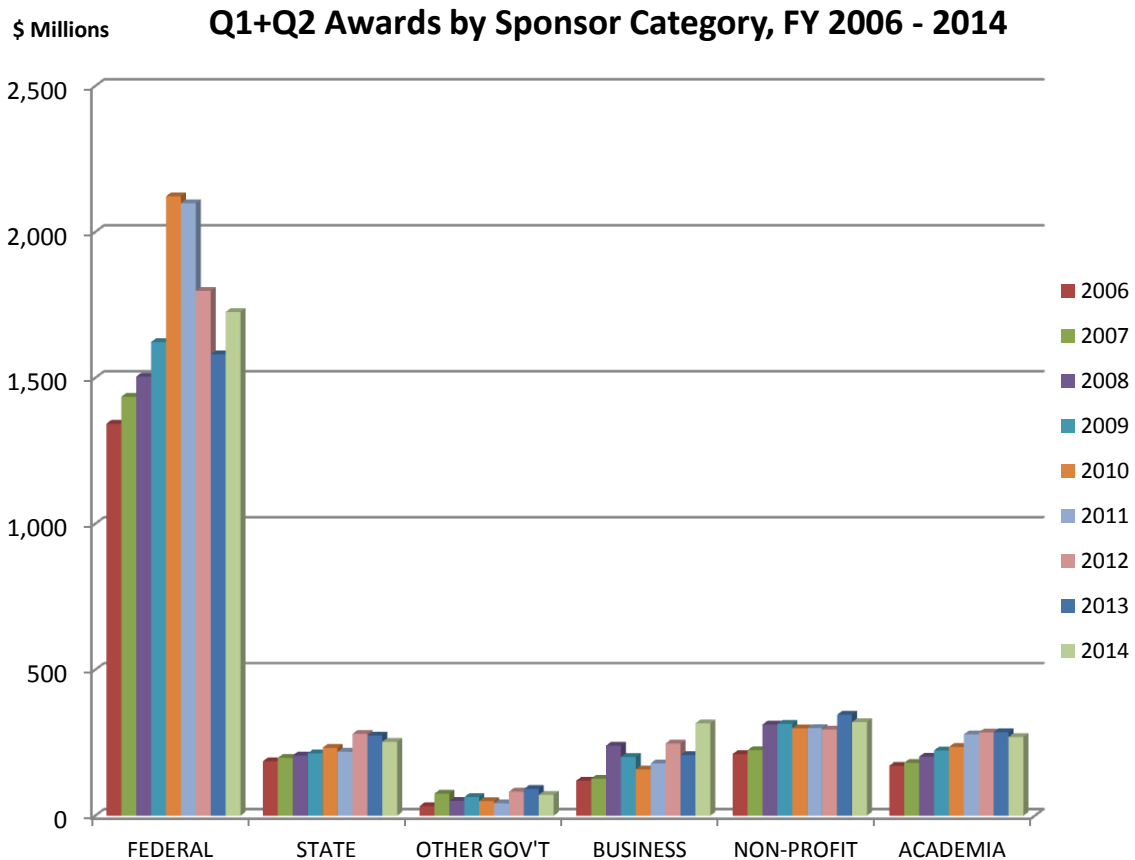
Q1-Q2 Awards by Sponsor Category, FY 2006-2013

(\$ Millions)

SPONSOR	2006	2007	2008	2009	2010	2011	2012	2013	2013
Federal	1,343	1,436	1,505	1,623	2,122	2,099	1,798	1,582	1,726
State	187	198	207	214	233	219	280	274	253
Other Gov't*	33	76	51	64	50	42	83	92	72
Business	120	127	240	202	159	179	248	208	317
Non-Profit	211	225	312	315	300	300	295	346	320
Academia**	171	181	202	224	236	279	285	286	270
TOTAL	2,065	2,242	2,517	2,641	3,099	3,118	2,988	2,787	2,957

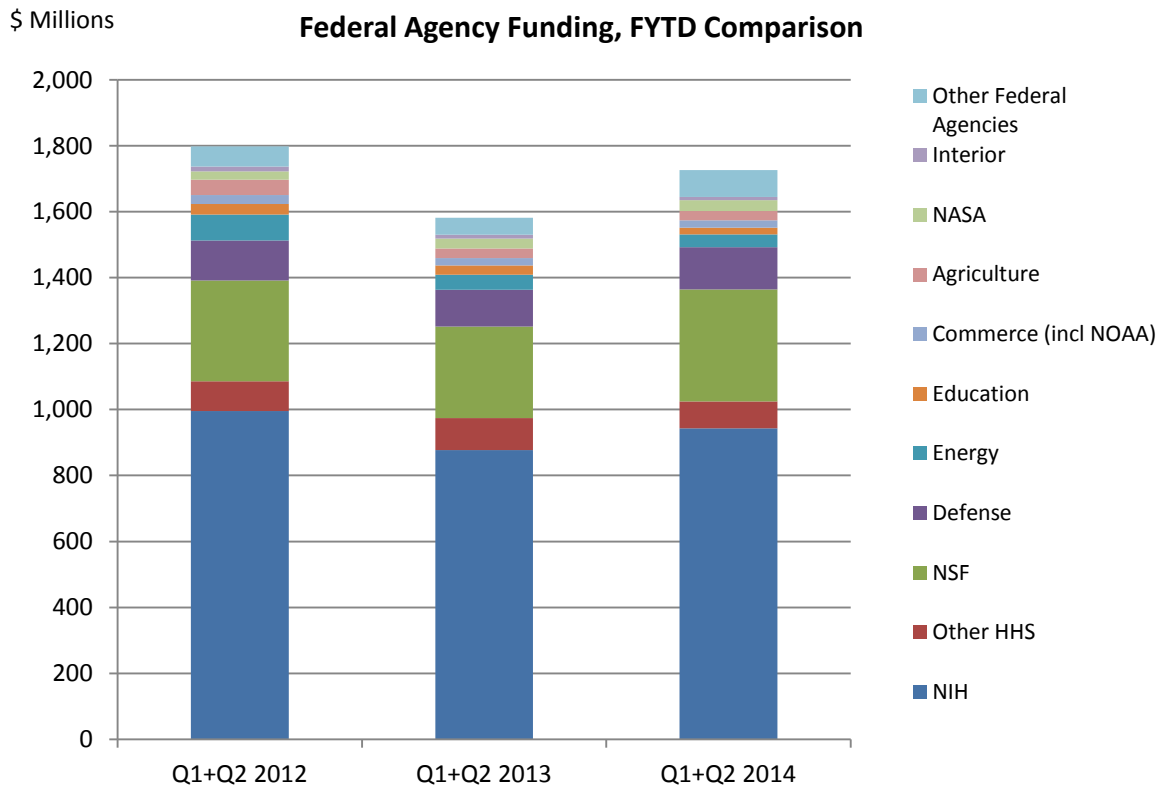
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III. Federal Agency Award Trends

The 8% increase in federal awards reported for the fiscal year to date, compared to last year, is attributable to UC's two largest sources of contract & grant funds, the National Institutes of Health and the National Science Foundation. NIH generally provides nearly 60% of UC's federal funding, and NSF 16%, so changes in their appropriations or funding practices will inevitably have a significant impact on UC.



AGENCY	Q1+Q2 2012	Q1+Q2 2013	Q1+Q2 2014	14-13 DIFFERENCE	% CHANGE
NIH	995,869,706	876,978,648	942,973,590	65,994,942	7.5%
Other HHS	90,187,623	97,144,286	82,015,744	-15,128,542	-15.6%
NSF	305,838,101	277,812,794	338,885,579	61,072,785	22.0%
Defense	121,284,128	111,118,020	128,242,452	17,124,432	15.4%
Energy	78,405,780	45,885,418	38,685,816	-7,199,602	-15.7%
Education	32,010,895	27,821,932	20,357,446	-7,464,486	-26.8%
Commerce (incl. NOAA)	26,890,243	22,409,624	22,336,021	-73,603	-0.3%
Agriculture	46,676,760	29,172,987	28,630,683	-542,304	-1.9%
NASA	25,207,963	29,811,808	33,007,624	3,195,816	10.7%
Interior	14,845,019	11,968,478	9,880,214	-2,088,264	-17.4%
Other Federal Agencies	60,893,650	51,829,328	80,802,824	28,973,496	55.9%
TOTAL	1,798,109,868	1,581,953,323	1,725,817,993	143,864,670	8.0%

The difference column shown in the table above represents the change between 2012-13 and 2013-14; the 2011-12 numbers are included here as a significant point of comparison. The increase in federal funding to UC does not span all agencies, but the most substantial dollar amounts are linked to NIH and NSF. (The increase in funds from Other Federal Agencies is attributable to a \$20 million affiliation agreement between UCLA and the Veterans Administration for the provision of medical services.)

Funding from both NIH and NSF during FY 2013-14 appears to be returning to a plateau close to post-Recovery-Act FY 2011-12 levels—which in turn is close to the inflation-adjusted, pre-Recovery-Act levels of FY 2008-9. However, agency funding policies have been changing over the past few years, and these two agencies appear to be granting awards that are on average shorter in duration and smaller in total amount than in the past.

IV. Major Awards Over \$5M

During Q214, UC received 20 awards for amounts of \$5M or more. Three of these major awards, totaling about \$122 million, were received by the UC San Diego Medical School Department of Neurosciences, under Principal Investigator Dr. Paul Aisen. Most awards of this magnitude are intended to support ongoing programs, centers, or affiliation agreements rather than specific research projects, and may involve funding that extends over several fiscal years.

LOCATION	SPONSOR CATEGORY	SPONSOR	PROJECT TITLE	AMOUNT
San Diego	Business	Eli Lilly & Co.	Anti-Amyloid Treatment In Asymptomatic Alzheimer's Disease	76,660,320
San Diego	Business	Toyama Chemical Co., Ltd.	A Phase 2 Multi-Center Study to Evaluate the Efficacy and Safety of T-817 In Patients with Mild to Moderate Alzheimer's Disease	33,268,709
Los Angeles	Federal	Veterans Affairs	Affiliation Agreement: Agreement for House Staff Stipends & Fringe Benefits	20,000,000
San Francisco	Federal	NIH National Center For Advancing Translational Sciences	Clinical and Translational Science Institute	17,672,486
San Francisco	Non-Profit	Bill & Melinda Gates Foundation	Accelerating Progress Towards Malaria Eradication: Working Across Global, Regional, and National Levels, and Through Operational Research	15,438,584
San Francisco	State	California Dep't. of Public Health	HIV Surveillance	13,252,718
Los Angeles	Federal	National Cancer Institute	AIDS Malignancy Clinical Trials Consortium (AMC)	12,077,537
San Diego	Federal	National Science Foundation	Gateways to Discovery: Cyberinfrastructure for the Long Tail of Science	12,000,000
San Diego	Federal	National Institute on Aging	Alzheimer's Disease Cooperative Study	11,232,268
Berkeley	Non-Profit	Gordon and Betty Moore Foundation	Moore/Sloan Data Science Environment	10,000,000
Berkeley	Federal	NASA Goddard Space Flight Center	Time History of Events and Macroscale Interactions During Substorms (THEMIS)	9,767,900

Davis	Federal	U.S. Agency for International Development	Predict: USAID Avian and Pandemic Influenza and Zoonotic Disease Program - Wildlife S.M.A.R.T. Surveillance	9,580,965
San Francisco	Federal	Army Medical Research and Materiel Command	Integrated Risk Prediction Model and Decision Aid to Discern Aggressive Versus Indolent Prostate Cancer	9,455,882
Office of the President	Non-Profit	Gordon And Betty Moore Foundation	Completion of Early Construction Phase & Initial Start of On-Site Construction Phase - Thirty Meter Telescope (TMT) At Mauna Kea	8,250,000
San Francisco	Federal	National Institute of Allergy and Infectious Diseases	University of Zimbabwe-UCSF Clinical Trials Unit	6,381,501
San Francisco	Federal	National Institute of Allergy and Infectious Diseases	UCSF-Gladstone Institute of Virology and Immunology Center for Aids Research	6,257,700
San Diego	Non-Profit	Leukemia and Lymphoma Society	Specific Targets for Therapy of Patients with Chronic Lymphocytic Leukemia	6,250,000
San Francisco	Federal	National Institute of Neurological Disorders & Stroke,	Point: Platelet-Oriented Inhibition in New TIA and Minor Ischemic Stroke	6,000,000
Davis	State	California Department Of Social Services	Northern Regional Training Academy 2013-2015	5,257,750
San Francisco	Business	Astrazeneca, Plc.	Socrates - Acute Stroke or Transient Ischemic Attack Treated With Aspirin or Ticagrelor And Patient Outcomes	5,069,962

V. Award Trends by Project Type

Research awards during Q214 amounted to \$952 million. This includes \$177 million in clinical trial sponsorship, of which \$111 million represents the two large Alzheimer's research awards received by UC San Diego. Training, service and other awards came to about \$239 million. The increase in research funding, including clinical trial research, compared to last year is due to the previously described increases in federal and corporate funding sponsorship.

Q2 Award Amounts by Project Type, FY 2006-2014 (\$ millions)

PROJECT TYPE	Q206	Q207	Q208	Q209	Q210	Q211	Q212	Q213	Q214
Research	613	556	691	724	848	814	683	747	773
Clinical Trials	27	35	66	38	39	40	55	68	179
Training	46	48	52	46	48	48	40	47	60
Service	36	95	64	94	77	100	90	89	97
Other	39	67	99	88	51	118	89	73	81
TOTAL	760	802	972	991	1,063	1,120	958	1,023	1,191

VI. Award Trends by Recipient Location

Award totals for the first two quarters of FY 2013-14 were about 6.1% above last year. This increase was unevenly divided across reporting locations; some portion of

the increase in UCSF awards may reflect the end of the federal award backlog that was created when NIH changed conflict of interest requirements last year. UCSD's increase is largely attributable to the major Alzheimer's research awards.

Q1 + Q2 Awards by Location, \$ millions

UC Location	FYTD 2012	FYTD 2013	FYTD 2014	2014-13 Change
Berkeley	484	443	375	-15.5%
San Francisco	544	660	772	16.9%
Davis	443	393	359	-8.7%
Los Angeles	500	377	413	9.5%
Riverside	64	54	54	0.0%
San Diego	489	454	543	19.5%
Santa Cruz	80	72	72	0.6%
Santa Barbara	111	86	110	27.3%
Irvine	159	141	155	9.4%
Merced	10	12	20	67.2%
UCOP	28	25	12	-51.5%
LBNL	70	60	65	7.5%
Ag & Nat Res	7	9	9	-2.8%
Total	2,988	2,787	2,957	6.1%

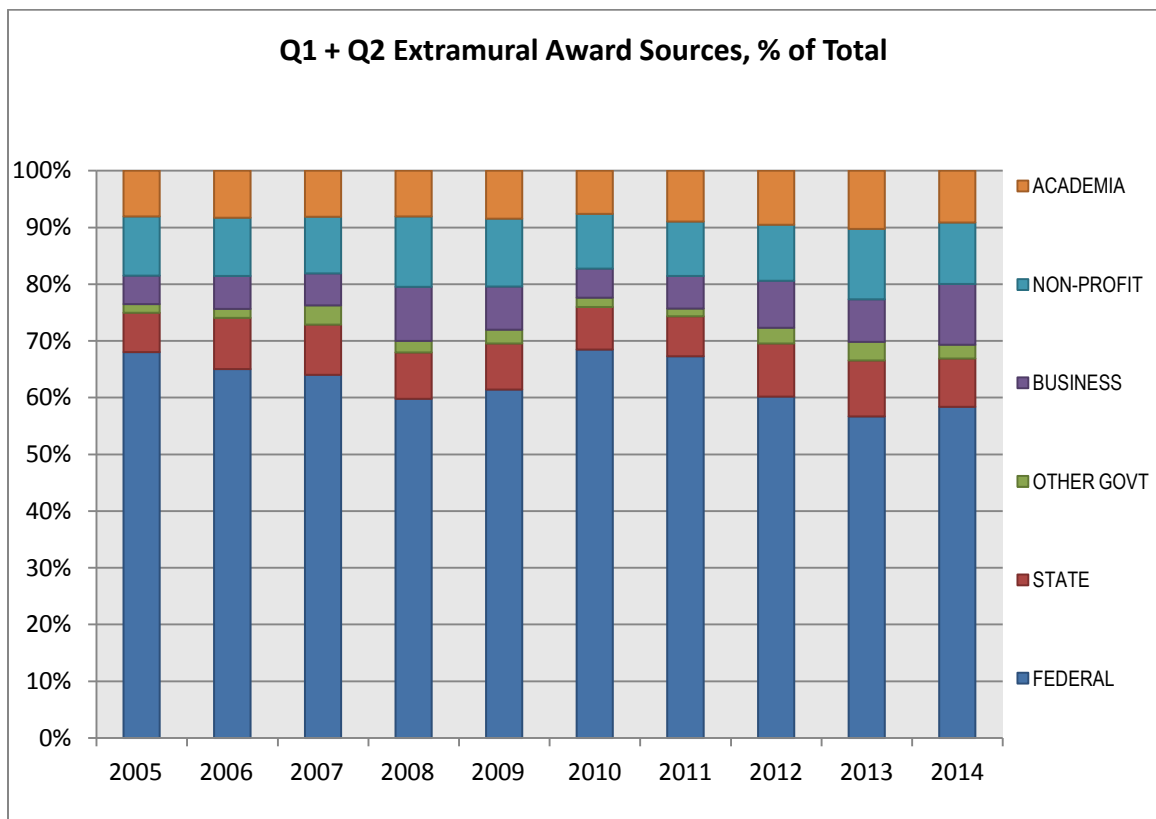
VII. Shifts in Funding

Awards from both corporate and non-profit sponsors showed dramatic increases during Q214. The specific awards responsible for these increases are noted in the list of major awards.



Q1+ Q2 Extramural Funding Sources, % of Total

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
FEDERAL	68.0%	65.0%	64.0%	59.8%	61.5%	68.5%	67.3%	60.2%	56.8%	58.4%
STATE	6.9%	9.0%	8.9%	8.2%	8.1%	7.5%	7.0%	9.4%	9.8%	8.6%
OTHER GOV'T	1.5%	1.6%	3.4%	2.0%	2.4%	1.6%	1.4%	2.8%	3.3%	2.4%
BUSINESS	5.0%	5.8%	5.6%	9.5%	7.6%	5.1%	5.7%	8.3%	7.5%	10.7%
NON-PROFIT	10.4%	10.2%	10.0%	12.4%	11.9%	9.7%	9.6%	9.9%	12.4%	10.8%
ACADEMIA	8.1%	8.3%	8.1%	8.0%	8.5%	7.6%	8.9%	9.5%	10.2%	9.1%



Award data are imperfect early indicators of future trends, and the federal funding picture for the remainder of this year and beyond is still unclear. However, with a federal budget finally in place, the next two fiscal years should see federal funding stabilize at least at the 2013 level of \$2.9 and, optimistically, perhaps several percentage points above that. At the same time, UC appears to be experiencing considerable success in attracting substantial funds from private sources.

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April, 2014*