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Planning Committee

Campus Governance

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Planning minutes 11/03/2011

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**Planning Committee Meeting
November 3, 2011**

Present: Margaret Kuchenreuther, Dave Aronson, Julie Eckerle, Ken Hodgson, Arne Kildegaard, Jane Kill, Leslie Meek, Lowell Rasmussen, James Rook, Jordan Wente

Guests: Bart Finzel and Roger Wareham

The October minutes were accepted as presented.

Roger Wareham (with Bart Finzel making occasional clarifications) talked about the work of the Grants Office and indirect cost recovery at UMM. The information offered summarizes the content of and rationale behind the draft *Recovered Facilities and Administrative Cost Policy* (see appended below.)

The committee received 4 handouts (see appended below).

- ▶ The Grants Development Office employees.
 - Rita Bolluyt is UMM's certified approver and she also does effort certification and helps with post awards.
 - Kristin Beck is the pre-award officer. She helps principle investigators develop their proposals and budgets, and helps in the grant submission process.
 - Roger Wareham does post-award work, making sure the grant follows compliance regulations.
 - Kirstin Kearns is employed by soft money for 60% time until February 2012 and has been assigned to assist with larger institutional initiatives.

- ▶ All grants are submitted on behalf of the Regents of the University of Minnesota.

- ▶ The Grants office is like a "cradle to grave" process in that they are there to assist:
 - at the beginning,
 - during the strategy process,
 - in reviewing drafts,
 - in routing proposals and making sure all communication channels are open,
 - in submitting proposals,
 - after funding decisions are made.

- ▶ Once the funding has been approved the office needs to help manage the grant.

- ▶ As Enterprise Financial System (EFS) has come to UMM, the grants workload has increased. However, EFS has also made data information easier to gather.

Roger discussed the difference between direct costs and indirect costs. (Direct costs are specific items requested in a grant and indirect costs are charges for real costs to the University that are not easily associated with a specific project, e.g., use of institutional facilities, equipment maintenance, administrative services, etc.) He went on to explain some grants do not allow indirect costs. Roger explained that some funds from indirect cost recovery can be used for expenses that are not directly allowable under the grant, such as repairing broken equipment or supplying refreshments for a grant meeting.

It is important to revise the current policy to keep up with times and monies, especially since total recovered costs have been on the rise in recent years.

The question was asked, when is the standard summary available for fiscal year information? Roger said March is the typical timeframe.

The committee will discuss the draft at the next meeting and make its recommendation.

UMM Recovered Facilities and Administrative Costs Policy

I. Principles for the use of Recovered Facilities and Administrative costs:

Current University of Minnesota policy returns 85.5 % of recovered Facilities and Administrative costs (F&A, formerly IDC/ICR) to the coordinate campus that generated the F&A. 2.5 % of the recovered amount is reserved for the library, leaving 83% to support sponsored projects related activities at UMM as follows:

A. Support of the Grants Development Office (GDO)

- 1) Support for 25% time of the pre-award coordinator (or current job title)
- 2) Support for one student intern position.
- 3) Office operations and travel including professional development travel
- 4) Maintenance of a reserve equal to one year's allocation (\$21,500 based on FY 04).

B. Any remaining funds will be available at the Dean's discretion with the following priorities:

- 1) Reimbursement to units for communications and supply costs directly related to awards that generated F&A.
- 2) Matching money for proposals/awards that generate F&A.
- 3) Incentive funds to encourage development of proposals for external funding.

II. Procedure:

Between July 15 and August 15 annually the Director of GDO will meet with the Vice Chancellor for Academic Affairs and Dean to plan F&A distribution for the remainder of the fiscal year.

A. Director will report:

- 1) Gross amount of F&A generated in previous fiscal year
- 2) Current all-University F&A distribution policy
- 3) Gross amount available to UMM for the current year.
- 4) Amount to be distributed to the Library
- 5) Net amount available for current Fiscal year
- 6) Current budget for the GDO
- 7) Current amount for a one year GDO reserve
- 8) Current F&A account balance
- 9) F&A balance available for other purposes

Discussed with the CLT: 11-08-04

Approved by CRPC: 11-30-04

Presented for information at Campus Assembly: 02-22-05

University of Minnesota, Morris Grants Activity Summary

FY11 Grants Activity

External proposals submitted in FY 11:	29	
External funds received in FY 11:		\$1,827,977
External proposals submitted in FY 11 and awarded in FY 11:	11 (38%; \$ 338,289)	
External proposals submitted in FY 11 and denied in FY 11:	10 (34%; \$ 6,508,535)	
External proposals submitted in FY 11 and pending as of July 1, 2011:	8 (28%; \$ 2,799,789)	
External proposals submitted in FY 10 with notification in FY 11:	12	
External proposals submitted in FY 10 and awarded in FY 11:	9 (75%; \$ 1,489,688)	
External proposals submitted in FY 10 and denied in FY 11:	3 (25%; \$ 565,012)	

Comparative Figures

External proposals submitted in FY 10:	35	
External funds received in FY 10:		\$942,308

UMM Grants Development Official Award Activity since 1993

This is the official, earliest data available from the *U of M Levels and Trends in Sponsored Research* page on the Office of Vice President for Research web site (<http://www.research.umn.edu/news/stats.html>)

<u>Fiscal Year</u>	<u># of Awards</u>	<u>Amount Received</u>
2010	23	\$1,084,117
2009	7	\$ 350,678
2008	9	\$ 425,596
2007	11	\$ 503,382
2006	11	\$2,344,481
2005	13	\$ 646,616
2004	12	\$ 533,414
2003	14	\$ 559,174
2002	18	\$ 700,017
2001	12	\$ 125,728
2000	18	\$ 677,851
1999	15	\$ 120,280
1998	17	\$ 198,088
1997	13	\$ 123,089
1996	20	\$ 497,495
1995	28	\$ 255,430
1994	6	\$ 63,748
1993	16	\$ 219,096

Average Amount of external funds 1993-2001 (prior to permanent pre-award person): \$253,423 a year

Average Amount of external funds 2001-2010 (with permanent pre-award person): \$794,164 a year

Note: *UMM data and U of M official data are normally are not the same due to differences in when the award is officially awarded and then when it is fully negotiated and set up in the U of M financial system.*

University of Minnesota, Morris
Facilities and Administrative Cost Recovery Summary

What are Facilities and Administrative (F&A) Costs?

Other terms for F&A are Indirect Costs (IC) and overhead.

Facilities and Administrative (or indirect) Costs are real costs incurred by the University as a result of administering sponsored projects. They are indirect because they cannot be readily identified or associated with a single sponsored project or institutional function. Examples are utilities, public safety, building and equipment use and maintenance, libraries, student administrative services, personnel, payroll, academic and sponsored administration, and purchasing.

Source: Minnesota State University Mankato Graduate Studies and Research web site (<http://grad.mnsu.edu/research/budgeting/idc.html>)

UMM Recovered Facilities & Administrative Costs Current Policy

UMM Recovered Facilities and Administrative Costs Policy was last updated and approved by CRPC in November 2004.

This policy reads:

Current University of Minnesota policy returns 85.5 % of recovered Facilities and Administrative costs (F&A, formerly IDC/ICR) to the coordinate campus that generated the F&A. 2.5 % of the recovered amount is reserved for the library, leaving 83% to support sponsored projects related activities at UMM as follows:

A. Support of the Grants Development Office (GDO)

- 1) Support for 25% time of the pre-award coordinator (or current job title)*
- 2) Support for one student intern position.*
- 3) Office operations and travel including professional development travel*
- 4) Maintenance of a reserve equal to one year's allocation (\$21,500 based on FY 04).*

B. Any remaining funds will be available at the Dean's discretion with the following priorities:

- 1) Reimbursement to units for communications and supply costs directly related to awards that generated F&A.*
- 2) Matching money for proposals/awards that generate F&A.*
- 3) Incentive funds to encourage development of proposals for external funding.*

The Need for an Updated Policy

Two major changes have happened since the implementation of this policy: 1) the University of Minnesota revised its F&A recovery distribution policy and coordinate campuses now receive 100% of their F&A recovery; and 2) in 2006 the Assistant Director of Grants Development position (classified as a coordinator at the time of 2004 policy approval) was fully institutionalized and no longer supported 25%-time by facilities and administrative cost recovery.

In addition, as illustrated by the figures below, the amount of F&A cost recovery UMM is collecting each year has been on the rise:

FY 11: \$237,044	FY 07: \$ 80,712
FY 10: \$108,641	FY 06: \$ 63,401
FY 09: \$ 96,657	FY 05: \$ 35,206
FY 08: \$ 75,706	FY 04: \$ 30,514

Please note that, due to some large current research grants, FY12 F&A recovery is predicted to be around \$200,000 but UMM will need to continue to submit proposals and receive large grant awards in order to sustain and grow this level of F&A cost recovery.

Due to UMM's outdated F&A distribution policy and the changing grants landscape, an updated policy is badly needed.

Basic Philosophy used in Updating Policy

Indirect Cost Recovery dollars can and should be used for three distinct purposes on a campus such as ours:

- As an incentive and support program for individuals and units that generate those indirect dollars. These dollars would be returned to the principal investigator's unit, administrative unit or division, and the administering vice chancellor's office for use in providing incentives for continued research activity and for funding similar

programs. Funds could be used to support costs taken on by an administrative unit in processing grant activity, etc.

- Investment in new grant activity and in the overall campus research enterprise – these funds could be used to invest in library acquisitions, administrative research support through the grants development office, support for project expenses not allowable by the grant, etc.
- Provide support for faculty and professional staff research development work on campus. These funds could be used to support research expenses (matching funds, support faculty paper and research presentations at conferences, incentives programs for faculty research, etc.)

The overriding concept is to use F&A cost recovery to continue to invest in and grow the research enterprise, including providing support for faculty research development as well to return some funds to administering units and divisions.

University of Minnesota, Morris
Fiscal Year Generation of Facilities and Administrative Costs by Unit

FY11

Biology	\$ 18,050
Chemistry	\$ 29,636
Geology	\$ 23,756
Physics	\$ 14,085
Economics/Management	\$ 17,487
Center for Small Towns	\$ 4,013
VC Student Affairs	\$ 17,458
VC Finance and Facilities	<u>\$112,559</u>
<i>Total</i>	<i>\$237,044</i>

<u>Area</u>	
Academic Affairs	\$107,027 (45%)
<i>Education</i>	\$ 0
<i>Humanities</i>	\$ 0
<i>Science & Math</i>	\$ 85,527
<i>Social Science</i>	\$ 17,487
<i>Other</i>	\$ 4,013
Student Affairs	\$ 17,458 (7%)
Finance and Facilities	\$112,559 (48%)

FY10

Biology	\$ 2,190
Chemistry	\$ 4,340
Geology	\$ 23,578
Physics	\$ 22,766
Economics/Management	\$ 10,765
Center for Small Towns	\$ 15,485
VC Student Affairs	\$ 10,291
Counseling	\$ 1,072
VC Finance and Facilities	<u>\$ 18,154</u>
<i>Total</i>	<i>\$ 108,641</i>

<u>Area</u>	
Academic Affairs	\$ 79,124 (73%)
<i>Education</i>	\$ 0
<i>Humanities</i>	\$ 0
<i>Science & Math</i>	\$ 52,874
<i>Social Science</i>	\$ 10,765
<i>Other</i>	\$ 15,485
Student Affairs	\$ 11,363 (10%)
Finance and Facilities	\$ 18,154 (17%)

FY09

Biology	\$ 146
Chemistry	\$ 3,637
Geology	\$ 21,842
Physics	\$ 6,419
Economics/Management	\$ 6,790
Center for Small Towns	\$ 20,082
VC Student Affairs	\$ 1,213
Counseling	\$ 7,579
VC Finance and Facilities	<u>\$ 28,949</u>
<i>Total</i>	<i>\$ 96,657</i>

<u>Area</u>	
Academic Affairs	\$ 58,916 (61%)
<i>Education</i>	\$ 0
<i>Humanities</i>	\$ 0
<i>Science & Math</i>	\$ 32,044
<i>Social Science</i>	\$ 6,790
<i>Other</i>	\$ 20,082
Student Affairs	\$ 8,792 (9%)
Finance and Facilities	\$ 28,949 (30%)

FY08

Chemistry	\$ 5,000
Geology	\$ 5,666
Physics	\$ 5,447
Economics/Management	\$ 15,436
Center for Small Towns	\$ 19,792
Service Learning	\$ 811
Counseling	\$ 13,859
VC Finance and Facilities	<u>\$ 9,695</u>
<i>Total</i>	<i>\$ 75,706</i>

<u>Area</u>	
Academic Affairs	\$ 52,152 (69%)
<i>Education</i>	\$ 0
<i>Humanities</i>	\$ 0
<i>Science & Math</i>	\$ 16,113
<i>Social Science</i>	\$ 15,436
<i>Other</i>	\$ 20,603
Student Affairs	\$ 13,859 (18%)
Finance and Facilities	\$ 9,695 (13%)

FY07

Chemistry	\$ 3,389
Geology	\$ 3,571
Physics	\$ 5,597
Economics/Management	\$ 10,055
Center for Small Towns	\$ 37,053
Media Services	\$ 3,652
Service Learning	\$ 2,896
Counseling	\$ 10,773
VC Finance and Facilities	<u>\$ 3,726</u>
<i>Total</i>	<i>\$ 80,712</i>

<u>Area</u>	
Academic Affairs	\$ 66,213 (82%)
<i>Education</i>	\$ 0
<i>Humanities</i>	\$ 0
<i>Science & Math</i>	\$ 12,557
<i>Social Science</i>	\$ 10,055
<i>Other</i>	\$ 43,601
Student Affairs	\$ 10,773 (13%)
Finance and Facilities	\$ 3,726 (5%)

FY06

		<u>Area</u>	
Chemistry	\$ 863	Academic Affairs	\$ 45,324 (71%)
Geology	\$ 1,455	<i>Education</i>	\$ 0
Economics/Management	\$ 11,079	<i>Humanities</i>	\$ 0
Center for Small Towns	\$ 25,600	<i>Science & Math</i>	\$ 2,318
Media Services	\$ 1,954	<i>Social Science</i>	\$ 11,079
Service Learning	\$ 4,373	<i>Other</i>	\$ 31,927
Counseling	<u>\$ 18,077</u>	Student Affairs	\$ 18,077 (29%)
<i>Total</i>	<u>\$ 63,401</u>	Finance and Facilities	\$ 0

FY05: Total \$35,206

Academic Affairs (\$17,874; 51%): *Education* \$1,815; *Science & Math* \$3,545; *Social Science* \$4,158; *Other* \$8,356
 Student Affairs (\$17,332; 49%): *Counseling* \$17,332

FY04: Total \$30,514

Academic Affairs (\$25,922; 85%): *Education* \$22,354; *Social Science* \$488; *Other* \$3,080
 Student Affairs (\$4,592; 15%): *Counseling* \$4,592

Percentage of F&A generation by Administrative Unit, FY04-FY11:

Academic Affairs: \$452,552; 62%
Student Affairs: \$102,246; 14%
Finance and Facilities: \$173,083; 24%

Grants Development Office fund transfers to the Dean's Office ICR account at the end of each fiscal year:

FY11- \$174,356; FY10- \$130,996; FY09- \$92,616; FY08- \$30,000; FY07- \$27,000

University of Minnesota, Morris
Recovered Facilities and Administrative Costs Policy Recommendation
DRAFT

Current University of Minnesota policy returns 100% of recovered Facilities and Administrative costs (F&A) to the coordinate campus that generated the F&A. Of the recovered costs, an amount each year (approximately 25,000 for FY 2012) will be used to fund the grants development office budget.

Funds beyond that amount will be used to support sponsored projects related activities, including a relatively small amount to the general fund to compensate for utilities and other related facilities costs, and a relatively small amount to the library. The balance will be divided between A) The Academic Affairs/Dean's office for support of the research endeavor and to help create an appropriate research support structure on campus (with input from the Grants Development office); B) The administrating Vice Chancellor to support project related expenses or to provide additional incentives for grant submissions; and C) The administering academic Division or unit to defray administrative costs associated with grant activity and to assist the principal investigator with unexpected expenses related to the grant.

While the exact distribution of these funds to these areas will be determined annually by the VCAA and Dean, the following division is recommended:

5%-general fund

5%-library

50%-academic dean's office

20%-administering Vice Chancellor

20%-administering academic division/unit