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## **Briefing Document** **For communications to Dean's Office**

(For use as a cover sheet or to communicate regarding simple issues, this form may be abbreviated. Other sections may be added as needed.)

**Date Submitted to Dean: 2/8/2017**

**Submitted by:**

Associate Dean for Research and FAC

**Nature of this BD: Information -OR- Decision Item?**

Decision item

**Purpose:**

To implement a transparent system for the allocation of Indirect Cost Returned (ICR) to a unit that enables COE research and outreach units to thrive and allows our research infrastructure to be fiscally self-sustaining and well-connected to the academic mission of the COE. Note: ICR = the indirect dollars returned to the COE by the VPRI.

**Issue Summary:**

- The COE currently has a mixture of ICR arrangements and payment-for-services structures across our centers and outreach units.
- We do not have a predictable formula for determining how much ICR a unit will receive (for units generating ICRs), or how much a unit or individual will pay for services received (for units and individuals within CORE that do not generate ICRs).
- Units have expressed concerns about the lack of predictability of ICR from year to year, which poses challenges for staffing and research planning activities.
- Some units utilize more services from CORE than other units.
- GMUs have expressed written concerns that the ICR rate has been declining in recent years.
- CORE funding is subsidized by the ICRs from other GMUs, from fees charged to outreach units, and from general funds.
- All units that generate ICR, including centers within CORE, currently receive a portion of their ICR back to use at their discretion. Individual PIs within CORE currently do not receive any ICRs.

**Reviewed by:**

FAC, Dean's Finance Team, ROC

**Previous Action by COE:**

From 2002-2010, research and outreach units received 100% of their ICR directly to their unit. In recent years this has changed, with fee structures primarily determined by the Associate Dean for Research and the Director of Finance. There has not been a consistent formula or system applied across units or years.

On June 2, 2016, the Directors of DESTNY and ECS submitted a proposal to Dean Kamphaus, Associate Dean Lindstrom, and Director of Finance Krabiell expressing concerns with the lack of predictability and declining nature of the ICR rate, and proposed an alternative solution (see Attachment A). This memo included data that illustrated the declining percentage of ICR returned to each center. Simultaneous to this decline, an increasing percent of ICR and general funds was used to support the administrative staffing in CORE.

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On January 1, 2017, CTL signed an MOU to re-join the COE, rather than be under the Office of the VPRI. In this agreement, the Dean's Office proposed that CTL receive 90% of their ICRs to use at their discretion to support their GMU activities (generated in FY18), beginning in FY19.

### Analysis/Discussion:

The cost of administrating grants is increasing. GMUs will not be able to self-sustain their administrative functions if they are not provided with a predictable and fair portion of the ICR generated by the unit.

### Options:

**Option 1:** Status quo – continue to operate as we have in recent years, with decisions made on a case-by-case and year-to-year basis to support the current structure and services in CORE.

**Option 2:** The Dean's Office proposes a 90-10 model. Specifically, GMU's would receive 90% of their ICRs effective FY19 and would be expected to self-support their infrastructure. The remaining 10% ICR would be used at the Dean's discretion to provide COE research support. Outreach units would be charged an annual fee for services, sufficient to cover the COE administrative staffing they utilize.

### Limitations, Concerns, Issues:

- Both options have financial and staffing impacts on CORE, Outreach Units, and the other GMUs.
- If Option 2 is implemented, GMUs will be expected to be self-sustaining and to provide their own technology and other infrastructure support. Research support services acquired outside of a GMU and through the COE would be charged an annual fee (fee schedule would need to be developed). The annual fee charged to Outreach Units would be increased to more accurately reflect the cost of services utilized.
- If Option 2 is implemented, CORE will need to be re-envisioned due to the resulting loss in funding from the other GMUs to CORE.
- If Option 2 is implemented, some individual PIs, research and outreach centers, and/or GMUs may decide to merge with others, in order to have an adequate pool of ICRs to support their GMU services.
- Given the transition time needed to implement Option 2 effectively, FY19 may be the most realistic timeline, with clear movement in this direction in FY18.
- We need to ensure that individual PIs continue to have sufficient GMU support for their external grant activities, including pre-award support.
- Center and GMU options should be discussed with new faculty at the time of offer/hire, to ensure that new faculty are well-supported to submit grants and contracts as soon as they start their faculty position.
- Faculty need to have the flexibility to work in multiple research/outreach units and GMUs, at their discretion.

### Recommendations:

Option 2

### Timing Issues and/or Next Steps:

A decision is needed by the end of February 2017, to allow all GMUs (including CORE) adequate time for staffing changes.

### Items for Future Research:

- Re-envisioning CORE given change in funding model
- Ensuring that we have a model where new centers and ideas can incubate
- Fee schedule for services outside of the GMU needs to be developed

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- Fee schedule for Outreach Units needs to be developed
- Each GMU needs to develop an internal policy regarding distribution of ICR funds within their unit. This policy will be shared with the Dean and the Associate Dean for Research
- Hedco Clinic – as research develops within the clinic, its activities may need to be considered in this model
- Associate Dean for Research to launch a taskforce to develop guidelines for GMUs and individual PIs for use in pre-award development to facilitate self-sustainability by budgeting ~10% administrative costs into grants that do not receive the full ICR (where allowable).

**Attachments:**

Attachment A: Letter from ECS and DESTNY Directors.

**Decision by the Dean (including decision date):**

Option 2 Approved (2/8/2017)

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