

Report from the Division of Natural Sciences on the new policy for Indirect Cost distribution

The faculty in the College of Humanities and Natural Sciences learned, quite by accident this summer, that the Provost's Office was changing a long-standing policy of Indirect Cost (IC) redistribution. For more than 20 years it has been the written policy of the University that 50% of IC would go to the general fund and 50% of the IC would go to the Principal Investigator (PI) of the grant. The attached memos to the Provost's Council, dated March 10, 2009, and April 21, 2009, describe the new policy, approved by that council in March. The new policy would appear to distribute 100% of the indirect costs in the following way: 60% to Academic Affairs, 25% to the College/other office, and 15% to the originating department. However, as we discovered this summer, the distribution of 60, 25, and 15% is only with regard to the 50% of the indirect costs that used to go to the PI. Under this new policy, for each dollar of IC funds generated by faculty from external funding sources, fifty cents goes to Loyola's general fund, thirty cents to the Provost's Office, twelve and a half cents to the originating college(s) or unit, and seven and a half cents to the originating department. Under the new policy, no IC funds provide direct support to the faculty PIs responsible for obtaining the funds.

As far as we have been able to determine, no faculty were consulted when creating this new policy. The Provost's Office did not meet with recent faculty grant writers and/or funded PI's to investigate the effectiveness of the previous policy or to assess the likely effects of the new policy. Contrary to the March 10, 2009 memo, the old policy was in writing and regularly enforced (See attached memo dated August 1987). In addition, we understand that the new policy was approved without much input or discussion from the academic deans. Since most of the deans are new to Loyola, it is entirely possible that they did not have a thorough understanding of the established, existing policy and the fact that the new policy represents a drastic departure from standing procedures.

We believe that the change in IC distributions will have a detrimental effect on teaching, research and learning at Loyola. Faculty, especially in the sciences, are expected to be involved in undergraduate research. This is a necessary component for tenure and promotion and for the success of our undergraduate students. The vast majority of undergraduate research activities at Loyola are supported by external funding obtained by faculty, and these external funds include IC dollars. IC funds directly support undergraduate student stipends, necessary supplies such as chemicals, software for data analysis, major new equipment purchase, maintenance, and repairs, travel to conference by faculty and undergraduates, collaborations with experts, and many other research activities. Loyola provides minimal or no support for these activities necessary to maintaining a research-active undergraduate

experience for our students. Clearly, the established policy provided direct control of IC recovery funds to the PIs, thus allowing them immediate access and use of the funds to address emerging research needs (establishing new collaborations with researchers outside of Loyola, immediate purchase of new equipment, or emergency repairs of equipment). It is unclear how eliminating the faculty PI IC redistribution and instead giving it to at minimum three separate entities not involved in the funded research will improve research at Loyola. The new re-distribution of funds will certainly have a negative effect on a faculty member's ability to do the job he or she is required to do.

Arguably the best use for the IC funds is to support faculty research in between funded grants. The need to purchase a \$10,000 piece of equipment, or to spend funds to upgrade existing equipment, to hire student research assistants to begin pilot studies or continue current studies are all vital components of making research work. This is in fact a very good investment for Loyola. To receive a future research grant a faculty member has to have a history of research productivity without gaps. PI's with a history of successful grants with published results are more likely to get future funding. Again, Loyola does not provide enough support to bridge this funding gap, which will negatively affect our ability to secure future external funding.

The potential for recovery of 50% IC funds provides a major incentive for faculty to pursue more competitive grants from agencies like NSF, NIH, and DOE, agencies that allow the inclusion of overhead funds at the approved rate of 59% of salaries and wages for on campus projects¹. These agencies offer larger funding opportunities and valuable multi-investigator grants, but their proposals typically require a greater commitment of faculty time to prepare a viable proposal. These agencies also have more difficult approval processes. The possibility of recovering IC funds not only encourages faculty to apply for these larger, more prestigious grants, they provide resources following that grant to allow successful continuation of the research. When funded, PI's often use the IC dollars to provide basic support for research activities not covered under a grant's direct costs and that are not provided for at Loyola via departmental or college budgets. IC funds also allow faculty to continue the research even after the grant has ended. Without these funds to allow for additional support, receiving addition, highly competitive grants, especially from NSF, NIH, and EPA can be compromised. There are reasons, other than recovery of IC funds, for which Loyola should seek funding from these prestigious sources. A

¹ Note that some agencies such as the Louisiana Board of Regents Support Fund and smaller private foundations may only allow 0-25% IC to be charged to the grant.

faculty member who successfully obtains funding from an agency such as NSF or NIH also increases his or her standing in the field, improves his or her external reviews for tenure and promotion, and increases the likelihood of obtaining valuable external funding in the future. In the long run, deterring faculty from pursuing these more difficult competitive and prestigious funding opportunities will affect Loyola's reputation and the quality of the research our faculty and students perform.

We understand that the Office of the Provost would like to use the new policy to build up matching funds for grants, and we appreciate this need. We also understand that 50% redistribution to PI's is generous, especially when compared to Research 1 institutions. However, it is inappropriate for Loyola to use a Research 1 model to re distribute IC. Here at Loyola, PIs are responsible for researching funding opportunities, writing the proposal, negotiating the proposal through Loyola's approval process, conducting funded research, supervising undergraduate researchers, maintaining and repairing equipment, ordering necessary supplies, and doing the majority of the grant administration and grant reporting. Unlike a major research university, Loyola provides little to no support in any of these areas. Given the financial restraints that Loyola is operating under and the lack of any faculty input in the development of the new policy, it is unlikely that the redistributed funds will be used to provide funded PI's with the resources necessary for their endeavors. These resources are routine at major research institutions that do not share the IC with funded faculty. Rather than the R1 model, the university should use a model appropriate for a predominantly undergraduate research institution. As grant writers and faculty who aggressively pursue external funding to support undergraduate research activities that benefit our students, facilities, departments and university, we ask that the administration be open to dialogue and negotiation on this matter. A committee including the funded PI's from the past five years can work with the Office of the Provost to develop a new policy that meets the needs of the research community at Loyola.

Indirect Cost Redistribution Recommendation

- 1) The science departments would like the provost to establish a committee on undergraduate research which includes previous successful P.I.'s from the sciences to develop a new indirect cost sharing policy including a description of how funds will be used to support undergraduate research and generate more funded grants.
- 2) We would like the policy to remain 50% to general fund and 50% to P.I. while the new redistribution policy is negotiated.
- 3) The Science division is considering not including Indirect Cost in future grant proposals if a committee of successful P.I.'s is not established to discuss and negotiate a new redistribution policy with the administration.
- 4) In the future, major policy changes which affect undergraduate research should be reviewed by the undergraduate research committee and should be fully vetted by the deans and the faculty.