

## **Report of the President's Research Administration Committee May 15, 2004**

### **Introduction**

In June of 2003 President Austin empaneled the President's Research Administration Committee. We, the Committee, were charged with studying two principal areas related to research and asked to make recommendations in each: 1) issues of compliance, specifically in regard to external funding by the federal and state governments; 2) the allocation of funds to the research enterprise of the University that are derived from indirect costs. We address both of these areas in our recommendations below. Further, we wish to point out that our discussions were framed by State legislation approved in 1945 that established the Research Foundation and authorized it to receive and disburse funds in support of research, as well as by our understanding of the University implementation of the legislation in 1953 that established the general organizational structure for the Foundation as it exists today.

The Committee recognizes that the issues discussed in this report are complex, sometimes ambiguous, and frequently controversial within the research and scholarly community of the University. Further, we understand that many issues related to research lie outside the specific focus of our committee, and hence of our report, but nonetheless are critical to the research and scholarly work carried out at the University (e.g., the proper and efficient functioning of purchasing, payroll, information technology, and other aspects of the University infrastructure.) We strongly recommend that the research infrastructure be evaluated for the purpose of immediate improvement.

We have obtained counsel from Deans, Center Directors, representatives of the Research Advisory Council, and executive officers of the Administration, and our discussions have been shaped by goals that we believe are widely shared: first, to bring university procedures into compliance with federal regulations; second, to provide the resources necessary for researchers to carry out their work efficiently; and third, to enhance the research potential of the University as a whole. While in some cases achieving these goals will require additional University support, we believe that the implementation of our recommendations will not only remedy specific problems that currently exist but also help the University attain its stated goal of raising its research stature within the cohort of top universities in the country.

### **Recommendations of the President's Committee on Research Administration.**

#### **I. Compliance**

A. All grants and contracts are held in the name of the University. Therefore, it is the responsibility of the University to account for all revenues and expenditures on grants and contracts following customary accounting practices. This shall be accomplished through the University's regular accounting systems. However, the Committee believes that, in general, the current system (FRS) is not friendly to users or timely (e.g., not intuitive to learn, cannot take

previously entered data from spreadsheets, is tedious, time consuming, cumbersome, and outdated). Thus the Committee strongly urges that a new, user-friendly system be acquired as soon as possible. In addition, timely billing and data entry are essential to any effective accounting system, and appropriate staff should be added to improve performance in these two areas.

B. Principal Investigators and, where appropriate, Program Directors, have direct responsibility for grants management.

C. The Committee recommends the creation of three internal auditing positions for research oversight. These auditors will report directly to the President. The number of recommended positions is based both on the volume of the auditing work required and on the different areas of research that could benefit from having access to auditors who are familiar with that research. These auditors should provide continuous guidance and appropriate oversight to Centers holding grants and contracts, and should undertake specific auditing tasks at the direction of the President. Additionally, the auditors may require assistance from outside contractors on an occasional basis.

The Committee strongly recommends that the three internal auditing positions be funded by the University's general fund and not by revenue from indirect costs. The committee believes that these positions represent a relatively small investment by the University for what would be a substantial and critical enhancement of compliance, as well as avoidance of potential financial sanctions for failure to comply with federal regulations and the corresponding major negative impact on the University's reputation. Additionally, funding for these positions from sources other than indirect costs avoids the appearance of conflicts of interest for the auditors, who often would be working with centers significantly funded by indirect costs. Further, the committee believes that the credibility of compliance, from the point of view of the research faculty, will be greatly enhanced by indications that the Administration recognizes the need to fund some of the costs of research support and oversight with new resources.

D. It is the responsibility of the Vice Provost for Research and Graduate Education (VPRGE) to provide guidance and oversight related to research grants and contracts. For the VPRGE to manage more effectively these tasks, the Committee recommends a reorganization of OSP, which would facilitate the enhancement of service to the scholarly community. (See attached flow chart.) Specifically, this reorganization would include the following:

- “reports/data sets/statistics supervisor.” This position will enhance service and facilitate compliance through the generation of reliable, timely, and focused data that will give the VPRGE, Center directors, and principal investigators critical information about the status of revenues, grants, and other matters related to the effective functioning of research.

- liaison positions (business managers with training in accounting) between OSP and other units of the University (e.g., departments, University Research Centers). These managers will provide ongoing guidance (e.g., regarding unallowable charges, spending rates, overdrafts, and impending deadlines) to the designated research units in order to insure appropriate financial compliance.

- a business manager assigned to Cost Recovery/Recharge Centers (i.e., Service Centers that provide technical services or products for which they recover the costs), with the primary responsibility of assisting in all financial matters related to the centers.

E. While the Committee recognizes the important compliance function of OSP, it also urges OSP to continue to work to enhance its service component and to remove unneeded barriers to efficient grant management. The clearly understood goal of OSP must be to enable researchers to operate the research enterprise more effectively and efficiently. To this end, OSP should regularly review its procedures and, when appropriate, seek both internal and external evaluation of its practices for carrying out its mission. The committee believes that there is a necessary and intimate link between the strong service component of OSP and successful compliance in matters related to grants and contracts.

## II. RESEARCH INFRASTRUCTURE

The Committee endorses the principle that research administration (and especially OSP) merits sufficient funding to enable it to provide superior service to the research community. As other parts of our report affirm, service includes an array of matters related to compliance, and equally important, involves research support in two critical areas: 1) processing of grant proposals for submission to external agencies; 2) grant management once an award is received.

The Committee recommends that the percentage of indirect costs used for research administration funding should not exceed approximately one third of the total indirect cost pool. After the period required to implement the proposed development of research infrastructure, the personnel level and cost requirements should stabilize and the expected increases in indirect cost revenues due to successful research initiatives should provide the appropriate balance of revenues and costs to allow adherence to the above recommendation.

Both the report of the Chancellor's Research Policy Committee (Spring 2002) and the Dambach report, "The Research Enterprise at the University of Connecticut" (commissioned by the Provost in Spring 2001), make several recommendations for improving research infrastructure at the University of Connecticut which the current VPRGE and others have taken steps to implement. Among the most salient of these (which involve the implementation of new programs as well as the restructuring of research services) are the following:

- improvement of new faculty orientation
- the creation of institutional helpline programs to keep department heads

- and others abreast of changes and current issues in research
- improvements in business operations standards (including purchasing, employment, and travel)
- increased authority and enhanced decision-making of OSP
- enhancement of technology transfer
- development of increasingly seamless relations between the Health Center and Storrs campus
- improvement of graduate admissions procedures

The Committee applauds the efforts of the VPRGE in these areas and anticipates continued enhancements in research services in the future.

The Committee also recognizes that many areas of infrastructure support could benefit from changes. The area of infrastructure support that we focus on here relates to research administration, specifically OSP. The observations and recommendations below represent concerns raised by committee members in consultation with colleagues who have worked with OSP in securing and managing grants on a regular basis.

## **GENERAL PRINCIPLES**

1. OSP should take measures to ensure that the reception is always welcoming, helpful and supportive. The committee believes that regular training sessions will help in this regard, not only in terms of how OSP personnel can work efficiently and smoothly with investigators, but also in building a firm base of knowledge for OSP personnel so that they will have the ability and confidence to handle a range of problems and concerns.
2. OSP has provided grant proposal preparation workshops for Faculty. OSP should offer workshops for staff who are responsible for grant administration, and departments should strongly encourage staff participation.
3. Every effort must be made to provide assistance in submitting grant proposals to external agencies in a timely manner. The Committee recognizes that faculty bear responsibility for working in advance of deadlines and giving OSP personnel sufficient time to carry out their responsibilities. However, on many occasions (and often due to factors beyond a faculty member's control, such as waiting for information from co-PIs at other universities), faculty run up against deadlines and need prompt support from OSP. OSP should establish policies to assure that if an individual staff member within OSP is absent or working on another matter, and therefore cannot provide needed assistance, others within OSP will be sufficiently knowledgeable to provide the necessary service promptly. This may entail OSP personnel working flexible hours, sometimes weekends and evening hours, with appropriate compensation time. It also may require, as suggested above under number one, that additional training be provided for OSP staff so that they are able to provide service in areas beyond their normal fields of expertise.
4. When feasible (for example, when a department or defined unit has an annual external funding

base above \$3 million), OSP should continue to make every attempt to provide that department/unit with an OSP representative who has approval and signature authority for grant submissions.

## **PRE-AWARD**

1. On occasions when OSP receives a grant application electronically, and is unable to read the file (or if there is any other glitch in communication), the investigator should be informed immediately so that steps can be taken to process the grant efficiently.
2. All concerns or ambiguities detected by OSP in grant proposals (e.g., budget explanations) should be communicated to the investigator as quickly as possible.
3. OSP should always have someone available with signature authority during regular business hours.
4. The Committee believes that OSP's *Information Sheet for Preparing Budgets* is very helpful, and it is important for OSP to continue releasing revisions via the website. However, the sheet is missing some critical information that would help PIs and Department-level grant administrators prepare accurate budgets for proposals before the proposals get to OSP Preaward Services.  
Example:
  - Indirect Costs are calculated differently depending upon whether a sponsor sets an IDC limit that is below UConn's HHS-approved rate. If the sponsor limits the IDC rate, UConn charges IDC on the entire total direct cost amount, instead of on a modified total direct cost base. Finer points of UConn's budget preparation rules such as this should be clearly explained in the Information Sheet. Such additional details would be helpful to grant administrators who prepare proposal budgets and must explain the budgets to PIs. It would also be helpful to those PIs who refer to the OSP information and prepare a draft budget for the grant administrator to start with.
5. Pre-award Services should assist PIs in departments that do not have grant administrators with the preparation of proposal budgets.
6. For departments (or defined units) with a grants administrator, OSP should cc her or him on communications with the PI and/or the sponsor regarding grant proposals. Examples:
  - Pre-award Services communications about proposals under review or to be submitted electronically by OSP
  - Just In Time information requests and additional information or clarification from outside sponsors

7. OSP should strive to facilitate the submission of grants by eliminating unnecessary hurdles, streamlining procedures, providing downloadable budget templates and providing guaranteed approval turnaround. Examples:

- OSP requires a complete NIH budget when NIH requests a modular budget with no line-item amounts. The Committee recognizes that a line-item budget is necessary only after the award for time and effort reporting.
- OSP requires a new conflict of interest form for each proposal when many universities provide annual COI forms that apply to all proposals and contracts.

## **POST-AWARD**

1. As with #6 above under “Pre-Award”: for departments (or defined units) with a grants administrator, the OSP should cc her or him on communications with the PI and/or the sponsor regarding post-award matters. Examples:

- Notices of Grant Award
- Reminders of progress reports/continuation requests due, which the sponsor sends to the OSP and the OSP forwards to the PI
- All communications between the sponsor and the OSP regarding active grants
- All communications between the OSP and the PI regarding active grants

2. OSP should not impose additional rules and regulations beyond those imposed by the granting agencies without explanation and justification. Example:

- OSP’s requirement that PIs formally request budget reallocations when the granting agency (e.g., NSF, NIH ) allow reallocations without formal request
- OSP’s requirements for PIs to submit additional forms (e.g., routing sheet, budget justification, financial disclosure summary) for 2<sup>nd</sup> (or 3<sup>rd</sup>, etc.) year funding when many granting agencies require only an approved budget

## **EXTERNAL FUNDING ISSUES GROUP**

The Committee believes that many issues raised above, especially those related to interactions between OSP and researchers, could be resolved through a structure of communication that would channel the best efforts of both groups to lay out problems as well as seek solutions. To this end the Committee recommends the creation of an issues group, consisting of three members of OSP appointed by the Director, and three faculty members with major external funding, who

would meet on a regular basis (e.g., twice a semester) to discuss research issues related to the partnership between OSP and researchers through which research is facilitated at the university.

### **III. Research Centers**

The Committee recognizes that centers with a variety of functions and funding sources exist within Schools and Colleges to enhance research, teaching, and service. We believe that centers provide a critical foundation for research activities, and we affirm the continued importance of a variety of centers that contribute to the excellence of our University.

Beyond this affirmation, however, we propose a distinction between two categories of centers, using faculty affiliation across more than one school/college as the principal point of differentiation. Additionally, annual research expenditures on the order of \$1 million will be used as a point of reference for the establishment of larger University centers, as recommended in #B below.

- A. The Committee recommends that when a center is composed of faculty from a single school/college, its administrative structures and lines of reporting ordinarily should be developed with deans or other appropriate administrative officers. As a matter of practice, this would mean the following: that for each center, depending upon its profile and mission, collaboration may occur among center directors, department heads, deans, and when appropriate, the VPRGE. Such a collaboration would define levels of support, reporting policies, and procedures for regular evaluation of the center's activities and progress. The director of such a center would ordinarily report to his/her Dean, who would play a central role in support and oversight, as well as in negotiations that might occur with the VPRGE for obtaining indirect cost support. (See section III below for recommendations concerning distribution of indirect costs to Centers, Deans, PIs, and Departments.) The potential role of the VPRGE in the administrative oversight and support of these centers would depend upon matters such as the amount and nature of external funding, the potential for growth, and the type of research/scholarship undertaken by the Center. For example, in the humanities or parts of the social sciences where external funding opportunities are less available, financial support may be aimed largely at the enhancement of scholarly productivity rather than an increase in external funding. In contrast, in an area where potential for growth in external funding is deemed to be promising, the VPRGE may provide financial support as seed money targeted specifically to enable a center to pursue new funding opportunities.
- B. For centers with faculty from more than one school/college, as well as a funding base on the order of \$1 million in annual research expenditures, the Committee recommends the creation of a special designation of University Research Center (URC). While all individuals and units of the university that undertake research must comply with university regulations, a URC would often create specific and complex circumstances (regarding funding, interdisciplinary research, faculty from a range of departments, etc.)

that appropriately require this special designation. The Committee recommends the following guidelines concerning the designation of a center as a URC:

### 1. Mission

There must be a clear and well-defined research rationale for the establishment of a URC, with appropriate evidence of each potential member's contribution to the research mission. Specifically, the goal of a URC must be not only to enhance the research capabilities of its individual members in seeking external funding and in scholarly productivity, but also to enhance multidisciplinary research endeavors across the University, through the collective work of the whole.

### 2. Designation of URCs

- a. To be designated a URC, a center must obtain approval of the appropriate deans, the VPRGE, and ultimately the Board of Trustees.
- b. The approved faculty membership in a URC must represent at least two different schools/colleges and be consistent with the goal of enhancing multidisciplinary research endeavors across the University.
- c. URCs will report directly to the VPRGE, but deans and department heads could play an important role in a URC, especially in the areas of financial and infrastructure support, as well as in oversight.

To retain its designation as a URC, a center must ordinarily sustain average annual research expenditures on the order of \$1 million. In addition, URCs will be reviewed periodically, in part for continued designation as a URC. (See Section IV below.)

## **IV. Funding and Allocation of Indirect Costs (ICs)**

### **A. General Funding Recommendation**

The Committee strongly urges that additional funding from sources other than indirect costs be made available by the University to support research and scholarly activities. The committee recommends that funding be enhanced in the following ways:

- 1) through additional support from tuition or other designated state/university funds. For example, several of the programs currently funded by the Research Advisory Council with ICs, such as graduate fellowships, dissertation fellowships, summer fellowships, research travel of faculty and graduate students, and colloquia, should not be entirely dependent upon indirect costs for support. A change in funding for these programs alone would make available approximately \$1.15 million in indirect costs, which could be used for direct research support and research investment, including assistance to cost

recovery service centers whose mission is to facilitate scholarly productivity by providing expertise and specialized services through a number of core facilities. This pool of funds should also be used to improve the research infrastructure of the university, which the committee believes is inadequate in the areas of staff, information technology, equipment, facilities, and service.

- 2) through support from the UConn Foundation. The committee strongly urges that the administration work closely with the Foundation to identify potential fund-raising opportunities for research and that, additionally, current funding streams within the Foundation be scrutinized for their potential use in enhancing research programs. We also encourage the VPRGE, in collaboration with the UConn Foundation, to seek donations to the research enterprise from business and industry. As the VPRGE has suggested to us, it would be feasible to target potential donors who have an interest in specific fields of study at UConn, and to draw upon the expertise of UConn faculty to help attract funding from these donors.

The Committee recognizes in both instances above that finding new sources of funding, or reallocating existing resources, is not done easily. However, the committee believes that it is critical for the President and other administration officials to move research to the fore in both word and deed.

## **B. Earmark Funding**

The University has had increased success in recent years in garnering earmarked federal funds for specific programs of instruction and research (e.g., in FY04, approximately \$14 million). To date, the University has not developed a policy of indirect cost recovery from these earmarks, thereby missing an opportunity to enhance the recovered indirect cost pool of money available for research. We recognize that the varied nature of earmarked programs may not allow for a standardized policy concerning indirect cost recovery. However, we urge the office of the VPRGE to develop guidelines that will permit the recovery of indirect costs to the greatest extent possible (e.g., of the approximately \$14 million in earmark funds in FY04, approximately \$10 million might be eligible for indirect cost recovery).

## **C. Indirect Cost Recovery Rate**

The indirect cost federal rate for the University during FY02 was 42%; for FY03 the rate was 47%. The effective indirect cost recovery rate of the University for FY02 was 16%; for FY03 the recovery rate increased to 18% (Source: "Profile of External Research Revenue at the University of Connecticut, FY02 & FY03"—provided by the VPRGE). While there are many reasons for the overall disparity between the University's regular charged rate and the effective rate of recovery (e.g., lower rates on federal training grants; no indirect costs on funds granted for the purchase of major equipment), the Committee believes that every effort should be made to increase the effective rate of

recovery. This could be achieved through ongoing discussions between researchers and the office of the VPRGE with an eye toward reducing, whenever possible, the number of grant proposals submitted with lower than standard indirect cost charges. The Committee recognizes that a competitive edge can be gained in some instances with lower indirect charges, but it urges OSP and researchers to proceed carefully when waiving or reducing on specific projects the standard university charge of 47%.

#### **D. Allocation of Indirect Costs**

The Committee recognizes the unequal distribution of ICs that currently exists at the University as a complicated problem. Some of these distributions have been long standing, while others have been negotiated more recently. The Committee also understands the strains placed upon ICs to fund a range of research-related endeavors.

In view of the important need for flexibility in decision-making and strategic investment in both current and future research endeavors, we believe that a “guided flexibility” should be incorporated in any policy required for fulfillment of the research mission of the University. Within the present structure, there are three principal categories of indirect cost expenditures: 1) general administrative services, including OSP; 2) research activities supported by the Research Advisory Council; 3) research support for Centers/Deans/Pis/Departments.

We believe that an allocation of expenditures of approximately one third of recoverable indirect costs to each category mentioned above can provide stability in program funding while maintaining flexibility of expenditures within each of the groups.

We believe that these principles are consistent with both the current fiscal reality and long-standing policies of the Research Foundation. We recognize that with the anticipated growth of real dollars from indirect cost returns, new areas of expenditures will arise. For example, at the present time, the development of an improved structure for Administrative Services may anticipate a larger input of funds, while in the future the emergence of new areas of research might require higher expenditures for research facilities and the recruitment of faculty. The office of the VPRGE, in consultation with the Research Advisory Council and the appropriate deans and other faculty units, should have the ability to re-examine such a policy when warranted by economic conditions.

In accordance with the general considerations mentioned above, we are able to make the recommendations outlined below within the system of indirect cost distribution that currently supports centers, deans, PIs, and departments. These recommendations are rooted in a two-fold belief concerning the allocations of ICs (and pertain primarily to those centers designated as URCs):

1. The primary incentive for URC affiliation should be the enhancement of the individual’s research through the Center’s interdisciplinary base and synergy. The direct return of ICs to a principal investigator should not be an incentive for faculty

to affiliate or not to affiliate with URCs.

2. There should be fairness in the structure for the allocation of ICs, though specific distributions may vary according to the agreed-upon needs of a given URC.

**(N.B.** By the term “indirect costs” (IC) the committee means only University indirect costs administered by OSP. Some centers and institutes include charges for facilities and administration within their total charges, but we do not discuss such charges or their return herein.)

**The Committee recommends the following:**

1. Based upon our discussion with representatives of the Research Advisory Council (RAC), we believe that the RAC no longer serves an advisory function to the VPRGE. Rather, the primary role of the RAC is to serve as a funding review panel for the large grant competition. Given that the representatives of the RAC view their role as largely non-advisory, as well as their belief that this role is unlikely to change, we recommend that the President establish a structure for faculty input on research administration. Such a structure should enable faculty with strong standing in research and scholarship to have an advisory role in general research administration, including allocation of indirect funds, as well as in URC and Institute oversight.

2. The current allocation of ICs should be modified to distribute a larger portion of the resources to those individuals who are in the best position to make appropriate decisions on their use in enhancing the research that generated those dollars. Thus the committee proposes that the current allocation of ICs (deans = 10%; departments = 5%; PIs = 5%) be changed as follows: deans = 10%; departments = 10%; PIs = 10%, so as to bring this total expenditure closer to the one third proposed above. This return should obtain in all instances, irrespective of a PI's affiliation with a Center.

Concerning the recommendation to increase the PI's return to 10%: the Committee believes that this increase is critical to providing research active faculty with funding for staff support, maintenance, repairs, computer upgrades, and other assistance necessary for the successful functioning of their research programs. The Committee further believes that an increase in IC returns to PIs will help them take an active role in improving the research infrastructure at the University, which, as we have noted elsewhere in this report, remains a serious matter of concern. Additionally, we believe that IC returns to departments should be used to improve the local infrastructure for research within those departments that generate external funds.

3. The VPRGE, in consultation with the appropriate deans and directors, should determine the allocation of ICs based upon the needs of each URC. Normally, the budget period should be for five years so as to provide a stable operating base for a Center. The budget for a URC ordinarily will be determined by the costs of operating the Center

(including administrative, secretarial, and budgetary support). In addition, funds needed for research investment (e.g., seed money for pilot projects likely to lead to external funding) could be negotiated on a more frequent basis. For an established Center with a record of external funding, the base budget would normally be tied to the record of expenditures during the previous five years, with necessary adjustments linked to perceived new needs and research opportunities. This budget would normally not exceed 40% of the ICs generated by the Center. For new Centers, the base budget initially may exceed 40% of the ICs, but it is expected that once the Center's operations are established, a stable figure within the 40% range of ICs would normally be appropriate for that Center's budget.

While the budget of a URC ideally would remain stable during a five-year budget period, changes in economic conditions of the University could cause a fluctuation of the annual base budget of 5%-10%. Further, should a URC increase its expenditures during the designated budget period based upon an increase in external funding, 10% of the ICs of that increase should automatically be returned to the Center. Any amount returned to the Center above the 10% should result from negotiations between the Center director and the VPRGE

4. The VPRGE will conduct a performance evaluation of all URCs at least once every five years. This evaluation will include scholarly productivity, amount and kind of external funding, external funding proposals, and other relevant areas deemed to be appropriate to a particular URC. This evaluation should be conducted by an ad hoc committee formed in consultation with the URC, and should draw upon the expertise of members of the UConn scholarly community as well as external scholars whose areas of expertise are appropriate to the Center.

**Respectfully Submitted:**

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