

# WAYNE STATE UNIVERSITY

Academic Senate

## MEMORANDUM

To: Michael McIntyre, Faculty Representative to the Board of Governors Budget and Finance Committee

From: Seymour J. Wolfson, Academic Senate President

Subject: Motion regarding Change in Distribution of Indirect Cost Recovery Funds

Date: September 29, 2003

At its meeting of September 29, 2003, the Academic Senate Policy Committee endorsed, for the current fiscal year only, the revised proposal of Vice President John Oliver for funding the renovation of University research facilities by reducing the allocation of ICR funds to principal investigators, departments, and colleges to 7%, 11.5% and 7.5% respectively, and the earmarking of 3% of the ICR funds to the Research Division, with the firm understanding that the allocation formula and the earmarking of any funds will be revisited for fiscal year 2005 and beyond by a 2N committee jointly appointed for that purpose by the Administration and the Policy Committee. (The Policy Committee recommendation for the formation and charge to the committee is attached as an appendix.)

We ask that you inform the Board of Governors Budget and Finance Committee of this endorsement at the October 1, 2003, meeting.

SJW/aw

cc: N. Barrett, Provost and Senior Vice President for Academic Affairs  
M. Sengstock, Vice Chair, Academic Senate  
C. Elder, Faculty Alternate Representative to the Board of Governors Budget and Finance Committee

## **Recommendation for the Formation of an ICR Committee**

The Academic Senate Policy Committee recommends that an ICR Committee be formed with half of the members selected by the University President or his designee and half selected by the Policy Committee. The ICR Committee would be charged to undertake the following tasks:

- To make recommendations for the revision of the ICR distribution formula for FY 2005 and beyond, with an understanding that adequate funds must be made available to pay the debt service on the research-facilities renovation bonds to be issued in FY 2004.
- To make recommendations for funding sources for any additional bonds that may be issued in addition to the \$43 million of bonds that are expected to be issued for FY 2004.
- To develop an overall plan for the renovation of all of the research facilities of the university that takes into account a deferred maintenance problem far in excess of the problem addressed by the \$43 million of bonding.
- To recommend the composition and charge of the committee to review periodically the ICR allocation formula, as proposed in the memorandum from Dr. Oliver.
- To collect and analyze data relevant to the ICR issue, including data on the amounts spent internally on research, absolutely and in comparison with peer institutions, how the internal research money is spent by the Central Administration, the Colleges, the Departments, and the PIs, and the costs for research facilities that the various units are generating.
- To explore the appropriateness of the cap on ICR money — limiting the application of the distribution formula to the old 49% reimbursement rate — in light of the costs that were used to justify the higher reimbursement rate.
- To examine the use of earmarks of ICR money in light of sound budgeting practices, with particular attention to the new earmark to the Research Division and the old earmark to the Research Stimulation Fund.
- To determine under all relevant national benchmarks the standing of Wayne State University over some relevant period as a research institution, with special emphasis on Federal benchmarks that both include and exclude the amounts of internal funds devoted to research.
- To make appropriate use of various documents generated by the Budget Committee and other faculty committees, including the Chair's memorandum to the Budget Committee of September 22, 2003, titled "Proposed Changes in ICR Distribution Formula."

- To explore the needs for better reporting of the expenditure of ICR funds by PIs, Departments, Colleges, the Research Stimulation Fund, the Research Division, and the Central Administration, with a view towards establishing a better linkage between the obligations to support funded research and the revenues generated by that research.