

SENATE RESEARCH COMMITTEE*
FRIDAY, OCTOBER 18, 1996
MINUTES

PRESENT: David Hamilton, Chair; Kathryn Rettig, Phil Norcross, Fay Thompson, Ed Wink, Mark Brenner, Burle Gengenbach

REGRETS: Susan Hupp, Mark Snyder, Robin Dittman, Joel Eisinger

ABSENT: Len Kuhi, Dorothy Hatsukami, Marilyn DeLong

OTHERS: Win Ann Schumi, Frances Lawrenz

These minutes contain discussion on the following agenda items: ICR.

Welcome and introductions were given by Chair David Hamilton. A motion was made to approve the minutes as written, was seconded, and the minutes were approved unanimously.

Prof. Hamilton introduced Frances Lawrenz, who had been asked to discuss the ICR issue, particularly how it is developed, how it is negotiated, what components go into it, how it is distributed, and any external influences that might dictate how it is used. At this time, the meeting was turned over to Prof. Lawrenz, who distributed copies of a document entitled Understanding Indirect Costs .

Prof. Lawrenz explained the layout of the document briefly. She pointed out that data gathered from each department pertaining to how much is spent on research is used to negotiate with HHS to determine the indirect cost rate that is approved for the university as a whole. She noted that a 47% rate had been approved for the university through 1998. This rate was for basic research. Prof. Brenner added that the OMB guideline, which set the governmental regulations on indirect costs have been revised this past year. One change that has been made is to change the terminology so that the university is no longer collecting ICR. The university will instead be collecting facility costs and administrative costs. The administrative costs have been and will continue to be capped at 26%. Anything over 26% will not be recoverable.

Dr. Brenner discussed items that can be direct-charged and what must be charged indirectly. One of the big items which must be charged indirectly, he noted, was clerical/secretarial assistance. They can only be charged directly if they have a very specific role in the grant, which is more an exception than the norm. Because of this, according to Dr. Brenner, the university cannot recover the total cost.

Prof. Hamilton noted that his department is not able to subscribe to professional journals via direct-cost dollars. The rationale, he had heard, was because libraries are supported by indirect cost. As an example, he said, the Biomedical library has one or two copies of certain journals which must serve up to 700 people. The faculty cannot buy these journals with grant funds. He indicated the practice of not allowing journals to be subscribed to from grant funds was detrimental to research. Dr. Brenner stated that he thought the university was losing more money by having administrative caps on indirect

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costs, and that there should be more flexibility in what the funds could be used for.

Prof. Lawrenz passed out copies of the University Budget document which was then discussed in relation to the percentage of indirect funds that go back to the units in which the funds originated. She noted that in the 1996 budget, an average of 44% of ICR funds was returned to the original units. Dr. Brenner stated that the University would like to get the percentage up to 50%. Dr. Brenner discussed the new matching grants that are coming through the VP for Research, and said he had asked Charles Louis to create a faculty advisory committee to begin to review proposals for matches for equipment. He said the grants have been awarded on an ad hoc basis, and have not necessarily been focusing on the University and its benefit. Dr. Brenner indicated that the university needs to have a committee to do long-range planning in regards to the matching grants. He said he had spoken to external industrial friends of the university, and these groups would be very interested in helping identify priorities because it would be helpful to know when they would like to have access to certain equipment so the university could get better leverage. He said that Dr. Louis is working on appointing such a committee.

Dr. Brenner stated that the ICR funds will be managed much differently as RCM evolves into IMG, or Incentives for Managed Growth, which will be different. ICR dollars, based on that plan, will return to the units (colleges, not provosts) that generated the ICR. Under IMG, units will have returned to them around 50% of funds.

Dr. Brenner said that among other ICR issues is the consistency in collecting it. He said he believes it is a central responsibility to ensure that what is done in one college is done in the others. Otherwise, he noted, it would be confusing for corporations dealing with the University. He stated that the University is trying to be more consistent with corporations, although he noted that there were some uncertainties in regards to small, Minnesota-based companies. Dr. Brenner said some people would argue the University should be more lenient with these companies.

Frances Lawrenz commented that she thought IMG would make the University think about how much it chooses to subsidize its own research. She said that one of the problems with grants that come in with a low indirect rate is that it is good to have the research money, even if it is at 20%. It supports the graduate program by providing tuition, benefits, and jobs for graduate students. She noted that this is not immediately apparent to people when they see the low rates.

Dr. Brenner mentioned a study done within the past year by Arthur Anderson comparing indirect rates between industry and research. He said he would like to share this study with the committee. Dr. Brenner said the bottom line was that they were very comparable.

Dr. Hamilton noted that the discussion on ICR would continue at another meeting, because he felt other members of the committee should be present, and that he would like to invite the Provost to attend a committee meeting to discuss the ICR issue.

NEW BUSINESS

Dr. Brenner introduced the issue of changing how the University recovers the cost of graduate assistantship tuition benefits. He said the University has been doing this as a fringe rate, which has not worked. The University has been under-recovering. There is a disparity of collection between the units, where some are over-collecting and some under-collecting, which is unfair to some. He said that some

units have learned how to manipulate the graduate student salary structure so as to minimize the fringe rate, and yet make sure the students are getting the full tuition benefit. The fringe benefit rate was supposed to be in the high 50s, but has been brought down to 49.7%, which is the fringe benefit charge for a graduate student working 50% time or less. If students work more than half-time, there is a FICA charge of another 7.7%

Dr. Hamilton said he had initiated an alternative in his department. He stated that he only hires post-doctorate students. Dr. Brenner said there will be some down-sizing of students in graduate programs in the University. He said the University has a disproportionate number of Ph.D. students to post-doctorate students, because the University had lots of incentives to have lots of Ph.D. students. However, he noted that it was beginning to swing the other way, and he felt it could swing too far the other way. Dr. Brenner said that the Graduate School has come to the conclusion that they should have a direct charge system with some parameters. These would include the stipulation that the students would be required to take a minimum of 6 credits. There would be a credit band of 6 - 12 credits with the students responsible for anything above 12 credits. He said there were a few problems with this method, however. One was how to deal with students who split their credits between the day school and the University College. The University College has a higher tuition structure, of which the Graduate School cannot pay the extra amount. Another problem is how to deal with students who are enrolled in a college other than the Graduate School, i.e., the Law School or Medical School, which also have higher rates. The Graduate School has proposed that the students, wherever they were, would get the same cash-equivalent of the Graduate School day rate, which is currently \$1560 per quarter.

Dr. Hamilton noted the need to discuss the issue further, and indicated that he and Dr. Brenner should come up with something substantial to report to the committee. Dr. Brenner said that the Executive Council would like to hear some kind of proposal in November.

With no other business, the meeting was adjourned.

Respectfully submitted,
Dana Swanson
University Senate

University of Minnesota