

Minutes\*

**Senate Research Committee  
December 6, 1999  
2:00 - 3:30  
Room 300 Morrill Hall**

Present: Leonard Kuhi (chair), Victor Bloomfield, Bianca Conti-Fine, John Finnegan, Patricia Gladchild, Mark Paller, Richard Poppele, Barbara VanDrasek

Regrets: Daniel Brewer, Lorraine Francis, Eric Klinger, Scott McConnell

Absent: Phillip Larsen, Amy Levine

Guests: David Hamilton, Ed Wink, Win Ann Schumi

[In these minutes: report from grants management; indirect cost waivers; responsible conduct of research]

**1. Grants Management Report**

Professor Kuhi convened the meeting at 2:00 and turned to Ms. Schumi for a report from Grants Management.

Ms. Schumi said there is much going on. Nothing has been heard from NIH; Mr. Wink said it is unlikely the University will hear anything before the end of the month because of the complexity of the information and report. The certified approver program is coming along. Staff for the oversight office have been hired and are beginning work. Grants Management has moved to the Gateway Center, which was more disruptive than they had expected.

In response to a question, Ms. Schumi emphasized that Grants Management is NOT responsible for Forms 14 and 15 (reporting consulting arrangements); they are owned by Human Resources. Sponsored Projects Administration is looking at another problem that has been pointed out.

The Committee discussed with Ms. Schumi the fact that some transactions now take more time than they used to. In some instances, their office has been late in getting out paper documents; ultimately, Ms. Schumi said, everything will be electronic. Budgets for research, however, should be set up within 48 hours after a grant is received.

**2. Indirect Cost Waivers**

Mr. Wink next distributed copies of the Policy and Procedure for Obtaining Facilities and Administrative (Indirect) Cost Waivers. A recent audit concluded that the University did not have clear

---

\* These minutes reflect discussion and debate at a meeting of a committee of the University of Minnesota Senate or Twin Cities Campus Assembly; none of the comments, conclusions, or actions reported in these minutes represent the views of, nor are they binding on, the Senate or Assembly, the Administration, or the Board of Regents.

policies about indirect cost waivers, so his office worked with Dr. Bloomfield's office to develop one. He reviewed the highlights of the policy.

- The procedure codifies the process for obtaining a waiver.
- The procedure specifies that a waiver does not have to be obtained if the sponsor mandates a particular rate. However, a copy of this information must be provided to the grant administrator.
- The policy states that a lower rate cannot be used simply to increase the competitiveness of the proposal. The procedure lists reasons why a waiver might be granted.
- The procedure mandates that the value of waivers for fixed-price awards will be applied against any remaining balances.
- The appendix consists of standard rates and bases. This chart will be maintained by SPA and updated with sponsor-specific information.
- The procedure provides for appeal of decision to deny a waiver request. (lines 73-82)
- The procedure outlines how grant administrators will handle proposals that do not have an attached waiver. (lines 84-102)

Several points were made in the discussion that followed.

- SPA will start to put waivers on the web so that there will be a codification of agencies and the indirect cost rates that they pay.
- In addition to some non-profit agencies that have fixed indirect cost rates (ICR) below the University's rate, there are major federal agencies (e.g., Agriculture) that also have lower rates. The Committee spent a lot of time reviewing ICR data two years ago; it might be useful to do so again. The prior review revealed that the University's EFFECTIVE average ICR rate was about 25%, or about half the rate negotiated with the federal government. One example is the 8% ICR rate for training from various federal agencies--when the University's actual ICR rate for training is about 52%. The University, concluded one Committee member, "is eating a lot of overhead."

One way to look at this is that the legislature pays various costs around the University, including research and outreach costs not covered by ICR funds. It would seem that the state is subsidizing these activities in the amount of perhaps \$60-70 million per year because the University does not receive enough ICR funds. One could argue that that is acceptable, inasmuch as this is a state university.

It is not surprising that the state does not appropriate ICR funds. What is more difficult to comprehend is the significant different in rates paid by federal agencies.

- It would be useful to have a simple table that contains the ICR rates for various agencies and the total amount of money the University receives from that agency. Mr. Wink said such data could be provided.
- The number of waivers requested is fairly small, perhaps about 1.5% of grant requests. But low SCHEDULED ICR rates are not uncommon (as one of the tables of data provided by Mr. Wink demonstrated). The University receives \$350-\$375 million per year in research funds and about \$100 million in ICR funds. The shortfall is from the low (or no) rates paid by some organizations.
- In cases where an agency/organization does not pay indirect costs, it is not possible to recover some of the money in DIRECT costs. Nor is possible to say (politically, if for no other reason) that the University will do more work for NIH (obtaining the full ICR rate) and less for the state. In the case of one private foundation, it suggested to the investigator that the institution invest the grant money to pay for indirect costs.
- The Committee discussed this issue at some length in prior years (back at least to the mid-1980s), but it is not clear what can be done. In many cases, the University cannot negotiate a rate because the sponsoring agency will NOT pay ICR, or will not pay at a rate different from their scheduled rate.
- In terms of negotiated rates, the University is about in the middle of the pack. The very high rates at some institutions are being trimmed back, and all have a 26% cap on administrative costs. The average rate at public institutions runs 52-53%; could the University negotiate a higher rate than it has at present? The rate was 52.25%; negotiators wanted it to go down, now up, but after looking at the practices in departments, they said the University was understating its cost-sharing and gave in a little.  
  
The question is, what do private institutions do to negotiate rates that are about 15% higher? There are a number of factors that come into play. Professor Kuhi asked that the Committee be provided with the rates negotiated at private institutions.
- The University wants to negotiate as high a rate as possible, but it must be remembered that for faculty on NSF grants, a higher rate is a disadvantage.

Mr. Wink asked that Committee members review the policy and send him comments.

### **3. Responsible Conduct of Research**

Professor Kuhi next turned to Dr. Bloomfield, who explained that his office has been establishing programs on the responsible conduct of research. This is a significant institutional priority. He said he would like to be sure that announced policies are clear that people are expected to participate in such programs. There are a variety of people who are involved in the grants management process in addition to the principal investigator, and they want to be sure that everyone identified in the "roles and responsibilities" policy participates and that the department head signs off assuring the participation. They want heads and dean to make sure that people participate.

What does he wish from the Committee, Professor Kuhl inquired? "A rousing vote of approval," Dr. Bloomfield replied--support for making the requirement of training in responsible conduct more explicit.

This is very appropriate, said one Committee member. Sometimes department heads are in their own worlds; it is important that the University have active support at their level. In one unit, a required course has been developed, so the responsibility is taken off the department head. The practice, however, varies by college, and there is reason to worry about balkanization of training so that it is not standard. There must be standardization so that when a department is certifying that it has done what was supposed to be done, the certification is the same in each case.

Although there was no "rousing vote," the Committee members clearly approved Dr. Bloomfield's proposal.

Professor Kuhl adjourned the meeting at 3:10.

-- Gary Engstrand

University of Minnesota