

DATE: Nov. 17, 2022

FROM: David Cuillier, Research Policy Committee Chair

TO: Faculty Senate Executive Committee

RE: Recommendations for F&A distribution to principal investigators

Dear colleagues,

Outlined in this memo are six recommendations approved Nov. 28, 2022, by the Research Policy Committee (RPC) for how the university should administer the new campus-wide distribution of facilities and administration revenue from grants to the principal investigator researchers who garner them. We would like to thank the Faculty Senate members who provided feedback, as well as the 20 college budget officers, Garth Perry, and Jim Florian. This memo will provide: 1) background on the topic, 2) a summary of our fact-gathering process, and 3) our six recommendations. We hope the Faculty Senate will support these recommendations to the Provost in finalizing the details of F&A distribution, to be initiated this Spring.

Background

Some colleges have long given principal investigators (PIs) a direct distribution from facilities and administration revenue (F&A, also called Indirect Costs, or IDC) that they generate from their grants, intended to cover unanticipated research costs and incentivize more sponsored research. Some colleges, however, have not guaranteed this incentive, leaving it up to the discretion of departments, which vary in their practices. Last year, the RPC [studied allocation of F&A](#), and in April 2022, [recommended](#) the Faculty Senate meet this Fall to recommend a mandated campus-wide direct distribution to PIs. In July, AIB was launched with the provision that PIs should receive 2% from their grants' IDC. The Provost emailed the RPC on Aug. 10 to ask for input on some of the details (see Aug. 24, 2022, [memo](#) with background information).

The money flow

Under the current plan, a PI will receive a guaranteed minimum 2% of his or her indirect costs generated from grants (not the total grant amounts). For example, if I receive a grant from a federal agency to cover \$500,000 in direct costs, the IDC/F&A [rate negotiated](#) with the feds is 53.5%, so \$267,500 would be provided to the university as F&A to cover indirect costs associated with the research project. This would be on top of the \$500,000, for a total grant of \$767,500. Some grants have lower F&A percentages, and in some cases no F&A is taken out. In this example, under AIB, the \$267,500 in F&A would be distributed as the grant is spent out:

1. 2% to me, the PI, unless my college/department would like to provide further distributions out of their portions (\$5,350);
2. 48% to the university's strategic budget allocation, which is ultimately administered by the president (\$128,400);
3. 38% to the colleges, which then may be distributed as they see fit, including to departments and/or additional funds to PIs (\$101,650);
4. 12% to the Research, Innovation & Impact (RII) research development fund (\$32,100).

Fact-gathering process

This Fall, the RPC took several steps to gather information and feedback in order to address the Provost's questions, as well as other issues that arose from our research.

1. I provided a brief overview of the issue at the Sept. 12, 2022, Faculty Senate meeting, and fielded questions. I also provided an update to the Strategic Planning and Budget Advisory Committee (SPBAC) on Oct. 19.
2. The committee collected feedback from Faculty Senators and college budget officers using an anonymous online form. A summary, with results and responses to open-ended questions, is provided [here](#).
3. The committee solicited data and insights from the 20 college budget officers on how they distributed funds before AIB, and how they plan to do so in the future. These data are summarized in this [spreadsheet](#).
4. The RPC met three times on Zoom this Fall to discuss the issue, consider feedback, and work through the questions (Aug. 29, Sept. 26, and Oct. 31, 2022). College budget officers were invited to attend the Oct. 31 meeting to provide feedback, and none attended. Committee members unanimously agreed on six recommendations at its Oct. 31 meeting, discussed some via email, and then approved this memo via an email vote Nov. 14-17, 2022, in time for presentation to the Faculty Senate Executive Committee Nov. 21, with the hope of getting on the Dec. 5 Faculty Senate meeting agenda.

Recommendations

The RPC unanimously agreed on the following six recommendations (in no particular order):

1. **Flexible spending:** The RPC recommends that PIs be able to spend their funds in any way allowable by the university.
Faculty overwhelmingly said PIs should be able to spend their F&A on "anything," and budget officers generally agreed. While we understand the intent is to cover research costs and incentivize more research, we trust PIs to best decide how that be carried out, just as we trust central administration in how it distributes its share of F&A.
2. **Quarterly payments:** The RPC recommends that payments be issued quarterly, unless PIs request annual distribution, respectively.
We learned that budget officers tend to support annual distribution, as proposed by the Provost. We know of colleges, however, that already distribute F&A quarterly and we recommend that be instituted campuswide.
3. **Minimum distribution:** The RPC recommends minimum distributions set at \$50, and residuals be provided to departments.
Faculty generally indicated that a minimum cutoff made sense, noting Garth Perry's analysis that half of disbursements campuswide would be small, at \$50 or less. Budget officers also expressed interest in a cutoff, some at \$50 and others at \$100, \$250, or most commonly noted, \$500. We believe that \$50 is a reasonable cutoff to avoid unreasonable burden on college budget officers.

4. **Accumulated balances:** The RPC recommends that PIs be given the authority to control their F&A accounts without micromanaging, including large accumulation of balances, and that PI F&A accounts be excluded from colleges' AIB budget formulas.

We understand that university officials are sensitive to excessive accumulations and hoarding – they want money to be spent and used. That is why, we are told, colleges are penalized for excessive end-of-year balances. Faculty are best positioned to know their needs and what they might want to save up, perhaps for big-ticket research equipment. We do not believe their F&A accounts should be time-limited, capped, or swept. However, we understand it is not fair to colleges to be penalized for PI choices. Therefore, we support giving PIs discretion while not penalizing colleges in their annual budgets.

5. **PI distribution:** The RPC recommends that PIs campus-wide receive 5% of F&A, not 2% (and that the extra 3% come from central administration's 38% strategic budget allocation, not from college or RII distributions).

When we surveyed faculty, we received feedback that 2% was too low, and several recommended 5%. Indeed, if half the grants on campus would generate payouts of less than \$50 to PIs, then we believe 5% would increase the chance of more impactful distributions. Before AIB, seven of 20 colleges provided distributions greater than 2%, including Engineering (7.5%), Nursing (6.25%), and the College of Architecture and Landscape Architecture (8.25%) (see [spreadsheet](#)). We believe a 5% distribution is fair in compensating PIs for their unanticipated grant expenses and investing in their infrastructure to accommodate future sponsored research.

6. **Line of succession:** The RPC recommends that if a PI departs the university, that their F&A account should be distributed to their research program and/or co-researcher at the university, or if that is not possible, to their department.

If a PI leaves the university, the F&A account should stay at the university and not follow the PI to a new job. In those cases, the PI should be able to designate who should inherit the account, ideally a colleague or Co-PI/Co-I working in aligned research. However, in those cases where this is not possible, the funds should be distributed to the PI's department.

Thank you for your consideration.

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Research Policy Committee vote on these recommendations via email Nov. 14-17, 2022:
Yes vote: Addison Coen, Dr. Wolfgang Fink, Dr. Paul Gordon, Dr. Jenny Lee, Dr. Kristin Lee, Dr. Kristin Morrill, Dr. Stanley Pau, Dr. Marlys Witte
No vote: None
No email response: Megan Wong