

**UNIVERSITY OF MASSACHUSETTS AMHERST
OFFICE OF THE FACULTY SENATE
105 HAMPSHIRE HOUSE**

To: John V. Lombardi, Chancellor
University of Massachusetts Amherst

Date: 5 March 2004

From: David Ostendorf, Chair
Research Council of the Faculty Senate

Subject: Recommended Direct Research Cost Recovery Policy

Summary

The Research Council of the Faculty Senate recommends **no change** to the Direct Research Cost Recovery Policy at this time. We suggest that annual research expenditures and number of tenure system PIs measure the advancement of research on the Campus. The charge of academic year salary to grants should remain flexible and voluntary, and should not replace state funded budget lines. Graduate student tuition must remain waived for Research Assistants. We oppose any increase in the Graduate Student Curriculum Fee and recommend that the current Fee support the Serials Budget of the Library, if it is to remain a direct cost to our grants.

Introduction

The Research Council appreciates the chance to contribute to ongoing discussions regarding the funding and administration of research on Campus as part of its charge to advance the research mission of the University. In response to this charge, the Direct Research Cost Recovery Policy is the first of two, or possibly three policies the Council is considering this academic year. The second will be an Indirect Cost Recovery and Redistribution Policy, likely to include an Internal Research Program fraction comprised of such items as Faculty Research Grants, equipment matching funds, interdisciplinary research initiatives, and Conti Fellowships. The third would address the administration of the Internal Research Program, if such a Program is included in the Indirect Cost Recovery and Redistribution Policy.

The Research Policy Committee prepared a preliminary draft Research Cost Recovery Policy for review and comment by the Research Council in November 2003. The revised draft Policy was issued electronically in December 2003 by the Office of Research Affairs to the Principal Investigators and Department Heads across the Campus for their comment. Today's recommended Direct Research Cost Recovery Policy accordingly reflects valuable feedback from the research community. In an attempt to continue the conversation on an informed basis, we forward this memo to the PIs and Heads.

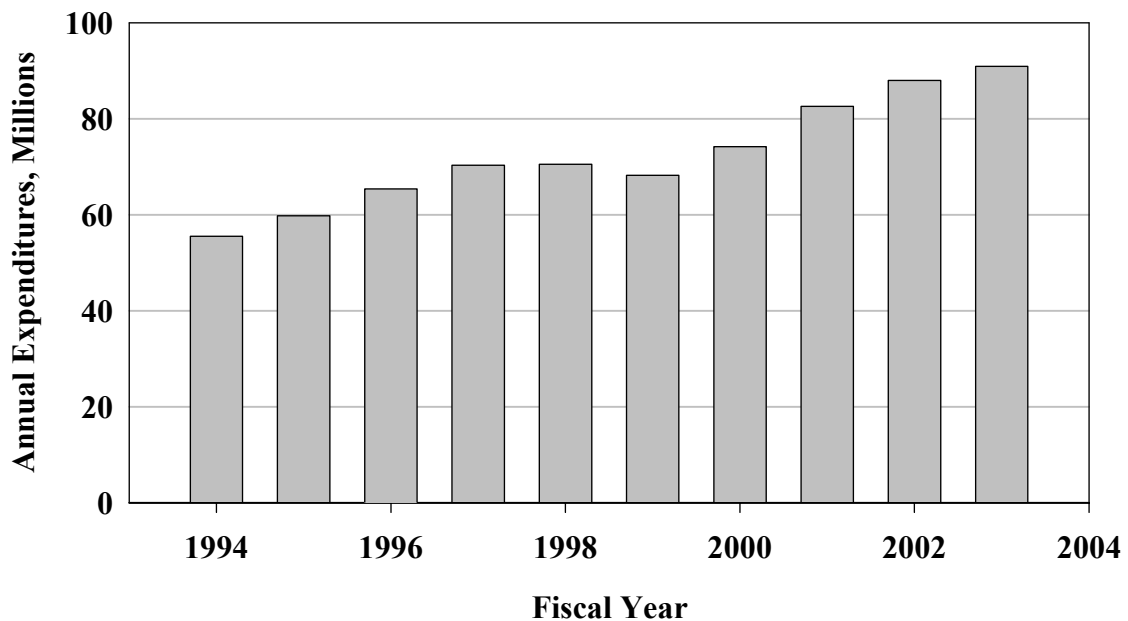


Figure 1 - Total Annual Research Expenditures

Annual Report, ORA

Measures of Policy Effectiveness

The Council recommends that **annual research expenditures** and the **number of tenure system Principal Investigators** measure the effectiveness of the Direct Cost Recovery Policy. Effective policy should increase both measures. Annual expenditures are a widely accepted and readily understood gage of research activity on Campus; we agree that “money matters” in research. The number of tenure system Principal Investigators argues for a wide inclusion of faculty from all Colleges into the research enterprise. A healthy research community in our view, features a mix of small and big science from a diverse and growing set of Investigators across many disciplines.

The Research Council notes that annual research expenditures have increased over the last ten years from \$56 million in FY94 to \$91 million in FY03, as indicated by Figure 1. Current figures track a continuing rate of increase for FY04: OGCA reports that new awards for the first half of FY04 are 20% higher than new awards for the first half of FY03. New awards are a reliable indicator of future annual expenditures. Figure 2 displays a preliminary estimate of tenure system Principal Investigators for the last ten years, along with the total number of tenure system faculty on Campus (Office of Institutional Research). We note a 13% decrease of total tenure system faculty over the last decade (1100 to 950), while the number of tenure system PIs remained fairly stable at 300. The increases in expenditures and stable PI population are particularly impressive in light of recent budgetary stress and declining total faculty numbers, and are construed by the Council as a productive response to the investment of the University in its research community. **The current Direct Research Cost Recovery Policy advances the**

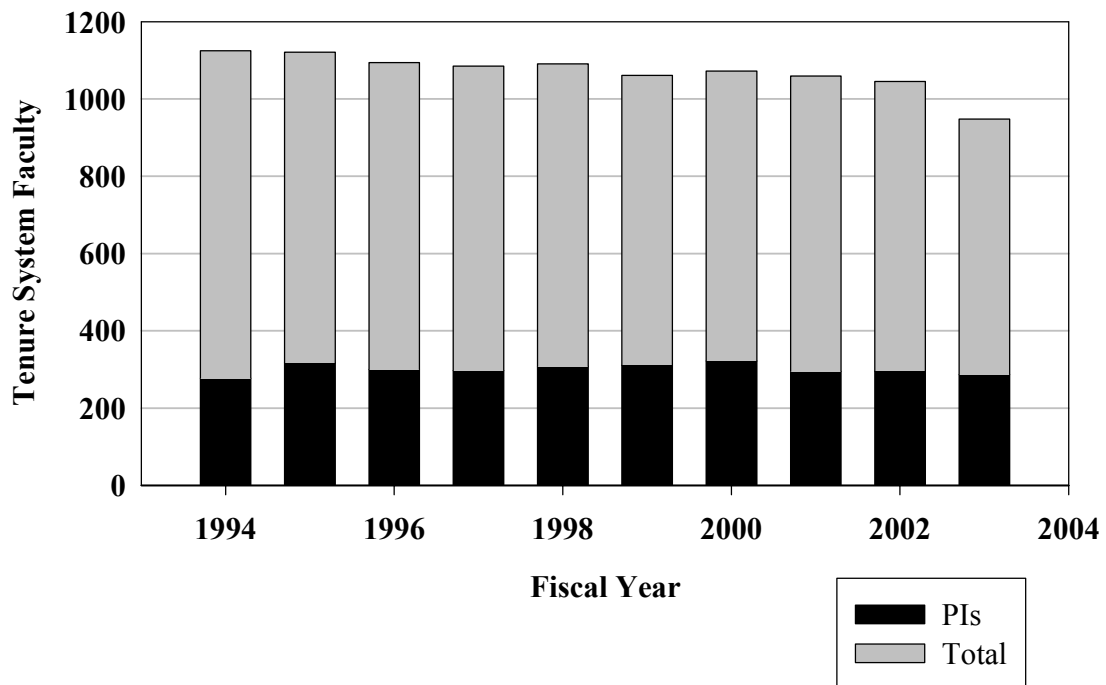


Figure 2 - Tenure System Faculty and Principal Investigators

3/10/04, OIR estimates

research mission and should not be changed lightly. We hope that any changes would increase the number of tenure system PIs while preserving the increasing expenditures of the research community.

Academic Year Release Time

The Research Council recommends no change in the current academic year release time policy. We find no consensus among PIs, Departments, and Colleges on the issue or on its implementation. Some respondents consider internally funded research central to the mission of the University and as essential a part of their state funded appointments as teaching. Many have fixed limits on their requests for proposals and regard any grant charge for academic year salary as a subtraction from the supply, student salary, summer salary, equipment, travel, and other direct costs of their research. Some funding agents prohibit the practice and in fact, require state funded academic year salary as a matching source for their grants.

We note, however, that some PIs do charge grants for their academic year salary with the approval of their funding agents, and the released funds are returned by Whitmore either to the PI, Department, or the College. Thus the Department or College state funded (hard money) budget is not reduced by academic year release time revenue and the total Department or College budget is increased. These released and returned funds have been profitably reinvested at the

three levels, stimulating further research. The current Direct Research Cost Recovery Policy is flexible enough to accommodate these voluntary exceptions, although the released and returned funds must be budgeted annually under current practice. **We encourage multiyear budgetary flexibility on the released and returned funds, to assist those PIs, Heads, and Deans who participate in this voluntary recovery measure in the future.** Numerous respondents note that substitution of academic year release time funds for State funded salary lines is a disincentive to the measure (released but unreturned funds). The Council agrees.

Graduate Student Tuition Waivers

The Research Council recommends continuance of graduate student tuition waivers for Research Assistants. Every respondent appreciates that the tuition waiver supports the most essential line of their research budget, the graduate student. We hope that this discussion reminds the rest of the research community of the value of this important internal support to each PI. Nearly all the respondents reject the notion of voluntarily charging tuition to their grants, even if all the recovered funds are returned to them as flexible money. The Campus can conduct more research and train more students than higher profile, higher priced institutions, thanks to the tuition waiver and other forms of internal support. This advantage permits our big science PIs to outcompete MIT and Harvard in some venues, increasing our annual expenditures and prestige. Many of our small science PIs rely on the waivers to sustain their research programs, preserving our tenure system PI numbers and ensuring a wider participation in research across the Campus. Both grant size and inclusion matter to the Research Council.

Graduate Student Curriculum Fee

The Research Council opposes any increase in the Graduate Student Curriculum Fee and recommends dedication of the existing Graduate Student Curriculum Fee to the Serials Budget of the Library. The Council is dismayed by the prospect of a Fee increase from its present value of \$2,926 to \$4,796 (10 December 2003 memo, Financial and Cost Analysis to PIs). Indeed, a minority of the Council finds the Fee regressive, unattributed, and uncontrolled, and would eliminate it altogether. A number of respondents note that this mandatory direct cost recovery measure reduces the competitive advantage of our larger grants and may drive the direct cost of Research Assistants to a level precluding their appointment to small science grants. Furthermore, a number of big science PIs mention that prohibitively expensive graduate student costs force a switch to postdoctoral or Research Faculty colleagues in order to efficiently conduct research. While the Council welcomes the inclusion of advanced level researchers into the research community, we do not recommend that it be done at the expense of the graduate student population. We also note that the small science PIs may not have the budgets to replace increasingly expensive graduate students with postdocs. Figure 3 suggests that the number of Research Assistantships generally rose from 1,400 in 1994 to a maximum of 1,710 in 2002, near the date of imposition of the Curriculum Fee. Last year's number declined slightly to 1,678, in spite of an increase in annual expenditures. We hope that the number of RAs will not continue to decline. In this regard, the current RA headcount is 1,526, and we await the publication of the 2004-2005 Graduate School Fact Book in August for

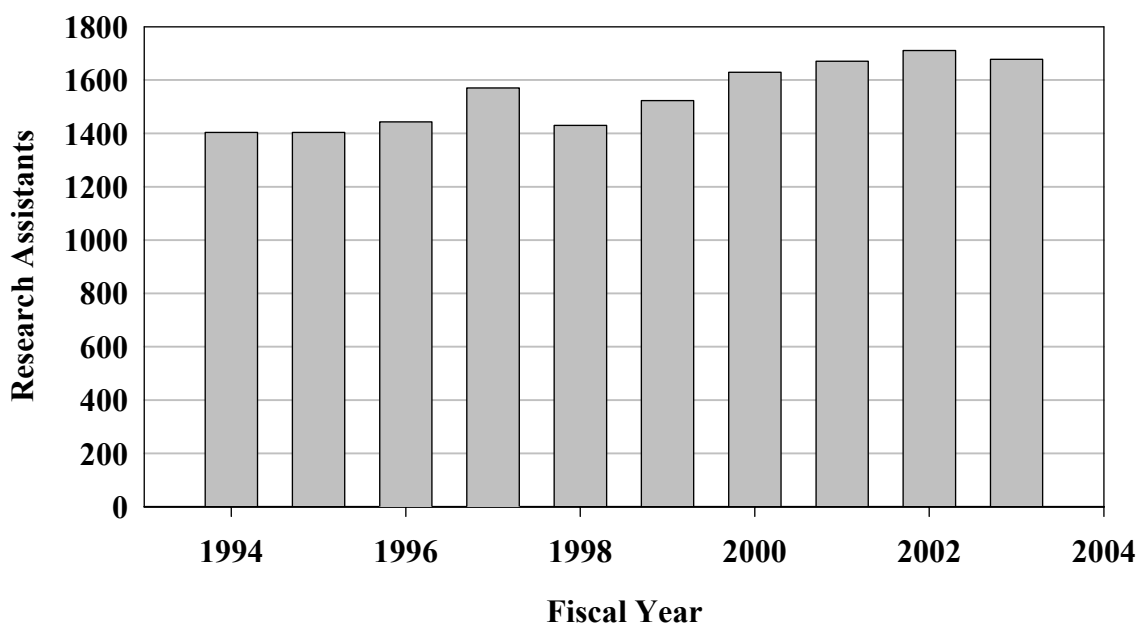


Figure 3 - Research Assistantships (Headcount)

Fact Book, Graduate School

more definitive data. **The Research Council reserves the right to recommend elimination of the Fee altogether if the RA headcount continues to decrease.**

If the current Graduate Student Curriculum Fee is to be retained, it should support the Serials Budget of the Library. The Research Council understands that Campus budget flexibility generally requires that revenues be decoupled from expenses. We think the Fee is an exception to this rule, however, since direct costs in our budgets pay for specific expenses. We also note that all PIs must pay this mandatory and regressive direct cost, and the Council considers periodical subscriptions as a curricular cost that benefits all researchers. This linkage helps justify the present Graduate Student Curriculum Fee to the PIs and their funding agents, who must find the funds in their direct cost budgets. The need for a stable Campus periodical budget is acute: the Legislature eliminated the separate Educational Reference Material line from the State budget in FY04. This line, which supported the Serials Budget for the Amherst Campus, attained a maximum value of \$4.4 million in FY01. The Campus currently spends \$4.2 million for the FY04 Serials Budget, and in effect replaces the ERM line with internal funds. The Council appreciates this expression of internal support for periodicals in times of budgetary stress, and seeks to stabilize the Serials Budget directly. The recommended linkage in turn would set and stabilize the Graduate Student Curriculum Fee: the ratio of the FY04 Serials Budget to the RA population of 1,678 currently justifies a Fee of \$2,503.

cc: PTKostecki, Vice Provost for Research (hard copy)

Deans (hard copy)

Department Heads (email)

Principal Investigators (email)