Minutes[*]

Senate Research Committee
Monday, March 10, 2008
12:30 - 2:15
238A Morrill Hall

Present: Paul Johnson (chair pro tem), Jerry Cohen, Sharon Danes, Steven Gantt, Shikha Jain, Juergen Konczak, Frances Lawrenz, Jennifer Linde, Timothy Mulcahy, Steven Ruggles, Charles Spetland, Sanford Weisberg, Jean Witson

Absent: Linda Bearinger, Arlene Carney, Dan Dahlberg, Tricia Conway, James Cotter, Robin Dittman, Tryphon Georgiou, Bridget Helwig, Michelle Lamere, Mark Paller, Federico Ponce de Leon, Susan Rafferty, Virginia Seybold, George Trachte, Barbara VanDrasek

Guests: Associate Vice President Pamela Webb (Sponsored Projects Administration); Mark Bohnhorst (Office of the General Counsel)

[In these minutes: (1) waivers on indirect cost rates on sponsored research; (2) change to the Openness in Research policy; (3) faculty-expertise database; (4) best practices for internal grants]

1. Waivers on Indirect Cost (F&A) Rates on Sponsored Research

Professor Johnson convened the meeting at 12:30 and welcomed Associate Vice President Webb to present a new approach to waivers of indirect cost rates on sponsored research.

Ms. Webb distributed copies of a set of PowerPoint slides and explained to the Committee that she recommends changing the way faculty receive waivers on indirect cost rates (technically now known as Facilities and Administration or F&A rates) on sponsored projects. The effort was driven in two ways: (1) the Council of Research Associate Deans asked that the policy be revisited, enhanced, and strengthened so that there are sufficient funds to support the research infrastructure and so that waivers are granted in a more consistent fashion, and (2) when she arrived at the University eight months ago, she saw that the University's practice was very different from that at many of its national peers.

For four months she tracked the waivers granted; a waiver, in this case, is defined as granting the sponsoring agency an F&A rate lower than the one the University has negotiated with the federal government. She concluded that the University could be generating about $6 million more per year in F&A funds if it adhered to its own policy.

At the same time, there are good reasons to grant waivers. The question is under what circumstances they should be granted. (For example, if a non-profit organization sponsoring research has a published policy on F&A rates, the University will honor it—a practice consistent with what practices of the University's peers.) Right now the process to obtain a waiver is kludgy and needs to be streamlined. One concern with the rate and type of waiver, Ms. Webb commented, is the considerable

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

institutional risk, because one result could be that the University uses state funds for privately-sponsored research.

Ms. Webb noted that at many of the University's peers, F&A waivers are not granted to for-profit organizations (among the top-25 institutions, such waivers are rare). It is also the case that few peer institutions grant waivers to foreign entities. The University, by comparison, is relatively generous in granting waivers to these types of organizations.

The University's F&A rates are competitive, Ms. Webb told the Committee. Minnesota's negotiated rate with the federal government is 51%. Of a group of 11 top-tier public research universities, Washington's rate is 56%, the UC campuses have rates between 53.5 and 54.5%, Illinois-Champaign/Urbana is 57%, Michigan is 52%, Ohio State is 50%, Wisconsin is 48.5%, and North Carolina is 46% (but is currently negotiating a new rate). She related that she hears from faculty and the University's F&A rates are not competitive and they will lose research, but the University's rate is among the lowest among major public research universities.

Ms. Webb outlined a proposed new three-part strategy for granting waivers. One, administrative waivers would be granted by Sponsored Projects Administration (SPA) for PIs who transfer from another institution (a waiver virtually all research universities grant), non-profits with a published policy, special governmental programs, and projects that move from off-campus to on-campus. Two, regular waivers approved by the dean, (1) for small projects of less than $50,000 in direct costs per year, which will not be tracked, and (2) for other projects above the $50K limit, but the latter will be tracked and there will be a minimum acceptable rate below which the deans will not be authorized to go. The budget office and CRAD will receive reports on the number and dollar amounts of these waivers. Three, strategic waivers granted by the Vice President for Research, which might be for strategic reasons for the University (such as promising research areas) or promising for a faculty member. The waivers in the third category tend to be large projects and a waiver means giving up a considerable amount of funding; the Vice President will have to sign off on them. These waivers will also be tracked over time so there is a history.

Professor Konczek asked for an example of the third category. The University may wish to create a partnership with industry that is important to a college, Ms. Webb said. There could be a master agreement worth x million per year and the dean wishes to waive the F&A rate, so there would need to be discussions about how the costs would be covered. Or it might be a small amount of money but for research in an area the University or faculty member has not been involved in before but wishes to start.

The proposed F&A rates (minima) will be as follows:

-- Federal: as negotiated each year
-- Foreign governments: the federal rate
-- For-profit: 34-51%, with the expectation the full rate will be paid (they recognize deans may have a strategic partnership or there could be a history of a lower F&A rate; 34% is two-thirds of 51% and deans will be authorized to negotiate down to 34%)
-- State of Minnesota: 0% for now, which is what the University has traditionally accepted, although there are negotiations to obtain some F&A recovery
-- Non-profits/foundations: their published rate or 10% of total direct costs
-- Corporate affiliate programs: 10% of total direct cost
-- Industry-funded clinical trials: 26% of total direct costs.

Professor Weisberg asked why clinical trials would pay 26%. That is the national norm, Ms. Webb said. It is a pragmatic decision, she agreed, even though it may not be different from, for example, some kinds of agricultural research. Professor Cohen said he thought this was more difficult to justify because there can be more risk with clinical trials. Ms. Webb agreed, but said that clinical trials are funded by industry and there is the perception that the University would be unable to attract clinical trials if it proposed to charge the full F&A rate. That puts those who are not in medical fields at a disadvantage, Professor Cohen observed. Ms. Webb agreed and said they have left existing practice alone but that she could talk with CRAD to see if there are concerns.

Professor Ruggles pointed out that for every clinical trial the University conducts, it loses money and subsidizes the companies. A lot of clinical-trial research is mechanical busywork that does not bring prestige to the University; why subsidize companies? Why does the University want to lose money on them? If other institutions will do them a lose money, why should the University? Why do researchers want to do clinical trials, Professor Weisberg added?

Professor Cohen said he would not want to see a rule that inhibits faculty from competing but said he would like to see equity across fields. Faculty in some fields are doing research similar to clinical trials but at a lower cost to the University, he said, and they should be treated fairly.

What do other universities do, Professor Johnson asked? This proposal is fairly typical of what other research universities do, Ms. Webb said. If there is a class of activities beyond clinical trials that should be considered differently, she said, they will look at them.

The same is true about subsidizing the state, Ms. Webb commented, apropos subsidizing companies in clinical trials. Professor Ruggles responded that there is a difference between subsidizing the state and subsidizing private companies. The alternative to faculty running clinical trials is the companies themselves doing it, Ms. Witson said, and there is a public good achieved by having faculty conduct the trials. Faculty presumably bring greater objectivity to the trials and there is an argument the University should not do away with clinical trials. The University is also doing a better job of calculating the direct cost side, Ms. Webb said. The public-good argument applies to the kind of research Professor Cohen alluded to as well, Professor Bearinger observed. Ms. Webb agreed and said that is part of the rationale when a waiver is approved; that is why the University grants them for non-profits, because it is doing work for the public. The concern with for-profit organizations is that the results benefit one entity and there is less of a guarantee they will get to the public. Research for the state is related to the University's land-grant mission, Professor Bearinger added. Some land-grant universities, however, are receiving F&A funding from their states, Ms. Webb said.

Training grants, with an 8% F&A rate, are already on the approved list, Ms. Webb said in response to a question.

Ms. Webb then explained that waivers will no longer be available for projects that did not receive institutional endorsement prior to submission to a sponsor and for reductions of rates negotiated by PIs with a sponsor. In both cases, she said, this is already University policy. If a reduced F&A rate is needed in either of these cases, a unit must set up a cost-sharing account to pay the difference between the sponsor-approved rate and the federally-negotiated rate or approved minimum for the type of work.

There are reasons to approve waivers, Ms. Webb said, and she pointed out a number of them: seed grants to attract larger awards later, hardship for a new PI, awards that include equipment or building funds, community relations or library projects, student services projects, capped awards, a department committed to undertake the research regardless of external funding, small cost, junior or incoming faculty member, enhance cultural/artistic activities (small projects only), it is the only available source of funds in an area, or strategic partnerships.

There are also reasons to disapprove waivers. Some are that it would be precedent-setting, the grounds on which it is justified might used with other faculty whose research could carry full overhead, consistency with similar sponsors or programs, the large total cost to the University, intellectual-property rights granted to the sponsor, a past history of the PI requesting waivers, profit-making entities, and foreign entities. Ms. Webb affirmed that the University would honor a published rate in the case of foreign governments or international non-profit programs, although they would remain concerned about foreign for-profit organizations and would look closely at the arrangements with foreign governmental entities.

Ms. Webb outlined the improvements in the process for granting waivers. One, the formal waiver process for projects of less than $50K per year is eliminated; the dean's signature will be sufficient. Two, SPA has created a list of agencies with pre-approved rates (based on policy) and proof of agency is no longer required when submitting grant proposals to them; the list will be posted and that will help eliminate paperwork. Three, SPA has created a calculator to help deans and SPA understand and track foregone F&A funds. Four, waiver requests must be submitted in advance (4 business days for regular waivers, 7 business days for strategic waivers). They hope to both tighten up and streamline the process, she said, and they are still working on the timelines.

Committee members generally viewed the changes Ms. Webb proposed to be positive and thanked her for the work.

2. Change to the *Openness in Research* Policy

Professor Johnson noted next that in response to an email message to the Committee, several indicated a wish to discuss a proposed change in the policy on Openness in Research (which generally bars University faculty and staff from accepting research, the results of which are not public). The question at hand is whether faculty members on leave should be excluded from coverage of the provisions of the policy. It had been suggested by the President's Policy Committee (the body with final authority to approve University policies) that faculty who are on unpaid leave should not be covered and others should be.

Ms. Webb observed that occasionally faculty members engage in University research while on sabbatical; the question is not so much paid versus unpaid leave as whether the research is University-approved or if it is being conducted under other auspices. It was agreed that a sabbatical is a paid leave, and thus someone would be covered by the policy while on sabbatical, although with a sabbatical, the University may be reimbursed for the expense, Professor Cohen said, so even it is problematic.

But even if one spends a year in industry, Professor Cohen said, he or she will not necessarily close down his or her University lab. Mr. Bohnhorst said the policy applies to work at the University. If someone has a lab at the University, with staff who are paid by the University, even if the faculty member took an unpaid leave in industry, the policy would still cover the work of the lab.

What about a research fellowship not paid by the University, Professor Bearinger inquired? It is an unpaid leave but the person is still a University employee. Paid and unpaid leaves can be quite variable, Professor Cohen agreed, and difficult to link to the policy. Professor Weisberg commented that one is exempt from everything if one is a consultant.

The question is related to what University research is, Ms. Witson said; if it is University-sanctioned, it should come under the policy.

Perhaps there should be no exclusions, Professor Ruggles opined. If University research can be defined, there would not need to be any exclusions, Ms. Witson said.

It was agreed that Mr. Bohnhorst would provide the Committee redrafted language that attempts to take into account the various kinds of leaves that one can have from the University.

3. Faculty-Expertise Database

Professor Johnson next noted that the Committee had deferred a vote on the faculty-expertise database proposal presented at the last meeting. Professor Bearinger recalled that the concern she raised was the capacity of any database to help people who are writing grants. Professor Ruggles said that initially the goals were to use annual activity reports to create an expertise database, reduce repetitive data entry, and get rid of the profusion of expertise databases. Additional functions could be added.

Ms. Witson asked how realistic it is to important data from 25 different databases. Will there be a need for programmers? Some colleges have programs in place; why change them, Professor Johnson asked? The database will be a benefit to any college, Professor Konczek said, because it can be used as a marketing tool to show off the college. What if a college already has one, Professor Johnson asked again? If the Committee endorses the resolution, there should be no cost to the colleges, he said.

If there were a University-level database, eventually all colleges would join it, Professor Cohen suggested. It would be unwieldy to have multiple databases. Professor Ruggles pointed out that the resolution does not suggest participation would be mandatory, but the assumption is that a University system would ultimately replace all other databases. Professor Johnson wondered if the colleges would be asked to provide money or labor. It could be an unfunded mandate, Professor Cohen agreed. It might also be better and cheaper than what is now available, Professor Weisberg countered.

Ms. Webb said it appears the recommendation contemplates an interface with existing systems but does not create an expectation of participation. She said she would like it to create such an expectation and that her office would be an integral part of the system.

Professor Ruggles said the ad hoc subcommittee looked at a lot of different systems with varying levels of complexity, debated them, and then decided it was not their job to speak to specifics. They made a general statement and leave the specifics to implementation. The subcommittee did not say what modules should be included.

Her concern, Professor Bearinger said, is that she did not recall talk about the goal and capacity of the system. A lot of faculty time could be saved if the system could aggregate data for faculty reporting. Professor Ruggles agreed.

Professor Johnson suggested the Committee approve the resolution in principle, agreeing it is a good idea, but noted that a number of questions arose to which it did not have answers. The most important point is for individual faculty, Professor Konczek said, in that the database should eliminate redundant reporting. That was their major focus, Professor Ruggles agreed, but added that a University-wide system should be able to do more as well.

It would be fantastic if University offices sending spam seeking faculty data were required to go to the database first, and that it served some kind of gatekeeper function, Professor Cohen said. He said he would enthusiastically endorse a University commitment to create the system and prevent redundancy. The intent must include the ability to use aggregated data and be able to mine it for grant proposals, Professor Bearinger said, including from across schools.

The Committee voted unanimously to support the resolution from the ad hoc subcommittee. The Committee also voted unanimously to recommend that the new expertise database include the capacity to mine information for the purposes of creating grant management documents across the University.

4. Best Practices for Internal Grants

The Committee agreed it would hear at a future meeting about the best-practices document Associate Vice President Lawrenz prepared to govern the granting of funds from internal review bodies.

Professor Johnson adjourned the meeting at 1:50.

-- Gary Engstrand

University of Minnesota