

## COMMITTEE ON RESEARCH Report on Campus Use of University Opportunity Funds

To: The Academic Senate, Santa Cruz Division

In 2013-14, the Committee on Research (COR) undertook a review of the distribution of Indirect Cost Receipt (ICR) revenue at UCSC, and, in particular, the University Opportunity Fund (UOF). Following up on the recommendations and concerns expressed in last year’s COR report to the Senate (AS/SCP/1725), our inquiry was intended as a push for greater transparency, cooperation, and meaningful campus-wide discussion about the availability and most effective use of internal research support.

Indirect Cost Recovery (ICR) funds, also known as “overhead,” are received by the university to offset the cost of services it renders in support of Federal contracts and grants. At UCSC, ICR funds go into three “buckets”: Off-the-Top Fund; University Opportunity Fund; and General Fund Support. The percentage of the ICR that goes to each bucket (20%, 36%, and 44% respectively) is a systemwide policy. Currently, 36% of the incremental change in Federal ICR is used to support opportunity funding. Within this funding pool, 40% goes to the academic divisions according to the ICR generated, 40% is held centrally, 15% is distributed to the Office of Research (OR), and 5% goes to COR to fund the faculty research grant and travel fund programs (Figure 1).

### Distribution of Overhead *illustration*

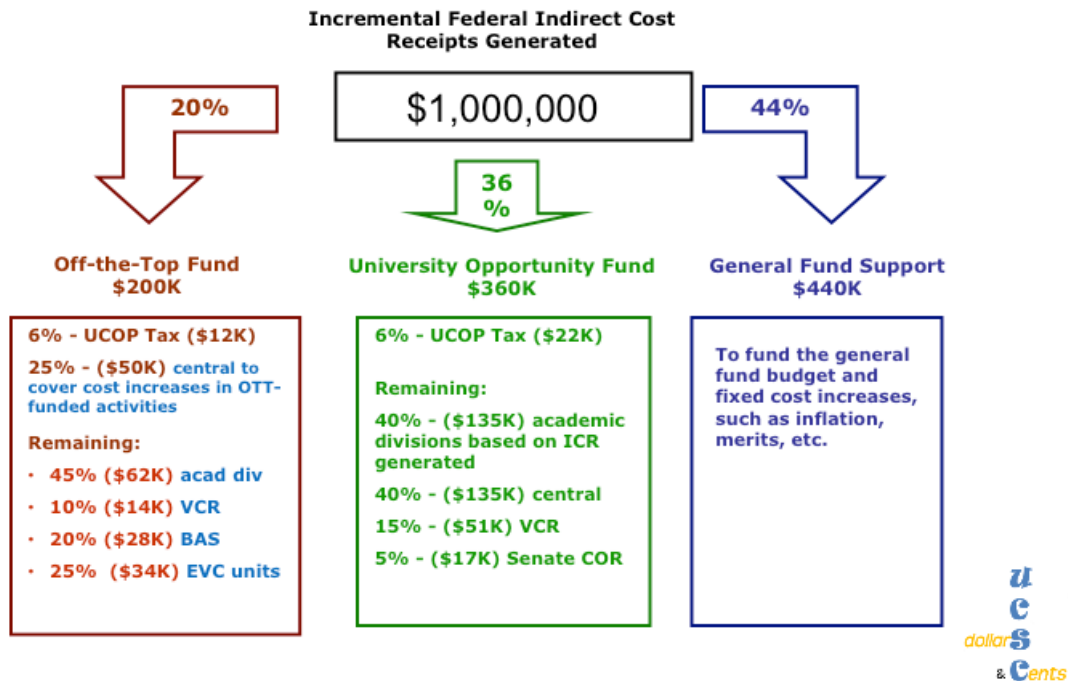


Figure 1: Illustration of distributional model for allocating incremental Federal Indirect Cost Receipt (ICR) revenues.

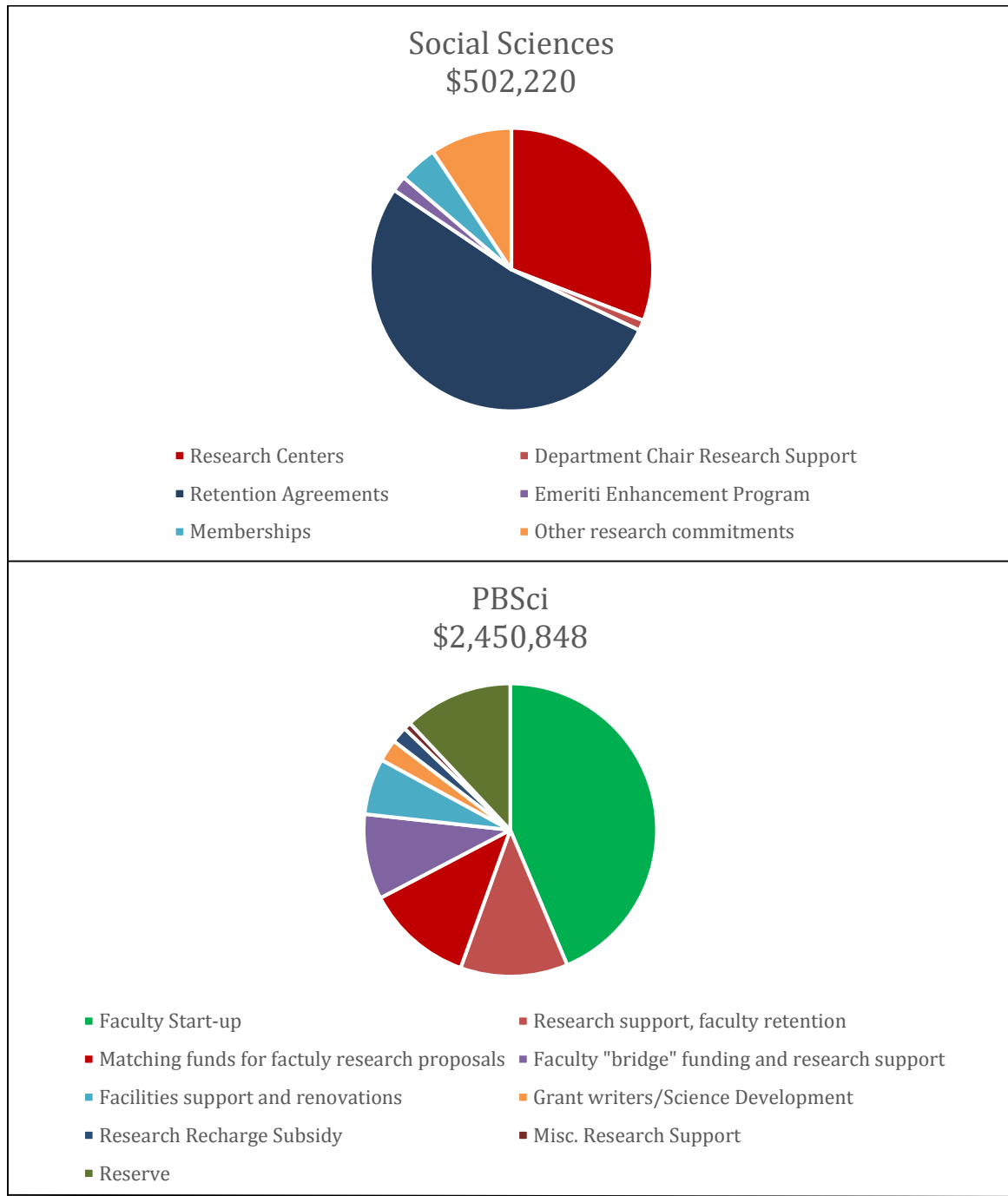
As noted by COR in its previous report, the distribution of the University Opportunity Fund (UOF) has never undergone Senate review and the rationale for the current 40/40/15/5 split has never been articulated. In addition, how these funds are used has not been transparent. COR use of opportunity funds appears in the committee's annual report. However, summaries of how the Office of Research or the Divisions utilize their allocations of UOF are not publically available. Since support for faculty research is increasingly scarce, it is time to be confident that collectively as a campus we are making optimal use of our UOF. Also, since UOF, like other ICR revenues, come to campus as a result of the efforts of our most successful and productive research faculty, those of us who use these funds need to be publicly accountable to the faculty that generate them.

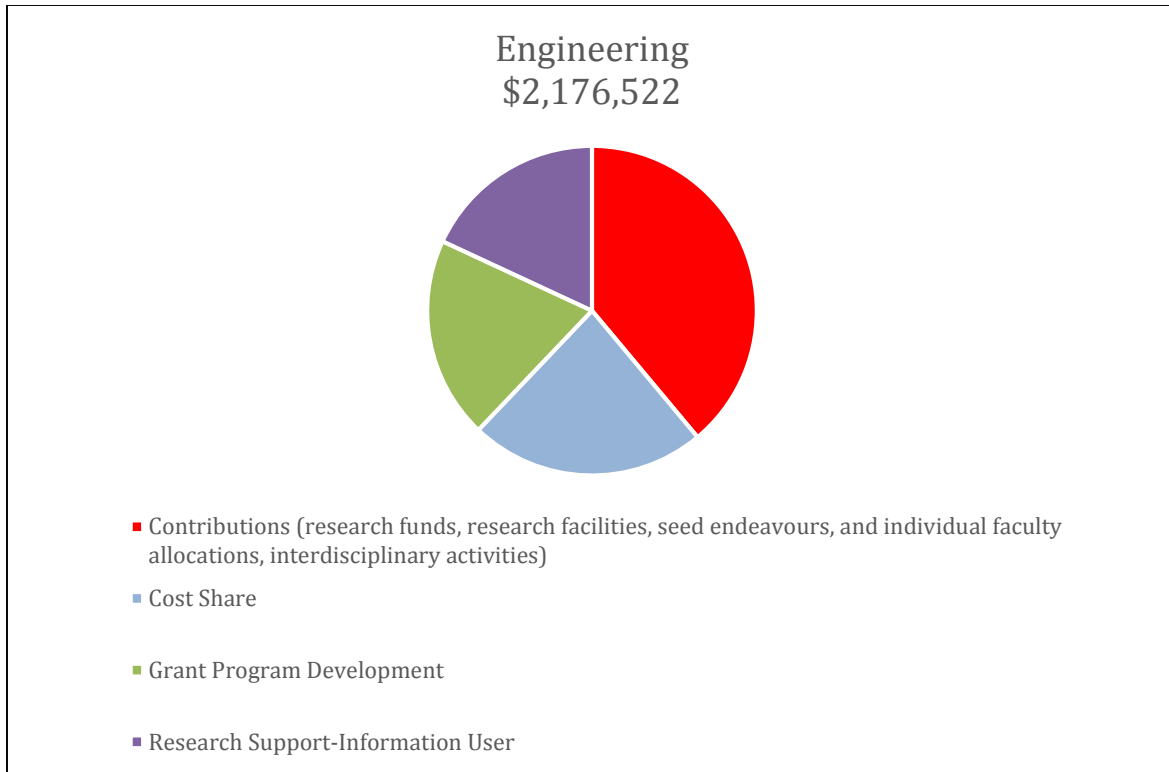
After consultation with COR in Spring 2013, EVC Alison Galloway, in a letter dated August 15, 2013, provided a detailed summary of allocations of research funding by the Office of Research for fiscal year 2012-13. In Fall 2013, COR requested detailed 5-year information on the use of UOF from the Deans of the four Academic Divisions and the Baskin School of Engineering. COR received substantive and informative responses to our request from all of the deans (Table 1; Figure 2). However, the enormous disparity in the scale of UOF allocations to each division and non-standardized allocation practices make it extremely difficult to present a simple, unified summary of divisional use of UOF. We continue to work through these data and plan to include a more detailed summary analysis in our annual report. In the future, COR intends to work with OR, the Divisions and BSOE to develop a more standardized reporting system for UOF that can be made publicly available annually.

Table 1: Summary of UOF Allocations to Divisions for 2008-2013.

	2008-09	2009-10	2010-11	2011-12	2012-13
Arts	\$463	\$243	\$6,232	\$7,808	\$2,383
Humanities		\$1,003	\$3,741	\$3,480	\$2,032
Soc Sci	\$67,482	\$50,194	\$88,537	\$104,749	\$112,701
PB Sci	\$647,207	\$724,845	\$788,191	\$1,167,913	\$924,345
BSOE	\$187,863	\$389,934	\$649,773	\$354,599	\$594,392

Figure 2: Use of UOF by SocSci, PBSci and BSOE, cumulative 2008-2013





COR's initial review and analysis of the information provided by OR, the Divisions and BSOE reinforced our initial assumption that all recipients of UOF use these funds to positively enhance the research enterprise of the university. In this report, COR highlights what we found to be some of the most successful and potentially impactful uses of UOF, raise questions about other uses, and begin a campus-wide dialog for developing a set of shared principles and practices. In general, COR favors uses of UOF that enhance the overall research environment and infrastructure of the university, that (while based on competition and merit) provide equality of opportunity and equity of access, that most effectively leverage internal funds to successfully yield external resources, that support junior faculty early in their research careers, that provide bridge and seed funding, and that support impactful research in areas, such as the Arts and Humanities, where external funding is traditionally scarce. Below we outline some issues that came up in our review of UOF that we think are worthy of further thought and discussion.

Centralized versus Distributed Allocation Practices:

In general, COR favors strategies for allocation of UOF that distribute funds directly to faculty researchers or to those administrative units with which faculty researchers interact most directly, such as departments. Given this principle, COR would like to highlight Physical & Biological Sciences' (PBSci) practice of returning 40% of its annual UOF allocation to Departments based on the percentage of ICR generated. Several COR members also strongly support the development of divisional incentive programs that reward faculty who generate ICR. On the other hand, COR also appreciates that in units which receive substantially less UOF revenue these funds may be most effectively deployed to sustain more centralized research support activities, such as the multi-campus

Institute for Humanities Research, in the case of the Humanities Division, or to fund a staff grant writer, in the case of the Arts Division.

Graduate Support:

Given the campus' current focus on graduate growth, use of UOF allocations to support GSR positions should be given high priority. COR notes in this regard the GSR Seed Grant Incentive Program in BSOE, funded by more than \$500,000 in carry-forward UOF allocations and augmented by additional funding from the Graduate Division. In addition to supporting 12 GSR positions, this program provides seed funding for faculty researchers, enhancing their ability to pursue external ICR generating grants. COR encourages OR and the other divisions to consider similar competitive programs to support GSRs, even if at a smaller scale.

Matching (Cost Sharing) and Discretionary Funds:

The Office of Research and most divisions reported using UOF as a source of matching (cost sharing) funds and for the discretionary support of unique research opportunities. While COR recognizes these uses as completely appropriate, we are somewhat concerned about the lack of widely distributed information on how these funds are distributed between the divisions and OR, with a lack of clarity on procedures for requesting such funds. The development of collective, campus-wide priorities for the use of these very limited and dispersed funds may also be appropriate.

Information User Assessment:

BSOE reports allocating 18% of its UOF allocation to cover the campus Information User assessment for research personnel (GSRs and postdocs). However, funding for this assessment is built into the rationale for the current campus allocation of "Off-The-Top" ICR funds to the divisions (See EVC Galloway to Deans, et al. September 4, 2012). Thus, COR does not consider this to be an effective or appropriate use of UOF.

Faculty Retention:

PBSci reports using 12% of its most recent 5-year UOF allocation for research support for faculty retention, while Social Sciences (SocSci) reports using 52% of its 2008-2013 UOF allocation for retention agreements (see Figure 2). While COR recognizes the importance of faculty retention and the positive impact that such retentions can have on maintaining the research profile of the university, we were somewhat surprised that such a considerable proportion of UOF revenues across these two divisions were going to support a small number of individual faculty retention cases (6 in PBSci and 6 in SocSci). Clearly some of this funding is being used to enhance the overall research environment and infrastructure of the university, to support graduate students, and to seed new and potentially productive research efforts. However, COR remains concerned that using UOF to support retentions dramatically decreases the amount of campus funding available to support a broader range of faculty research opportunities in more transparent, openly competitive, and equitable ways. That said, we do appreciate the limited options available to deans in these situations. COR believes that this is an issue that requires more campus-wide discussion.

In sum, COR looks forward to working collaboratively with the Office of Research, the Academic Divisions and the Baskin School of Engineering to develop broad campus priorities for the use of UOF, to provide more informational material to faculty on how these funds are distributed and how to access them in support of their research, and on coordinating our funding efforts in ways that best leverage these limited, but extremely impactful campus resources.

Respectfully Submitted,

**COMMITTEE ON RESEARCH**

Pranav Anand  
Sharon Daniel  
Yat Li  
Jason Nielsen  
Paul Roth  
Steve Whittaker  
Fitnat Yildiz  
Judith Habicht Mauche, Chair

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