

Discretionary Funds (DF) Threshold College of Engineering

What is the Discretionary Funds (DF) Threshold?

The Discretionary Funds Threshold is \$100,000, which is considered a prudent reserve for faculty to retain for unexpected expenses or expenditures not allowed on extramural funds. This threshold is an estimate rather than an absolute, and the Dean’s Office recognizes that many labs have high cash-flow operation that justify a higher prudent reserve. This threshold is used to separate “automatic return” of F&A and Salary Savings from cases where the PI must request return.

When is my Threshold calculated, and are there Exceptions?

- Faculty operating accounts are surveyed on September 1 of each year. This date was picked for maximum benefit to faculty – because many faculty use DF to pay themselves summer salary, and thus their DF drops substantially from June to September.
- The assessment (above or below threshold) will be effective September 1 through August 31 of the following calendar year.
- **Re-assessment:** If you had >\$100k on September 1 but spent down below that level during the year, please feel free to **request a re-assessment** by reaching out to the Associate Dean for Research.

What is the Purpose of DF?

The purposes of DF are (1) to provide faculty with a **prudent reserve** to cover grant-funded expenses when those funds run low, or (2) to purchase items not allowed by contracts.

Why the “DF Threshold”?

Campus has a policy of “use it or lose it”: **if we don’t spend it, Campus will Pull Back 10% of your DF annually. Let’s spend it in the CoE rather than sending it back to Campus.**

What are Discretionary Funds, anyway?

‘Discretionary funds’ are free of many of the constraints imposed by contracts and agreements. Expenditures with DF must still comply to general university guidelines and support the research and teaching missions of the university. See **Table 1** for examples.

Examples of DF	Regular (non-Discretionary) Funds
Startup accounts*	Sponsored-Research funds*
Faculty operating accounts	ERO incentive funds*
Named-Professorship discretionary funds*	CoE Strategic Investment Agreement Funds
Fixed-Price contract transferred funds	CoE grants paid by Gift Funds*
	CoE grants paid by Operating funds*

*Table 1. Funds that generally qualify as discretionary funds. *Exempt from Annual Pullback or Pullback covered by CoE.*