

# MEMORANDUM

## Wayne State University Law School

**TO:** Policy Committee of Academic Senate

**FROM:** Michael J. McIntyre, Chair, 1996/97 Budget Committee

**SUBJECT:** ICR Report

**DATE:** September 4, 1997

At its meeting of November 1, 1996, the Budget Committee of the Academic Senate appointed a subcommittee (ICR Subcommittee) to study the administration's plan for capturing the indirect-cost funds provided to independent investigators to support their research. Under the plan, funds that remained unspent by a researcher for a three-year period would be captured by the administration, without reference to the intended use of those funds by the researcher. The announcement of that policy was buried in a footnote to the 1997 Budget Book, submitted to the BOG in July of 1996. At the time, the administration believed that over \$10 million in unspent funds would be affected by its plan. The Budget Committee objected to the plan and to the lack of consultation. After discussion at the BOG's Budget & Finance Committee, the administration agreed to consult with the Budget Committee and to provide whatever data it had assembled in formulating its plan.

The ICR Subcommittee was chaired by James Woodyard of Engineering, and included Kenneth Palmer and Ernie Abel of the Medical School and myself, ex officio. Early this year, the subcommittee produced a draft report, which it shared with members of the administration. It delayed completion of the final report in the hope that the administration would provide it with the additional data needed for a full analysis of the impact of its proposal on individual researchers. The only detailed data on ICR accounts that it was able to obtain related to fiscal year 1995, whereas data for a three-year period are needed to estimate accurately the full impact of the administration's proposal. In April of this year, it became clear that the requested data would not be forthcoming. Soon thereafter, however, the administration signalled that it did not intend to pursue the plan that had been included in the 1997 Budget at this time. At that point, the subcommittee put off further work on its report to deal with more pressing professional duties.

The subcommittee has now completed its report and submits it to the Policy Committee. It has been authorized to do so by vote of the Budget Committee on February 14, 1997. The subcommittee requests that the Policy Committee forward the report to the Budget and Finance Committee of the Board of Governors and to college deans and department chairs. The report provides information on the Budget Committee's activities in resisting the administration's proposal for capturing balances in ICR accounts. It also offers recommendations for dealing with those accounts in the future, based on its analysis of the available data and its discussions with various members of the university community.

The consultations between the administration and the Budget Committee turned out to be fruitful, notwithstanding the inability of the administration to provide the three-year data on ICR accounts necessary for a full understanding of its proposed policy. As a result of the analysis of the 1995 data undertaken by the ICR subcommittee and shared with the administration, the administration came to understand that researchers were not accumulating large sums unspent for prolonged periods. Indeed, according to one generally accepted estimate, the aggregate amount being held in ICR accounts for more than three years was no more than 5 percent of the \$10 million figure initially announced by the administration. Once this point was understood, the administration consulted widely within the university to determine how the announced policy might be modified. In the end, an unwise policy that the administration had announced to the Board of Governors in July of 1996 with no intention of revising was in fact revised and ultimately abandoned.