Industry Agreements

Sponsored Projects Services (SPS)
Innovation Partnership Services (IPS)
Research Contracts

EPCS Records and Process Flow to SPS
Incoming Funding from a For-Profit Entity

June 10, 2014
Key Points of this Presentation

1. Understand what an Industry Agreement is.
2. Understand F&A and License Fees on Industry Agreements.
3. Understand the EPCS Process for Industry Agreements.
4. Understand what a Non-Industry Agreement with participation by For-Profit Entities is, and its EPCS Process.
5. Understand Budgeting Process for Industry Agreements.
What is an Industry Agreement?

- Why talk about Industry Agreements? Industry Agreements are different than standard types of Agreements and may include License Fees associated with Intellectual Property rights. An increase in the volume of Industry Agreements is anticipated and will be beneficial to the Research Community and to the University of Oregon (UO).

- An Industry Agreement is an Agreement between the UO and a For-Profit Entity which can be in the form of a Contract or a Grant. Usually, an Industry Agreement will be in the form of a Fixed-Price Contract between UO and a For-Profit Entity (“Industry Partner”).

- An Industry Agreement can be funded by a For-Profit Entity where no Federal flow-through funding is involved. The funds paid to UO by the Industry Partner do not originate from a Federal Funding Source.

- An Industry Agreement can be funded by a For-Profit Entity where Federal flow-through funding is involved. The funds paid to UO by the Industry Partner do originate from a Federal Funding Source.
What is an Industry Agreement?

If the funds paid to UO by the Industry Partner do not originate from a Federal Funding Source.

• A License Fee associated with the potential development of Intellectual Property (IP) rights may be applicable to the Agreement. The Fee will be paid by the For-Profit Entity (the “Industry Partner) to the UO under UO’s standard Licensing Royalty Policy. The License Fee is paid by a Industry Partner securing their license to any resulting IP.

• At the close of the Industry Agreement, if there is any IP declared by the PI, the License Fee is allocated to the developers of the IP, the department and the Office of Research & Innovation (ORI) in accordance with the UO’s standard Licensing Royalty Policy. Or, if the developers of the IP waive any personal share upfront, their share goes back to their department as well.

• If no IP results from the Industry Sponsored Research Agreement, the department and ORI split the Industry Agreement License Fee.
What is an Industry Agreement?

If the funds paid to UO by the Industry Partner originate from a Federal Funding Source.

- A License Fee is likely not applicable to the Industry Agreement. Most agreements with funding from a Federal Funding Source must flow down the Terms and Conditions of the prime agreement from the Federal Funding Source to the Industry Partner. Therefore, the UO must charge its Federally Negotiated Indirect Cost Rates ("F&A") and the Industry Partner is only entitled to enough rights in any resulting IP to allow them to meet their obligations under their prime agreement with the Federal Funding Source.
Industry Agreements: F&A vs. License Fees

- Proposals submitted to For-Profit entities having a policy, whether published or not, outlining an F&A rate restriction are subject to VPRI approval. The submission of an F&A Exception Request Form to your SPS Pre-award SPA is required.

- The Request for F&A Exception Form must be completed, signed, and returned to your SPS SPA at least five business days prior to the proposal deadline.

Form: [http://orsa.uoregon.edu/web/forms/Form_20_FA_Exception_and_Off-Campus.PDF](http://orsa.uoregon.edu/web/forms/Form_20_FA_Exception_and_Off-Campus.PDF)
Industry Agreements: F&A vs. Licensing Fee

- The Facilities & Administration (F&A) rate is meant to capture the federally-allowable indirect costs of sponsored research. Recovered F&A costs impact the University's ability to expand and grow research capacity, infrastructure and service. If the University of Oregon is to continue to support and improve the research enterprise, it’s very important that individual projects charge the full and appropriate F&A rate to the project budget as dictated by our federally-negotiated agreement.

- The F&A rate represents the ratio between the total indirect costs and benefiting direct costs, after excluding and or reclassifying unallowable costs, and extraordinary or distorting expenditures. (i.e., capital expenditures, major contracts, and sub-grants).
Industry Agreements: F&A vs. Licensing Fee

- The Industry Agreement License Fee is not F&A, but is treated instead as a standard license fee paid under UO’s standard Licensing Royalty Policy. Different than other license fees, the Industry Agreement License Fee is paid by a Industry Sponsor securing their license to any resulting Intellectual Property (IP) in the Industry Sponsored Research Agreement. Reference: [http://policies.uoregon.edu/policy/by/1/09-research/licensing-income-distribution](http://policies.uoregon.edu/policy/by/1/09-research/licensing-income-distribution)

- Industry Agreement License Fees, where applicable, are added onto the University’s applicable F&A Rate for an Industry Sponsored Research Agreement.

- At the close of the Industry Sponsored Research Agreement, if there is any IP declared by the PI, the Industry Agreement License Fee is allocated to the developers of the IP, the department and ORI in accordance with the UO’s standard Licensing Royalty Policy. Or, if the developers of the IP waive any personal share upfront, their share goes back to their department as well.

- If no IP results from the Industry Sponsored Research Agreement, the department and ORI split the Industry Agreement License Fee.
Industry Agreements: F&A vs. Licensing Fee

- There are three Industry Agreement License Fees at the UO.
- Industry Partners located in the state of Oregon can pay a license fee of 15% for a non-exclusive right to practice any resulting IP from the Industry Sponsored Research Agreement.
- Industry Partners located outside the state of Oregon can pay a license fee of 20% for a non-exclusive right to practice any resulting IP from the Industry Sponsored Research Agreement.
- With PI, Department Head and VPRI Approval, Industry Partners located in or outside the state of Oregon can pay a license fee of 75% for an exclusive right to practice any resulting IP from the Industry Sponsored Research Agreement.
EPCS Process: Industry Agreements
Creating an EPCS record

When an EPCS record is created, the User creating the EPCS record must make a required “Yes/No” choice.
EPCS Process: Industry Agreements
Innovation Mgmt Tab

If “Yes” is selected for one or both of the questions above, a check automatically appears under the Innovation Mgmt Tab of the EPCS record for, “Project will include participation by a For-Profit Entity.”

Check all applicable boxes:

- **Project will include participation by a For-Profit Entity:**
- PI would like to meet with Innovation Partnership Services to discuss managing intellectual property rights associated with this Project:
- PI will need to provide a Commercialization Plan for this Project:
- PI or collaborator on Project will need to share confidential information:
- PI or collaborator on Project will need to exchange materials that are governed by a Material Transfer Agreement:
- Project may include intellectual property that is currently licensed or for which patents or other intellectual property rights have been filed (copyright, trademark):

[Innovation Partnership Services Website](#)

Section Finished **FINALIZED** [NO SAVE] Updated: 4/9/14 2:56 PM (PI1)
If “Yes” is selected for, “Project will include participation by a For-Profit Entity,” The EPCS record will be reviewed by Innovation Partnership Services (IPS).

IPS and Research Contracts will make a determination on the type of Industry Agreement and the appropriate License Fee (if any) applicable to the project from the following options:

- License Fee: Partner located in the state of Oregon, 15%
- License Fee: Partner located outside state of Oregon, 20%
- License Fee: Full, 75%
- Industry Agreement: Government Rates (UO’s F&A Rate)
EPCS Process: Industry Agreements
Innovation Mgmt Tab

For **Research** Projects where funds DO NOT originate from a Federal Funding Source:

- The Default F&A Rate to apply to the project budget is the current UO F&A Rate for Research (example 45% MTDC) plus either a 15% or 20% License Fee applied to MTDC dependent on whether the sponsor is located in the State of Oregon, or located out of the State of Oregon.

For **Other Sponsored Activities** Projects where funds DO NOT originate from a Federal Funding Source:

- The Default F&A Rate to apply to the project budget is the current UO F&A Rate for Other Sponsored Activities (example 30.7% MTDC). IPS will review and determine whether a License Fee will, or will not, be applied to the project budget.

For all Projects where funds originate from a Federal Funding Source:

- The Default F&A Rate to apply to the project budget is the current UO F&A Rate for the type of project it is (either Research or Other Sponsored Activity). IPS will review the project, but no additional License Fee will likely apply.
EPCS Process: Non-Industry Agreements

Innovation Mgmt Tab

• A “Non-Industry Agreement with participation by a For-Profit Entity” is a grant or contract with an entity that is not a For-Profit entity, but where there is a Collaborator, Sub-recipient or Consultant who is For-Profit.

• If the For-Profit Entity will be a Collaborator, Sub-recipient or Consultant, manually check the box that states, “Project will include participation by a For-Profit Entity.”

• Innovation Partnership Services (IPS) will review the EPCS record for issues related to participation by a For-Profit Entity. The proposal budget will show the UO F&A Rate. No additional License Fee will apply.
EPCS Process: Non-Industry Agreements
Innovation Mgmt Tab

• A PI should make further manual selections on this Tab when:
  a. A “PI would like to meet with Innovation Partnership Services to discuss managing intellectual property rights associated with this Project.”
  b. A “PI will need to provide a Commercialization Plan for this Project.”
  c. A “PI or collaborator on Project will need to share confidential information.”
  d. A “PI or collaborator on Project will need to exchange materials that are governed by a Material Transfer Agreement.”
  e. A “Project may include intellectual property that is currently licensed or for which patents or other intellectual property rights have been filed (copyright, trademark).”

• Each selection will send an email to the appropriate contact in Innovation Partnership Services allowing them to contact the PI to discuss the project and the need for additional innovation management.

• To properly manage innovation, it is crucial that this discussion take place as early in the project planning process as possible.
EPCS Process: Industry and Non-Industry Agreements

Innovation Mgmt Tab

- As noted previously, anytime a check appears under the Innovation Mgmt Tab of the EPCS record for “Project will include participation by a For-Profit Entity,” Innovation Partnership Services will review the EPCS record.

- Notification will be sent to Research Contracts when a determination has been made on whether Government Rates are applicable to the project or whether an Industry Agreement License Fee will also be applicable to the project.

- Research Contracts will then review the EPCS record and notification will be sent to the assigned SPS Pre-award Sponsored Projects Administrator (SPA).

- The assigned SPS Pre-award SPA will then complete final review of the EPCS record before issuing Final Approval of the EPCS record.
Industry Agreements: Budget Justification

Budget Justification (Budget Narrative):

• If SPS has not approved the Final budget in the associated EPCS record, any communications with the sponsor about the budget should include the language below. This may happen with the submission of a White Paper or a Preliminary Proposal being submitted to the Sponsor.

“The cost estimate provided to you with the Scope of Work outlined in this proposal is provided as Rough-Order-of-Magnitude (ROM) estimate only. It is provided for planning purposes only. The actual costs of providing best efforts research may differ. Final commitments to perform research under a specified contract are only valid when provided by an authorized contracting officer of the University of Oregon and signed by an Authorized University Official.”
Industry Agreements – Budget Template

If a License Fee of 15%, 20%, or 75% is applicable to the project, the Budget Tab of the EPCS record will display the “Generic 5-Year Budget” Template for download from the Budget Tab of the EPCS record.
Industry Agreements – Budget Template

What is sent to the Sponsor?

Budget in Fixed Price format

The Statement of Work (SOW)

The SOW must align with the costs shown on the budget. The costs shown on the budget must reasonably reflect the SOW.

Other Documents may be included:

- Cover Letter
- C.V. or Bio
- Bibliography
- References Cited

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<th>UO Internal Identification No.</th>
<th>EPICS#</th>
<th>YEAR 1</th>
<th>YEAR 2</th>
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<td>1/1/2017</td>
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UO PERSONNEL COSTS

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<tr>
<th>SALARIES/WAGES</th>
<th>FRINGE BENEFITS</th>
<th>Subtotal UO Personnel Costs</th>
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<th>SUPPLIES</th>
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<th>TRAVEL</th>
<th>SUBCONTRACTS</th>
<th>PARTICIPANT SUPPORT</th>
<th>OTHER</th>
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<table>
<thead>
<tr>
<th>TOTAL DIRECT COSTS</th>
<th>TOTAL INDIRECT &amp; FEES</th>
<th>TOTAL PROJECT COSTS</th>
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Industry Agreements – Budget Template

Internal Budget Format for:
Award Setup
Post-award Teams
For Internal Use Only
Shows Detailed Budget Breakdown:

<table>
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<tr>
<th>EPCs</th>
<th>INDUSTRY AGREEMENT BUDGET TEMPLATE FOR INTERNAL PURPOSES ONLY</th>
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<tr>
<td></td>
<td>YEAR 1</td>
</tr>
<tr>
<td>109</td>
<td>Subsistence</td>
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<td>111</td>
<td>Total Participant Support</td>
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<td>112</td>
<td>OTHER</td>
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<tr>
<td>113</td>
<td>GRADUATE TUITION &amp; OFF-SITE FACILITY RENTAL</td>
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<tr>
<td>114</td>
<td>Academic Year Graduate Tuition</td>
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<td>115</td>
<td>Summer Graduate Tuition</td>
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<td>116</td>
<td>Rental Costs of off-site facilities</td>
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<td>117</td>
<td>Consultants</td>
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<td>118</td>
<td>[Other]</td>
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<td>119</td>
<td>[Other]</td>
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<td>[Other]</td>
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<td>123</td>
<td>Total Other</td>
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<tr>
<td>124</td>
<td>TOTAL DIRECT COSTS (includes Total Subcontracts Costs)</td>
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<tr>
<td>125</td>
<td>MODIFIED TOTAL DIRECT COSTS (MTDC)*</td>
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<tr>
<td>126</td>
<td>ENTER APPlicable F&amp;A Rate Below.*</td>
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<tr>
<td>127</td>
<td>Facilities/ Administrative Costs (F&amp;A) of MTDC</td>
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<tr>
<td>128</td>
<td>Licensing Fee</td>
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<tr>
<td>130</td>
<td>(TOTAL DIRECT COSTS + F&amp;A)</td>
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Includes Annual increases on UO Personnel of 3.0% (1.5% on GTP salary), 8% on GTP Fees, 6% on Insurance.

21 Glen
Industry Agreements: SPS Post-award

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<th>Industrial Agreement Company</th>
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- Encumber Multi Year Labor
- Indirect Cost Encumbering

**Cost Codes**

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<th>Modified Total Direct Costs</th>
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<td>60.00</td>
<td>60%</td>
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<tr>
<td>45/15</td>
<td>45% F&amp;A 15% License Fee (Charge Split)</td>
</tr>
<tr>
<td>45/15</td>
<td>Distribution Split (ICC and Fee Distribution)</td>
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</table>

**Billing Information**
Industry Agreements: SPS Award Setup and Post-award

- Grant numbers have number assignment of 4Cxxxx
- Industry Agreements will require new definition in Banner / FRMFUND
  - Basis is MTDC and Indirect Cost Rates (below):
    - F&A plus License Fee = Rate
    - 45% + 15% = 60%
    - 45% + 20% = 65%
    - 45% + 75% = 120%
- Indirect Cost Charge Codes (3 new codes)
  - 45/15 45% F&A and 15% License Fee
  - 45/20 45% F&A and 20% License Fee
  - 45/75 45% F&A and 75% License Fee
- Indirect Cost Distribution Code
  - New holding account and new codes to reflect appropriate split of LZICCG and IP fee split and distribution
Industry Agreements: Post-award Tools and Issues

- Reconciliation spreadsheet to be updated to support the new MTDC
  - F&A and License Fees
- Current contracts use Account code 70003 – Change to new license fee-specific account code (hopefully) over general use
  - In July, UO will be responsible for own chart of accounts
  - Will require fixing 70003 account codes on active Industry Agreements
    - 4C2320 SolarWorld Internship
    - 4C2300 Energy Trust of Oregon
    - 4C2330 Trillium Community Health Plan
SPS – IPS Industry Agreement Contacts

Contracting:
Orca Merwin 6-0832 omerwin@uoregon.edu
Liz Denecke 6-5132 edenecke@uoregon.edu
Mage Burmer 6-7754 mage@uoregon.edu

Pre-award Sponsored Projects Administrators:
Kari Vandergust 6-5013 kariv@uoregon.edu
Christina Wozniak 6-2395 cwozniak@uoregon.edu
Marsha Gravesen 6-2504 marshag@uoregon.edu
Josh Kerber 6-5846 jkerber@uoregon.edu

Post-award Sponsored Projects Administrators / Teams:
Post-award Team A postawardteama@uoregon.edu
Val Whelan 6-4221 and Melodie Ranisavljevic 6-5133
Post-award Team B postawardteamb@uoregon.edu
Carrie Chesbro 6-4613 and Adam Unger 6-7858
Post-award Team C postawardteamc@uoregon.edu
Jon Loftus 6-8438
Thank you!

Questions?