Geological Sciences



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**MEMORANDUM**

TO: Patricia Rankin, Associate Vice Chancellor for Research,

Mary Kraus, Associate Dean, College of Arts and Sciences

FROM: Patrick Kociolek and Lang Farmer

RE: Report from Campus DAICR committee

DATE: May 15th, 2015

**BACKGROUND**

A committee was selected by Associate Vice Chancellor for Research Dr. Patricia Rankin and Associate Dean in the College of Arts and Sciences Dr. Mary Kraus to address specific, focused charges related to issues arising on campus related to DA-ICR.

The committee was co-chaired by Dr. Lang Farmer, Chair, Department of Geological Sciences and Dr. Patrick Kociolek, Director, Museum of Natural History. Other members of the committee included Dr. Theresa Hernandez, Chair, Department of Psychology, Dr. Martha Palmer, Professor of Linguistics and Computer Science, Dr. Tarek Sammakia, Chair of the Department of Chemistry & Biochemistry, Dr. William Lewis, Interim Director of RASEI and Associate Director, CIRES, and Dr. Myron Gutmann, Director of the Institute of Behavioral Science.

The committee met in February 2015, to address two charges (see below) and refined a set of recommendations via email. The final recommendations were agreed to on 8 May 2015. These recommendations were offered within the context of the 2008 University of Colorado at Boulder document “Guidelines for DA-ICR Distribution” Co-Rostered Faculty and/or Shared Proposals” (attached).

***CHARGE 1***

*The percentage of the DA-ICR that is allocated to the unit in which the faculty member is rostered and/or the unit that has made significant investments in that faculty member (e.g. start up costs, summer salary support, graduate student support) should usually be around 25%.*

*Although this provision provides several examples of investments, the examples are not inclusive and questions arise as to what resources should be included and how they should be counted. In addition, how are resources provided by the researcher’s college, rather than just his/her unit, to be counted? Examples provided in the Appendix are based on unit resources only.*

*Recommendations*

In response to this charge, the committee explicitly considered the following “investments” in a faculty member and how the investment made by researcher’s college should be “counted” in the guidelines for DAICR distribution;

1) Cash contributions to startup

Cash contributed by various units to a given faculty startup package are the simplest investments to track and compare, but it is nevertheless difficult to establish a single, uniform policy for how each unit should be subsequently reimbursed for these contributions. Reimbursements are provided by future F&A generated by the faculty member, but given the relatively low percentage of that F&A returned to participating units, a full reimbursement for the initial cash investment can take decades and may never be realized. Different units on the CU-Boulder campus have widely varying capacities to weather the low rate of F&A return from cash investments on specific faculty start up packages. For some departments and institutes a high cash contribution to a start up package, combined with low F&A return rate, will severely hamper their ability to conduct subsequent faculty searches or to cover those administration costs paid for solely by F&A return. All of these problems are exacerbated by the ever-increasing cost of start up packages, particularly in the natural sciences and engineering.

The committee recognizes that no policy can cover all contingencies and so a detailed Memorandum of Understanding negotiated between all units participating in a given hire is an absolute requirement. There are many factors that can come into play in these negotiations beyond square footage of space and start-up monies, and the MOU’s will be, of necessity, unique to the situation with considerations given to the individual and collaborating units. The committee’s discussions included a variety of these topics, and included areas of consideration for teaching, graduate student support, tracking processes, IRB support, etc. We offer here as a DAICR spreadsheet (not exhaustive or necessarily appropriate for every MOU) that might be considered in developing a MOU (attached).

In terms of cash contributions, most committee members agreed that cash contributed to faculty startup packages by an academic unit’s college should be counted as part of that unit’s total contribution to the startup fund. Similarly, cash contributions provided to a campus institute by either the graduate school, or Provost, solely on the institute’s behalf (and not as part of general financial support for the position) should be counted as part of the institute’s contribution to the startup fund.

In the case where multiple academic units, or institute-academic unit pairs, have all made cash contributions to a startup package, a distinction should be drawn between the ‘primary DAICR’ unit and ‘secondary DAICR’ units in these partnerships. The former is defined as that unit which will ultimately receive the majority (>50%) of the DAICR return associated with the new faculty member, according to terms defined in the MOU negotiated upon hiring. The committee recognizes that under the terms of the current DAICR guidelines the ‘secondary DAICR’ unit will often be unable to recoup their cash contribution to the original startup package through DAICR recovery in any reasonable time period, inhibiting the unit’s ability to provide start up funds for subsequent TTT hires. This is a disincentive to partnering with a ‘primary DAICR’ unit and to providing significant cash outlay in startup costs associated with a joint hire. The committee suggests that in these cases an “accelerated” payback to the ‘secondary DAICR’ unit of their cash contribution to the startup package through DAICR recovery should be considered as part of the MOU created during hiring of the new faculty member. In general, a larger fraction of returned DAICR should go to the “secondary” DAICR unit, over a specific time frame, to provide reimbursement for their contribution. Once the accelerated payment schedule expires, the DAICR splits would return to levels set in the original hiring MOU according to existing general guidelines for DAICR distribution. This agreement needs to be simple, straightforward and monitored annually so that everyone agrees on progress made.

Discussion in the committee noted the rising costs in some areas related to the hiring of top rank talent, especially in institutes and departments that may not have enough money themselves and with contributions from central administration, to compete in an aggressive marketplace. An example presented by one committee member shows investments from the appointment ‘primary DAICR’ unit of $600,000, and the need to partner with a collaborating or ‘secondary DAICR’ unit for $300,000 to complete a start-up package. Under even accelerated splits as those anticipated / recommended above, a new hire who attracts $500,000 per year will generate ca. $12,500 in DAICR, and thus would take 22 years to pay back the collaborating ‘secondary DAICR’ within this scenario. While this issue does not fall into the charge of the committee, we raise it here to underscore what many CU-Boulder leaders know, that is that issues related to these types of hires are going to require an investment in additional scrutiny, strategy (including looking at the finance structure of established versus more recently established units), and capital to keep CU-Boulder competitive in the current climate.

2) TTT faculty FTE;

The committee considers current DAICR guidelines to adequately compensate units for FTE contributions.

**CHARGE 2**

*Up to 50% of the DA-ICR should be allocated based upon the location of the work, as well as the location of the physical resources that are being provided to support the research. (The suggested range is ~25-50% depending on the special circumstances associated with the research operations of specific units).*

*When the 2008 document was established, most focus was on researchers with lab space. For researchers who require only office space, what additional guidelines should be used in determining division of F&A return?*

*Generally, when a faculty member is hired how their share of F&A will be split is covered in an MOU. In addition to discussing the provisions above we would like the committee to recommend a process to be followed to develop a similar MOU whenever a faculty member’s role changes – for example, when a faculty member joins an institute after being hired.*

*Recommendations*

The committee considered, but was not swayed by, perceived differences in physical space, such that “offices” should count less than bench-based science laboratories in DAICR split negotiations. However, the committee recommends that changes in faculty roles must always be agreed upon by a formal MOU between all affected units, well in advance of any such change. Negotiations for an existing faculty member to add an institute affiliation, or switch academic departments, cannot be made unilaterally by one affected unit or negotiated solely by the individual faculty member desiring such changes. As part of the “role change” negotiation, an agreement on DAICR splits between all affected should be obtained in writing. No change in existing DAICR distribution agreements for this faculty member can take place before a formal MOU detailing these changes is in place. As a rule, the MOU must be in place before (at least two weeks) the new DAICR splits need to be applied to a new grant application and/or contract. Otherwise existing DAICR distribution agreements for the faculty member will remain in force and will continue so until the appropriate MOU is complete.

**ADDENDUM**

Although beyond the specific charge of our committee, our discussions identified common concerns and the need for CU-Boulder to reevaluate its model for funding new faculty start up packages.  At present, academic departments and institutes rely principally on DAICR returned by the campus for this purpose.  However, at the current rate of DAICR return to individual units (~15% of direct costs, or 28% of the total 54% F&A charged on direct costs) it is increasingly difficult for individual units to maintain regular hiring programs and accrue sufficient DAICR derived funds to cover a unit’s required contribution to startup packages (commonly 50% to 100% of total request).  In A&S, for example, this difficulty is particularly dire in the natural sciences where ~$1M packages are now commonplace.  Failure to accrue sufficient startup funds through DAICR could lead to a number of negative consequences, including delays in new faculty hires by individual academic departments regardless of the impact on its teaching programs and the possibility of approving mediocre tenure cases because of the costs involved in hiring a replacement faculty member.  Partnering with other units and splitting start up costs can help in the short term, but such arrangements also involve splitting DAICR returns, and thus negatively impact the rate of accrual of funds required for future hires in each individual unit.

The fact that institutes and academic units routinely turn to the Provost’s Office for additional startup funds demonstrates that a systemic problem exists on campus with regard to the funding of startup packages.  We urge the campus to undertake a serious assessment of this situation and to develop alternative, more sustainable, models for covering these expenses, expenditures that are important for the campus to attract top talent and elevate our reputation and maintain diverse sources of revenue.