REPORT OF THE AD HOC COMMITTEE ON RESEARCH FACILITIES AND ADMINISTRATIVE ALLOCATIONS

EXECUTIVE SUMMARY

Findings

- More fixed costs have been assigned to be paid by F&A funds than can actually be funded by the current F&A income.
- Not enough of the F&A funds are currently being used to support development of the research enterprise at the College.
- The SSRL program was meant to be initially funded by an F&A allocation but then weaned from this founding source, which has not occurred.
- Departments have shown solid fiscal responsibility in using their current F&A allocation, which shows the value achieved by giving control of a significant portion of the funds at their point of generation.
- Our current F&A allocation is not in accord with current practice at peer institutions. No F&A funds are currently allocated to the Dean of Arts and Sciences or the PIs who generated the F&A funds.

Recommendations

- Funding for some fixed costs, currently paid with F&A funds, should be moved to alternative funding sources including the SSRL and summer faculty research leave programs.
- As these costs are weaned from F&A funding over the course of a number of years, the allocation of F&A funds should be modified to increase local control by increasing the departmental allocation, including a PI allocation, and including a Dean of Arts & Sciences allocation in accord with Table 1.
- This implementation needs to be executed in such a way that the departmental allocation does not fall below current levels (17.5% of the overall F&A funds), and this implementation is expected to require a number of years to complete.
- Each department develop a written policy, reviewed by the administration, that describes their current practices and specifies the fraction of the departmental F&A allocation that will be allocated to the PIs.
- The VRP produce a report on the usage of F&A funds that will be submitted to the FA and COPAR annually.
- That all agreements between the College and centers & programs that allow special return of F&A funds (with the exception of the CCB) be subject to a five year time scale (renewable) with review by COPAR and the FA.

FULL REPORT

The Ad Hoc Committee on Research Facilities and Administrative Allocations has been charged by the Provost in a memo dated Oct. 13, 2010, to study the ways F&A funds, or indirect costs recovery funds, are distributed each year at the College of William and Mary.

The current rate established for F&A allocations at William and Mary is 43 percent and is under renegotiation with the Office of Naval Research to be changed to a proposed rate of approximately 48 percent. At present, F&A funds are distributed to cover the operating costs of the faculty scheduled semester research leave (SSRL), to the departments, to fund the grants office, intellectual property and patent charges, pay debt service on special facilities, and to other commitments. Before proceeding with the committee's recommendations, it is useful to describe in greater detail how F&A funds were allocated last year. In the next two paragraphs we enumerate some of these items and discuss the distribution of the balances of the F&A. More detail on the distribution of the approximately $3.0—$3.5M funds, covering the period 2008-2011, is presented in supplementary materials contained in the Appendix to this report.

According to the College's agreement with the State of Virginia, 30% of the F&A funds are set aside for Educational and General Expenses (E&G) of the College. The E&G contribution is capped. The cap is currently set to $415k for FY 2011 but is subject to revision. The administration believes that this E&G conversion will not exceed $450k for the foreseeable future, although reliable prediction of legislative intent cannot be guaranteed. Currently departments receive a fixed 17.5% of the total F&A. This share amounts to ~$650k. Operations of various research-support offices consume ~$900k per year. A large proportion of the F&A funds are used to fund the Schedule Semester Research Leave (SSRL) Program, ~$800k, and summer research grants, up to ~$200k, both of which have become significant in hiring negotiations. Debt service on bonds allocated for research purposes requires ~$200K. An external review of computational science, accepted by the Provost in 2009, recommended annualized expenses be invested in high-performance computing and the provision of high bandwidth subscription services needed to support research. Recent addition of a centralized GIS facility has added to this burden. Together this mandate is for $250k per year, far more than the College has been able to provide in prior years (see the Appendix). This distribution represents the current prioritization of payouts. Distributions to almost all of these priority obligations are made before returning funds to the Provost's office. The department portion has always been made, even if this resulted in total expenditures exceeding the F&A revenue stream, as happened this year (see Appendix, Table 2). The F&A funds are insufficient to cover the expenses that the College has assigned to F&A funding and in many years there has been little left over for opportunistic investments by the Vice Provost for Research (VPR).

After meeting priority obligations, the VPR uses the remainder to honor standing long-term (five years, renewable) commitments to interdisciplinary research activities performed in Centers, Programs, and Institutes. These expenditures accounted for ~$400K. The VPR also supplements requests from Deans and Directors to assist with start-up expenses, and occasionally to help to provide research opportunities associated with spouses of new faculty. The VPR works with the

CFO to identify matches required by certain grants and contracts, and for the procurement of special equipment for research. In good years, such matches can be made almost entirely out of F&A funds. In bad years this is not the case, such as happened in 2011 when the major portion of the required $425k had to be promised by the CFO through reallocation of money from other budget priorities. In some years, the VPR can also supplement investments in various new ventures proposed by faculty, or offset costs for exploratory workshops, special events associated with society meetings, pay for membership fees, subscription services, and publication expenses. All of these items generally respond to requests from faculty with strong endorsements of Chairs, Deans, or Directors.

Below we will discuss the effects of this distribution scheme, but here we briefly note that William and Mary appears to be somewhat unusual among research university peers in that no F&A funds are allocated to individual principal investigators who generate the funds in the first place, and F&A funds are not distributed to the Dean of the School of Arts and Sciences (unless a research program requires course buy-out for the faculty members involved in it).

This report addresses three central questions: (1) What are the appropriate uses for F&A funds? (2) What changes should William and Mary consider in the distribution of F&A funds? (3) What would be an improved distribution of F&A funds?

Appropriate uses of F&A funds.

Federal guidelines stipulate that F&A funds should be used to facilitate and support research. Facilitating research is generally interpreted as enlarging the research enterprise in scope or scale, or enabling broader participation. Supporting research means maintaining the research infrastructure. Items that qualify as supporting research activities include, but are not limited to:

–graduate student stipends and undergraduate research support
–graduate student travel money to attend conferences and present papers
–travel and publication costs for researchers without grants
–research expenses in the social sciences, including database creation or acquisition-supplies, materials, and research infrastructure including standard and specialized equipment

Changes in F&A funding priorities at William and Mary

The biggest draw on F&A funds is the scheduled semester research leave (SSRL) program. This program consumes $800,000 each year, and it is supplemented by an equal amount from the central administration. Under the previous faculty research assignment (FRA) the total cost was half as much. While other institutions have leave programs, often equivalent to the SSRL in providing a one-semester assignment at 100% of salary, the SSRL program is unusual in that it offers a year leave at 80% of salary. The fact that the Dean absorbs the 20% differential provides the Dean with an incentive to promote this option. This is a strong incentive to faculty to take their scheduled leave and for a large fraction of the faculty to request the full-year option. The committee believes that this program helps to recruit and retain a high quality faculty. While

supporting the SSRL program through F&A funds is not an inappropriate use of these funds, it has been expected since its creation that this program would eventually be supported from other sources. Specifically, the report from the Faculty Assembly to the Provost on the SSRL program suggested that the "College should decouple the financial support for Faculty Research Assignments from the level of indirect cost recoveries" (Article 11).
http://www.wm.edu/sites/facultyassembly/documents/reports_resolutions_archive/fraresp.pdf

The same reasoning can be applied to the summer research program. This program, as recently re-implemented, now guarantees new hires two years of summer support during their first three years. As a result, the dominant share of these funds are spent to meet the commitment for new faculty, leaving little or no money to promote other worthy causes, such as the needed boost for mid-career faculty seeking promotion to full professor, campaigns to complete second or third books, redirection of research and teaching roles for senior faculty, or incentives for senior faculty to engage in interdisciplinary activity or in summer work to mentor junior departmental colleagues. The committee recommends that both the SSRL and the summer research program should be weaned off F&A funds, as other sources become available to support both of these essential programs. One suggestion is to develop endowments for these programs, although we recognize that convincing donors to support these programs might be difficult.

The share to departments has been a high priority for the F&A distribution. Faculty acting as principal investigators on grants and contracts are the ones who generate these funds. While faculty report through departmental structures for annual merit evaluation and assignments in teaching and service, they also often participate in high-value interdisciplinary programs and centers. Thus, the return of a significant fraction of their F&A to the individual PI's, and to their departments, seems desirable to promote further growth of their activities. The current distribution does not accomplish this; the PI gets nothing and his or her department gets less than 1/5 of the generated F&A. The committee has discussed the relative merit of returning a fixed amount of F&A to PIs as compared to returning more money to his or her department and recommends that every department create a written policy that specifies how much departmental F&A will be set aside for PIs

The attached appendices show that departments have used F&A funds very judiciously in supporting their special research needs. Most Ph.D. granting departments have found it necessary to use F&A funds for basic research expenses such as graduate student support, so most do not return any of their F&A funds to principal investigators. By contrast, departments without Ph.D. programs vary in the percentage of F&A returned to PIs. For example, the Department of Kinesiology and Health Sciences returns 100 percent of its share of the F&A funds to principal investigators, and some other departments (e.g., Economics) return a fraction while others return none. Given this variation, the committee strongly recommends that every department be required to have a written policy outlining their use of F&A funds. In particular, a specified percentage of the departmental F&A share, varying from 0% to 100% according to departmental wishes, that is to be set aside for PI's should be part of that written policy. Such policies must restrict allocations to professional development rather than permitting the use of F&A to supplement a PI's salary or retirement, and should describe circumstances that might lead to deviations from the written policy.. The administration will be alert for policies that serve to

remove faculty incentives in interdisciplinary work, or other unintended consequences that it deems contrary to the strategic objectives of the College.

Numerous centers and institutes have been established at William and Mary. Most of these provide special opportunities for academic enrichment. Typically, memoranda of agreement are crafted wherein as much as 52.5 percent of F&A funds are returned to the center or institute. The centers and institutes include the W&M Center for Archaeological Research, the Center for Conservation Biology (CCB), the Portsmouth Project of the Department of Economic Development, the Department of Computer Science under a specific project, the Center for Geospatial Analysis under a specific project, the Institute on the Theory and Practice of International Relations, the Mason School of Business under a specific project, and the Center for Legal and Court Technology. The directors of centers and institutes argue that the returned F&A funds are necessary for continued survival or operation at their current level of activity. This committee recognizes that the agreements may, in some cases, have a number of years remaining. Indeed, the committee is aware that CCB is a joint venture with VCU, and so their arrangements cannot be broken or modified without Presidential intervention. The committee recommends that as agreements governing centers, programs, and institutes arrive at a point one year prior to their expiration the Committee on Planning and Resources (COPAR) of the Faculty Assembly (FA) should be charged with reviewing them and advising the Provost as to their renewal. Except for CCB, all of these special arrangements will expire within five years (see Appendix for a table). Future special agreements, including renewals of existing internal centers, programs, and institutes, shall never exceed five years (renewable) in duration. It should be pointed out that centers, programs, and institutes still contribute 30% of their overhead to the E&G pool and allocate 17.5% to involved departments from their contribution to overall F&A recoveries.

Proposed distribution of F&A funds

The table below shows the current distribution of F&A and the committee's proposed distribution.

Table 1. Current and proposed distribution of F&A funds.

Unit	Current practice	Proposed distribution
E&G	30%	~$415k, not to exceed $450,000
Department	17.5%	42.5%*
Dean	0%	7.5%
PI	0%	Per Department Policy
Provost (VPR)	52.5%	50%

*Each department will create a written policy that establishes the percentage of the department's F&A allocation that is returned to the PI. In its deliberations, the committee suggested a figure of 7.5% for the PI share of the department allocation.

The percentages listed in the two columns are not comparable. Under the *current practice* both

the department share and the E&G share are distributed first. The remaining funds go to support fixed costs. What remains, often just a deficit, is distributed to the Provost as discretionary funds. The *proposed distribution* is the percentage of the remaining funds after the E&G cap and other non-negotiable fixed costs (office expenses, debt service, etc.) have been paid.

These changes represent a move to decentralize F&A funds over a wider range of participants. If a department crafts a written policy that specifies that a greater percentage of F&A return to the PI it will serve as further motivation for faculty to seek external funding., Also, if a department returns some F&A to PIs, the return will allow PIs to support aspects of their research that cannot be supported with direct funds. .

Likewise, returning funds to the Deans is a common practice at other institutions. The VPR is not usually part of the conversation on the use of Equipment Trust Funds, a portion of which the Dean of Arts and Sciences uses for start-up funds. Currently, the A&S Dean is in frequent negotiations with the Vice Provost for additional program support, such as start-up, from these funds. If the Deans have a source of funds, they might not have to divert Equipment Trust Funds for faculty startup expenses. The Equipment Trust Fund is nearly $1.7 million a year. Of this amount, $300,000 goes to Information Technology for computer replacement (which does not cover GIS or high-performance needs) and only $200,000 or so goes to the Dean of Arts and Sciences to replace equipment.

Departments would see an increase in the percentage return, but it remains to be seen if the actual dollar return is greater since fixed costs would now be paid first.

While the return to the Provost's office is a numerically smaller percentage, it actually is intended that there will be a significant increase in absolute dollars for discretionary funding. Presently the VPR directs only over the remainder after other commitments, including departmental allocations, are made. The committee does not intend to diminish interdisciplinary work, or to reduce the incentive for university-wide programs that are promoted by the strategic plan. Money for such work should increase if incentives lead to a generally higher level of sponsored work, or if incentives lead to a generally higher proportion of that work to carry full F&A costs. In the past, the VPR office has been expected to pay for everything that fell outside the closely defined concerns of departments. The new scheme recognizes that only people who have money are able to pay. So the VPR's allocation, which will be applied after the priority obligations have been paid with equal priority to that of the PI's, Deans, and the Departments. It is our hope that money will continue to be invested in the College's mutual goals by all four entities. Though there is very wide variation in how various institutions handle their F&A, in the committee's view the proposed change is also in accord with policies at many other institutions.

Implementation

The main recommendation from this report is that current practices need to be changed so that these funds generate a fund that is large enough for the proposed distribution without adversely affecting essential operations. There are three ways to grow the fund: 1) increase the number and amount of grants and contracts; 2) find other funding sources for some of the fixed costs; and 3)

reduce fixed costs. Immediate implementation of the proposed distribution scheme would negatively impact departments (see Table in Appendix), and would result in substantial disruption of operations, so we recommend that our proposed changes are adopted to occur over a period of three to five years and to be managed in such a way that we morph gradually and appropriately from the existing state to the desired final state without reducing the current departmental contribution. At the end of the transition we will arrive at a steady-state operation under the new percentages without causing major upheavals or shortfalls in the meantime. Because changes in this policy can have great impact on the College, we recommend that the VPR provide a yearly report to COPAR and the FA on F&A allocations and expenditures.

Section 1 - Current Expenses
Table 1

IDC Standing Commitments			
As of 5-5-11			
FY 10 IDC Base Year Earnings		$3,692,436	
		Actual FY 2011	Planned FY 2011
Priority Obligations			
Sponsored Program Operations including Technology Transfer		$897,000	$897,000
SSRL		$790,000	$790,000
IDC Distribution to Departments @17.5%	*	$646,176	$646,176
E&G Fixed		$415,000	$415,000
External Debt Service		$188,000	$188,000
HPC and GIS Support		$184,076	$250,000
W&M/VCU Rice Center Agreement		$138,000	$138,000
Internal Debt (428,000) through FY 14		$85,600	$100,000
Safety w 3% escalator		$72,134	$50,000
Summer Research Program (backup)		$50,000	$200,000
Lambda Rail		$41,480	$75,000
Memberships/Sponsorships		$20,500	$20,500
Student Minor Grants		$10,000	$10,000
Animal Care		New Ctr	$25,000
Standing Commitments			
Center MOAs and other Agreements (estimate, moving figure)		$405,000	$405,000
Needed for priority obligations and standing commitments		$3,942,966	$4,209,676
Available for Distribution		-$250,530	-$517,240
Priority obligations without allocation to Departments		$3,296,790	
Available for Distribution		$395,646	
Department Allocation @.35	**	$138,476	
Dean Allocation @ .075		$29,673	
PI Allocation @.075		$29,673	
VPR at 50%		$197,823	
*,** Implementation over several years is needed to avoid this unacceptable reduction to Departmental budgets (see text)			

Figure 1

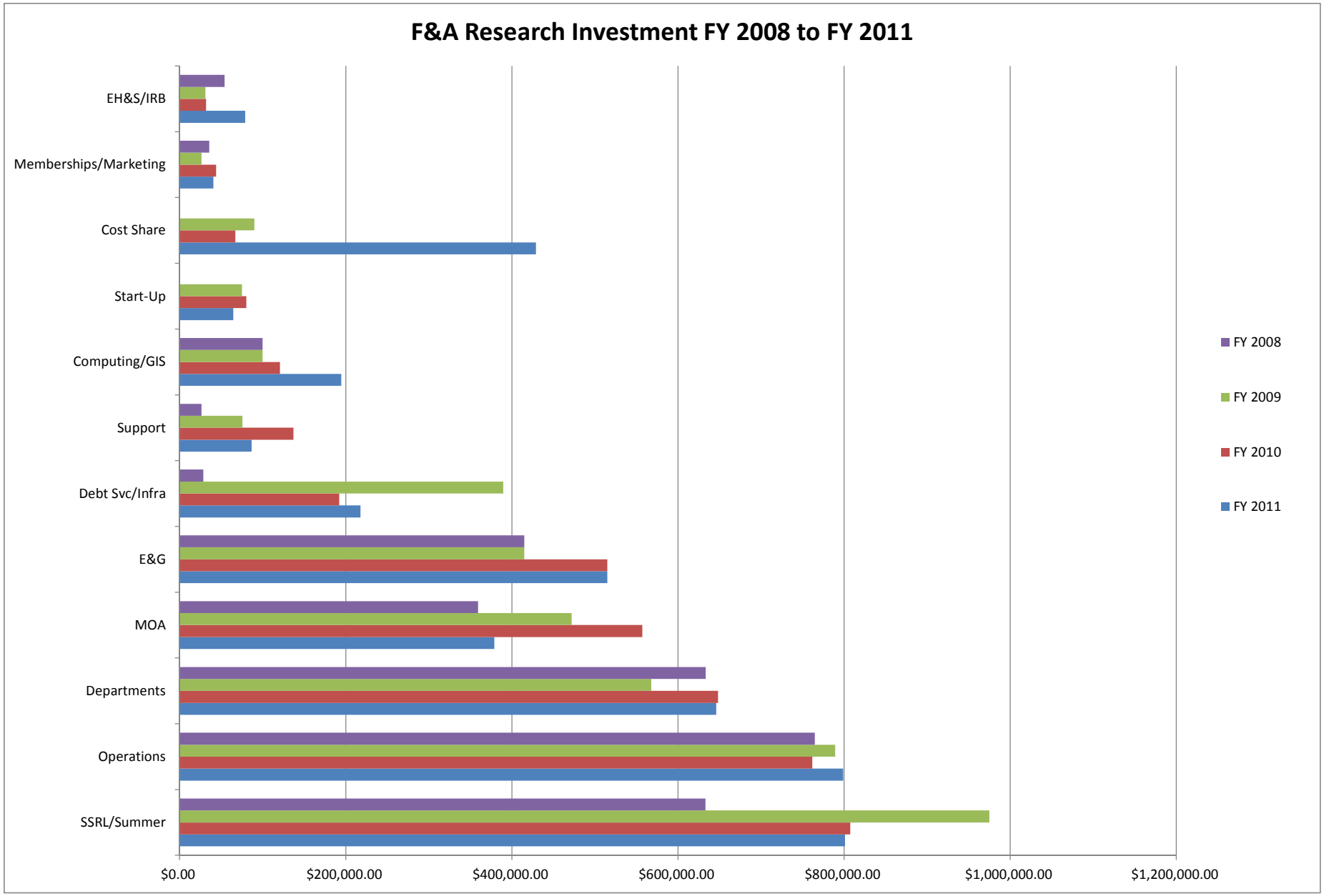
F&A Research Investment FY 2008 to FY 2011
EH&S/IRB
Memberships/Marketing
Cost Share
Start-Up
Computing/GIS
Support
Debt Svc/Infra
E&G
MOA
Departments
Operations
SSRL/Summer
$0.00
$200,000.00
$400,000.00
$600,000.00
$800,000.00
$1,000,000.00
$1,200,000.00
FY 2008
FY 2009
FY 2010
FY 2011

Figure 1

Notes:
FY 2011 is a projection.

EH&S/IRB: Environmental Health & Safety and Institutional Review Board/Compliance Expenses. FY 2011 EH&S will assume radiation compliance.

Membership/Marketing: Memberships to URA, Brookhaven, VABIO, SURA, HRRP, Peterson's, COGS and contribution to IDEATION

Cost Share: Cost shares required for salary/equipment on proposals, i.e. MRI and joint university agreements - Watts

Start-Up: Contributions toward faculty start-ups

Computing/GIS; Lambda Rail, High Performance Computing, GIS

Support: Short term requests for salary, stipend and equipment support.

Debt Svc/Infra: Debt service and infrastructure issues like the Magnet Bldg principal and interest, labortory fixes. Bump in FY 2009 due to double magnet payments because we didn't have the money in FY2008.

E&G: 30% of F&A to $415,000 goes to E&G. The remaining portion is budget recovery from FY 2008 when $537,000 was needed to support E&G

MOA: 3-5 year F&A agreements to Centers that generally support their own staff and operations; CCB, WMCAR, WMRI, Center for Courts, ITPIR, CGA

Departments: 17.5% allocation to Departments

Operations: Grants Office, Technology Transfer, Bad Debt, Benefits not paid by grants

SSRL/Summer; Contributions to former FRA, SSRL and summer grants program

Standing Committments

F&A MOAs as of 5/5/2011 - Figures do not include standard 17.5% F&A to Department/Center.								
MOA	**Contact**	**Terms**	**Start Date**	**End Date**	**FY 2009**	**FY 2010**	**FY 2011 (2)**	**3 Year Total**
Center for Conservation Biology	Byran Watts	Department/Center allocation at 17.5 % and 52.5% - Indefinite, 5 year review	6/26/2009	Indefinite	$63,511.00	$116,862.03	$64,610.00	$244,983.03
W&M Center for Archeological Research	Joe Jones	Department/Center allocation at 17.5 % and 52.5% - 5 Year; Debt repayment for leave pool until	7/1/2007	6/30/2012	$74,388.00	$57,729.16	$110,366.00	$242,483.16
Courtroom 21 Project	Fred Lederer	Courtroom 21- Department/Center allocation at 17.5 % and Lederer 35% MOU on Guantanomo Project; After 7/1/08 Changed to 52.5% on all grants.	4/1/2004	6/30/2013	$50,719.00	$181,730.70	$2,546.00	$234,995.70
William and Mary Research Institute	Dennis Manos	Department/Center allocation at 17.5 % and 52.5%; Indefinite	7/1/2005	Indefinite	$72,164.00	$66,876.71	$51,212.22	$190,252.93
Intitute on the Theory and Practice of International Relations	Carl Strikwerda, Sue Peterson, Michael Tierney and Reves Center	52.5% MOU F&A Allocation - 5Y; 17.5% goes to PI Department. Number includes funds to be given to PI Departments.	7/1/2008	6/30/2013	$0.00	$57,019.89	$47,746.00	$104,765.89
School of Business - Project Specific.	Larry Pulley	For period 7/1/10 to 6/30/11, return 2 x 17.5 or 35% for Boston College Grant PIs Agnew, Montgomer, Szykman. He may borrow funds this year. Estimated at 35% of $84,000. Funds have not been requested as of 5/4/11.	6/17/2010	Project based	0.00	$0.00	$29,400.00	$29,400.00
Center for Geospatial Analysis - Project Specfic	Stu Hamilton	CGA performed work for the College (Facilities Management). No F&A Charged therefore Center retained entire project amount. Number listed is the approximate value of the F&A foregone.	5/13/2009	Project based	$0.00	$7,740.00	$7,740.00	$15,480.00
Department of Computer Science - PI Project Specific	Haining Wang	17.5% allocated to Department; 52.5% allocated to PI; One-Time For Google Proposal. Award is $35,000 to support 2-3 Graduate Students. Est $5,524.	3/18/2009	Project based	$0.00	$0.00	$5,277.86	$5,277.86
Department of Economic Development - Project Specific	Jim Golden; Leonard Sledge	Department/Center allocation at 17.5 % and 52.5% - Portsmouth Project	4/26/2006	Project based	$1,504.00	$1,740.22	$1,460.58	$4,704.80

Standing Committments

MOA	Contact	Terms	Start Date	End Date	FY 2009	FY 2010	FY 2011 (2)	3 Year Total
Vertebrate Animal Care Unit (3)	Bob Barnet	Center charge forumula to grants yet to be determined. Per MOU, Designated M&O funds in Departments to support vertebrate care will be moved to Center; Center may receive up to 2.5% of IDC going to Departments using VACU.	2/21/2011	6/30/2016			$1,422.00	$1,422.00
		Total			$262,286.00	$489,698.71	$321,780.66	$1,073,765.37
Note 1: F&A accumulated against expenditures are not posted until the following fiscal year. For example, funds posted at the beginning of FY 2009								
were based on expenditures made in FY 2008.								
Note 2: F&A allocation for FY 2011 is based on 3 quarters. This figure will increase based on 4th quarter expenditures.								
Note 3: An estimate based on 2.5% of IDC earned by Biology, Psychology, & Kinesiology in 2010.								

Section 2: Current Uses

Table 2

Departmental Use of Funds

Entity	Type	F&A from Grants	Graduate Program	% PI	Grad Stipends	Prof. Devlpmt	Equipment	Personnell	Operations	Startup	Written Policies
Chemistry	Department	Yes	Yes	0%	Yes	No	Yes	No	No	No	No
Applied Science	Department	Yes	Yes	0%	Yes	No	No	No	No	No	No
Physics	Department	Yes	Yes	0%	Yes	No	No	No	No	No	No
Psychology	Department	Yes	Yes	0%	No	No	Yes	Yes	No	No	No
Biology	Department	Yes	Yes	0%	Yes	No	Yes	Yes	No	No	No
Mathematics	Department	Yes	No	60%	No	No	No	Yes	No	No	No
Kinesiology	Department	Yes	No	100%	No	No	No	No	No	No	No
Government	Department	Yes	No	25%	No	Yes	No	Yes	No	No	No
Modern Languages	Department	Yes	No	0%	No	No	No	No	Yes	No	No
Economics	Department	Yes	No	50%	No	Yes	No	Yes	No	No	No
Marine Science	School	Yes	Yes	40%	No	Yes	Yes	Yes	Yes	Yes	Yes
Business	School	Yes	Yes	0%	No	Yes	No	Yes	Yes	No	No
Law	School	Yes	Yes	0%	No	No	No	No	No	No	No
Education	School	Yes	Yes	0%	Yes	Yes	Yes	Yes	No	No	No
Women's Studies	Program	No	No	N/A	N/A	No	N/A	N/A	No	No	No
Religious Studies	Department	No	No	N/A	N/A	No	N/A	N/A	No	No	No
Music	Department	No	No	N/A	N/A	No	N/A	N/A	No	No	No
ENSP	Program	No	No	N/A	N/A	No	N/A	N/A	No	No	No
Linguistics	Program	No	No	N/A	N/A	N/A	N/A	N/A	N/A	No	No
Literary Cultural Studies	Program	No	No	N/A	N/A	N/A	N/A	N/A	N/A	No	No
Global Studies	Program	No	No	N/A	N/A	N/A	N/A	N/A	N/A	No	No

<u>Survey and Narrative of Department, Schools, and Unit Uses of F&A</u>

Department and School Survey Results

I. School of Arts and Sciences

<u>Dean of Arts and Sciences</u>

1. Does any % of F&A funds go back to the PI or research unit?

Economics is the only A&S unit which has the money go to the PI.

2. For those funds that don't flow back to "the project", how (and the %) are they used for catalyzing and continuing each department's research mission.

Applied Science, Computer Science, and Physics use much of it for graduate stipends. In other units, it's used for equipment, faculty research, and consumables.

3. The % of F&A spent on day to day costs and paying for staff and equipment that is difficult to allocate across grants/projects.

You'd have to ask departments about this. My guess is that it varies widely.

4. Any written F&A policies that you know and are willing to share.

A&S doesn't get F&A so we have no policies regarding it.

The two biggest needs in A&S are to foster scientific research through start-up and graduate stipends. We can't hire faculty because we don't have startup, and we don't have as much research going on because we don't have enough stipend money to recruit more grad students.

A&S gets no F&A. F&A money could be used to hire more faculty and to expand the number of graduate students. A&S would then have more research. I would not spend F&A on established researchers as we appear to do now. More faculty members and more research by our faculty through more graduate students is a better strategy.

<u>Chemistry</u>

1. Does any % of F&A funds go back to the PI or research unit?
The PI does not recover any of these funds. Every now and then they will ask to use some of this money for a one-time expense.

2. For those funds that don't flow back to "the project", describe how (and the %) they are used for catalyzing and continuing your department's research mission.

Typical use for these funds listed in order of importance:

1) Summer stipends for graduate students for those not supported by an external grant
2) Service contract for instruments

3) Cost-sharing for grants, especially, but not exclusively, instrumentation grants
4) Repair of instrumentation
5) Routine laboratory supplies and materials for summer research including gases, solvents, inorganic reagents, gloves, pipets....etc. That the department supports these expenses is written in to all grants to show internal support for the research infrastructure.

As with the College's F&A, our account is overleveraged.

3. The % of F&A spent on day to day costs and paying for staff and equipment that is difficult to allocate across grants/projects.

The F&A account is only used for special items above. It is not used on a day-to-day or continuous basis.

4. Any written F&A policies that you are willing to share.
We have no policies. Since the department is motivated to grow the research infrastructure, these funds are used appropriately --- without the need for written policies.

<u>Applied Science</u>

The department's portion of the overhead is what we use to pay health insurance and competitive stipends. Without that we'd have no students. None goes back to the PI directly. We also use it to cover students in good standing whose advisors have temporary lapses in funding, because we don't have the TA mechanism to cover such students.

The department has 10% fewer M&O dollars than when APSC was just me and Dennis and Kathee in the Smaller Hall trailers, and obviously the buying power of those dollars has eroded pretty significantly in 17 years. Without overhead we would have gone out of business long ago.

<u>Physics Department</u>

1) We do not directly return IDC to PIs or research groups. In the past, W&M paid the FICA for our summer salaries and the grant money reserved for this was returned to the PIs in a fixed price account.

This was completely fungible, and many PIs used this for travel, supplies, etc., as needed. It was a small amount (thousands of dollars if allowed to accumulate) that provided quite some flexibility for groups. This policy was stopped a few years ago to save money somewhere.

2) Our IDC goes almost exclusively (100%) to support graduate students, which is the departmental expectation for its use. This pot acts as an insurance policy for research groups who are between funding or have less than the full amount to support students and for junior faculty who do not yet have grants. As such, the money does return to the research groups. Since IDC is fungible, we also use this pot to guarantee salary authorizations and some research purchases that will be funded by grants but for which

the money has not yet arrived. Although the money gets paid back into the account after grant funding arrives, the IDC pot is essential for the continuity of personnel (students, post-docs, techs, etc.). Without it various personnel would have to be 'let go' for want of immediate funding. In this sense, too, the IDC of the department provides return to the individual groups.

3) We have not used departmental IDC for purchasing equipment or other items that would benefit multiple groups. What happens instead is that the groups involved get together and apply for external funding, which, if granted, pays for common equipment. In many of these cases the VP for Research's office has helped with some kind of match or renovation of space to hold the equipment.

4) We have no written policy that I know of for IDC use. This gives the chair flexibility to respond to crucial problems within the department. However, the departmental tradition is that IDC goes to pay graduate students, so the chair would not change this without very good reason. With that said, in the recent round of hires, we have agreed with the Dean to spend about a third of our IDC income over 3 years on startup for new faculty members.

In a nutshell, here is my view on IDC allocations:

1) Generally, giving a small fraction of IDC back to PIs does little global good, because each individual group would spend the money on small items, not being able to afford the bigger things like students, technicians, etc. Some amount, like the old fixed-price FICA return, allows a PI to fund incidental expenses (a conference fee, a new computer, etc.) that are not specifically in a grant budget.

However, too much return to PIs reduces the total IDC pot considerably, leaving no means to address the bigger issues. Let me give an example. We in physics desperately need a Unix systems person/programmer/administrator to manage the hundreds of CPUs that we run in the department. The price tag on such a person is, say, $75-$100k per year with benefits. No one group can pay for this. However, if Physics got 27.5% rather than 17.5% return on IDC, we could fund such a position. The alternative would be to have the VP for research fund such positions using university IDC, but there is the problem in this case of perceived equity between departments that would end up redirecting funds incommensurately (i.e. big fund-getting departments would not see the same rate of return as smaller entities).

2) I have been arguing for the past years that if the departments got 60% return on IDC, we could fund our own startup packages. Startup has been a serious problem in the sciences. In recent years, the Dean's office and the VP for Research have come up with competitive packages, with the VPR paying for room renovations as needed and some of the equipment costs. In the most recent hires, the Dean's office has had to foot most of the bill for startup. It's not clear what has happened in the VPR's office. The down side of a 60% allocation, however, is that departments do not hire faculty every day, so their pot would become enormous waiting for the next hire, and there would be a tremendous pressure to use it for other things.

3) Any allocation of IDC should have a visible, intellectually defensible, and accountable impact on the research that is and can be funded by the grants that generate IDC. I think the issue of startup needs to be addressed. If the Dean is responsible for much of the cost, then the Dean needs IDC funds to work with. Startup costs are a legitimate expense for IDC. If departments are to contribute to startup, then IDC funds to departments need to be increased.

4) Allocations of IDC will depend on who is responsible for what.

Here are some examples: Who pays to renovate a lab for a new faculty member? Is it the department, the dean or the VPR? Whoever it is needs an appropriate IDC allocation to do this. Who pays startup costs? Who pays for the technical research support staff required by various units? Who pays for maintenance and energy costs for research space? Who pays for eVA fees? etc.

5) Here is my list of priorities for IDC funding: 1) PhD students, 2) startup costs, 3) matching contributions to research grants, 4) maintenance and renovation of research space, 4) technical support staff, 5) research equipment and infrastructure.

Department of Psychology

IDC is used as "fudge money" for things that are usually not covered by grants such a temporary personnel, or a computer repair. There is no written policy about it and it doesn't get back to the PIs. They suggest that more of those funds to go to infrastructure – more state of the art computers for her department- and also to the dean.

Biology

They have a similar approach than in Psychology. They have a variety of uses for their IDC funds, and no written policy. Use when M&O is used up. It doesn't go to the PIs. They could use more for infrastructure and also will like that the Dean gets some.

Mathematics

In Mathematics, the department's share of the recovered IDC is apportioned so that the person generating the funds receives a credit for expenditures from this Index for research-related needs of up to 60% of the total amount they have generated. The remaining 40% is controlled by the Department chair to support "research," which may include hiring adjuncts to make possible an internal leave program for pre-tenure TE faculty, essential research travel by faculty/students with no other means of funding, bridging expenses for faculty between grants, etc. The tracking of the income and expenditures for this Index is accomplished with a spreadsheet maintained by the Department administrator.

Kinesiology

All of the 17.5% to the faculty whose research grants provided it.

Government

Allocates 25% of our IDC to the PI for any legitimate research use. It can be used on the grant project, but that is not a requirement. It is used for student assistant support, travel and materials.

The department retains the remainder for research purposes. It has supported conference travel, and is available to faculty who need small sums for research projects and student assistant time. At the beginning of each academic year, faculty are reminded that the funding does exist and that they can request support.

Modern Languages

It will be used to help balance the budget at the end of the year. Some of these indirect costs may be applied to address priorities identified by the department at large, like increasing the travel allowance for faculty research and purchasing office equipment that will benefit all.

Economics

1. *The % of F&A funds that go back to the PI or research unit generating the F&A*

Policies in Economics have differed, depending on the Chair's position. In the past, the PI did not specifically get any of the department's share but the PI was consulted closely on how the money was spent.

The policy changed recently so that the PI could treat the F&A as a professional development account. If sufficient funds were available, the PI did not draw on department M&O. The policy is now mixed, generally a 50-50 split.

1) *For those funds that don't flow back to "the project", describe how (and the %) they are used for catalyzing and continuing your department or program's research mission.*

The department's basic mission is constantly threatened by lack of funding on all levels. These funds are especially important in supporting travel to conferences, research assistantships for students, etc.

3. *Any written F&A policies that you are willing to share*

Decided by the chair.

II. School of Marine Science

VIMS F&A Policy (this is a copy of the document posted to our group's blackboard site).

Background:

VIMS faculty and staff generate about $3.5 million in F&A funds (IDC) each year from grant and contract awards. The current federally-negotiated F&A rate at VIMS is 48%, but the effective rate is typically less than 30% because many grants and contracts will not pay the full rate and, in some instances, granting-agencies will not pay *any* F&A costs. As per state

policy, 30% of the F&A dollars are merged with Education and General Funds (E&G) to become part of the VIMS E&G operating budget, leaving approximately $2.3 million (70%) available for other institutional priorities.

Prior to July 1, 2010 faculty at VIMS who used grant funds to displace E&G funds that were tied to their salaries* were allowed to carry forward any unexpended balances into the next fiscal year. This policy provided, in lieu of direct return of F&A to faculty and/or their departments, a mechanism for establishing discretionary accounts by faculty who generated the F&A funds. A decision was made by VIMS administration in 2010 to adopt a new model that would 1) abolish carry forward accounts and limit carry forward from displaced salary to $2,000 per faculty member per year, and 2) replace the carry forward accounts with F&A accounts that would return prorated F&A funds directly to faculty and their departments for discretionary use.

New F&A Policy:

Under the new policy (established July 1, 2010), 70% of the total F&A revenue continues to remain available for distribution at VIMS. This policy has provisions for 15% of the F&A generated by faculty to be returned directly to them in an IDC index (14XXXX) and 15% to be returned directly to their department in an IDC index (14XXXX). These indexes are not fiscal-year dependent and can carry balances in perpetuity. Each of the four departments at VIMS determines how to allocate these funds. Because of budget reductions over the past 3 years, departments no longer have M&O accounts and it is likely that the 15% from F&A revenue will be directed to a combination of day-to-day operational expenses, handling unanticipated emergencies and one-time needs, and saving as part of a rainy-day fund (the new policy has been in place less than 5 months so department policies are still being formulated).

The remaining 40% is allocated by the Office of the Dean and Director for 1) recurring operating and other institutional costs (e.g. salaries in the Sponsored Programs Office), 2) startup funds for new faculty that cannot be met with the Equipment Trust Fund, and 3) meeting requests from faculty, staff and students (e.g. for equipment, supplies, and travel) through an annual competitive call in the summer of each year. Priorities for these latter allocations, which may total ~$1 million per year, are established on the basis of need and the value both to the individual and to the institution in meeting its mission. The calls for budget requests include all academic and non-academic departments, centers, and programs.

*VIMS faculty who have significant grant and/or contract support can displace their E&G salaries on a fiscal-year basis. Twenty-five percent of displaced salaries revert to the VIMS administration to be used for institute-wide needs (e.g. student tuition, service contracts, library resources).

III. School of Business

The total spent from IDC funds since 2003 is $9767.13, and this is how it breaks down:

1.) Less than 1% on fees related to grant activities.

2.) 10% on things related to instructional activities (visits by classroom speakers, case studies)

3.) 17% on faculty support (memberships, books, subscriptions)

4.) 72% on general operational expenses

There are no written policies within the school for how the funds are spent and there is no variation across business school units. The functional units do not have funds authority.

IV. School of Law

[*from notes from a phone call with the Dean]* The Law School generates very little IDC except for the Center for Legal and Court Technology. F&A funds for these grants/contracts stay within the Center. There is no formal policy.

V. School of Education

- *The % of F&A funds that go back to the PI or research unit generating the F&A.*

In the SOE, F&A funds come to the Dean's Office. A written agreement with one PI allows their portion of F&A to be used as research support. IDC funds support faculty and graduate student research activities.

- *For those funds that don't flow back to "the project", describe how (and the %) they are used for catalyzing and continuing your department or program's research mission.*

Some of the F&A funds are used to support salaries for two fiscal specialists who support PIs in managing their grants. The % varies because the salaries are covered through a combination of direct charges to grants for fiscal support and Dean's Office IDC to provide continuity and stability for these positions. On average we use about 30-40% of our IDC for salaries. Our IDC also supplements travel, professional development, and start-up support for faculty. Sometimes we cover graduate assistants as well. Occasionally, we've used IDC for part of a required match on proposals.

- *The % of F&A spent on day to day costs and paying for staff and equipment that is difficult to allocate across grants/projects.*

The only staff positions not charged to specific projects are the fiscal specialists described above. We have occasionally used modest amounts of IDC to purchase equipment for new faculty.

- *Any written F&A policies that you are willing to share*

There are no specific SOE policies on this issue.

Section 3
Benchmarks at Other Institutions
F & A Practices at Other Institutions

The institutions that responded to a survey request included the following: Boston University, Brandeis, Brown, Clemson, Emory, Georgetown, Marquette, Miami of Ohio, SUNY Binghamton; Syracuse, University of Delaware, University of Georgia, University of New Hampshire, University of Virginia, Notre Dame, Wake Forest, University of Montana, Ohio University, Washington University in St. Louis, and University of Connecticut.

The survey queried each of the institutions on "the percentage of funds the Dean of the College of Arts and Science retains; the amount provided to the University for E & G; and the amount that individual unites (departments, research centers, libraries, PIs and other organizational units) receive."

The results of the survey showed that practices for allocating F & A funding vary widely and that few universities follow a "one-size-fits-all" formula. Rather, policies for distributing F & A funds vary according to the following factors:

1. The size of the grant;
2. The organizational entity–department or center--under which the lead PI conducts research;
3. The college or school in which the PI pursues the research project;
4. The decisions made by an administrator–at some universities the dean is "encouraged" to allocate all or most of the F & A funding to the PI and/or the PI's department;
5. The "research funding threshold" met by the institution.

The findings did show the following breakdown of percentages for universities that allocated a portion of F & A funds to specific organizational units:

. 1. Department and/or Centers–65 percent
2. Dean–65 percent
3. University General Fund–55 percent
4. PI–50 percent
5. VP of Research–40 percent
6. Libraries–15 percent
7. Research and Development Fund–10 percent

Two charts indicating the allocation of F & A across organizational units at other universities and at William and Mary are appended.

Table 3
F and A Distribution at 21 Peer Instituions
(There was no data for a number of peer institutions)

	Dean	PI	Department/Center	* Central Administration	Library
William and Mary	0	0	17.5	<52.5 **	
Boston University	87.5	12.5	0	0	0
Brandeis	0	0	0	100	0
Brown	0	0	7	93	0
Clemson	28	12	0	60	0
Emory	100	0	0	0	0
Georgetown	10	10	10	70	0
Marquette	0	20	0	80	0
Miami of Ohio	20	7.5	7.5	65	0
SUNY Binghamton	5	10	5	80	0
Syracuse	100	0	0	0	0
University of Connecticut	10	10	10	70	0
University of Delaware	9	0	28	63	0
University of Georgia	0	0	20	80	0
University of New Hampshire (Main Campus)	0	10	82	5	3
University of Virginia	24.8	0	21.9	48.2	5.1
Notre Dame	0	0	60	40	0
Wake Forest	0	10	40	40	10
University of Montana	35	0	0	65	0
Ohio University	14	14	37	35	0
Washington University in St. Louis	90	0	10	0	0
N=21					
Average	25.4	5.5	16.9	51.8	
Median	9	0	7.5	63	
Hi (# of occurances)	100 (2)	20 (1)	82 (1)	100 (1)	
Lo (# of occurances)	0 (8)	0 (11)	0 (7)	0 (4)	

* Identified by some as VPR, by others as University Fund or Research Fund.
** Grants Office Operations and SSRL come first