

Rutgers Report and Resolution

in response to Charge S-1703

“Grant Costs”

Current Chair: Adam Kustka

Previous Chair: Jane Otto

And the entire committee

23 March 2018

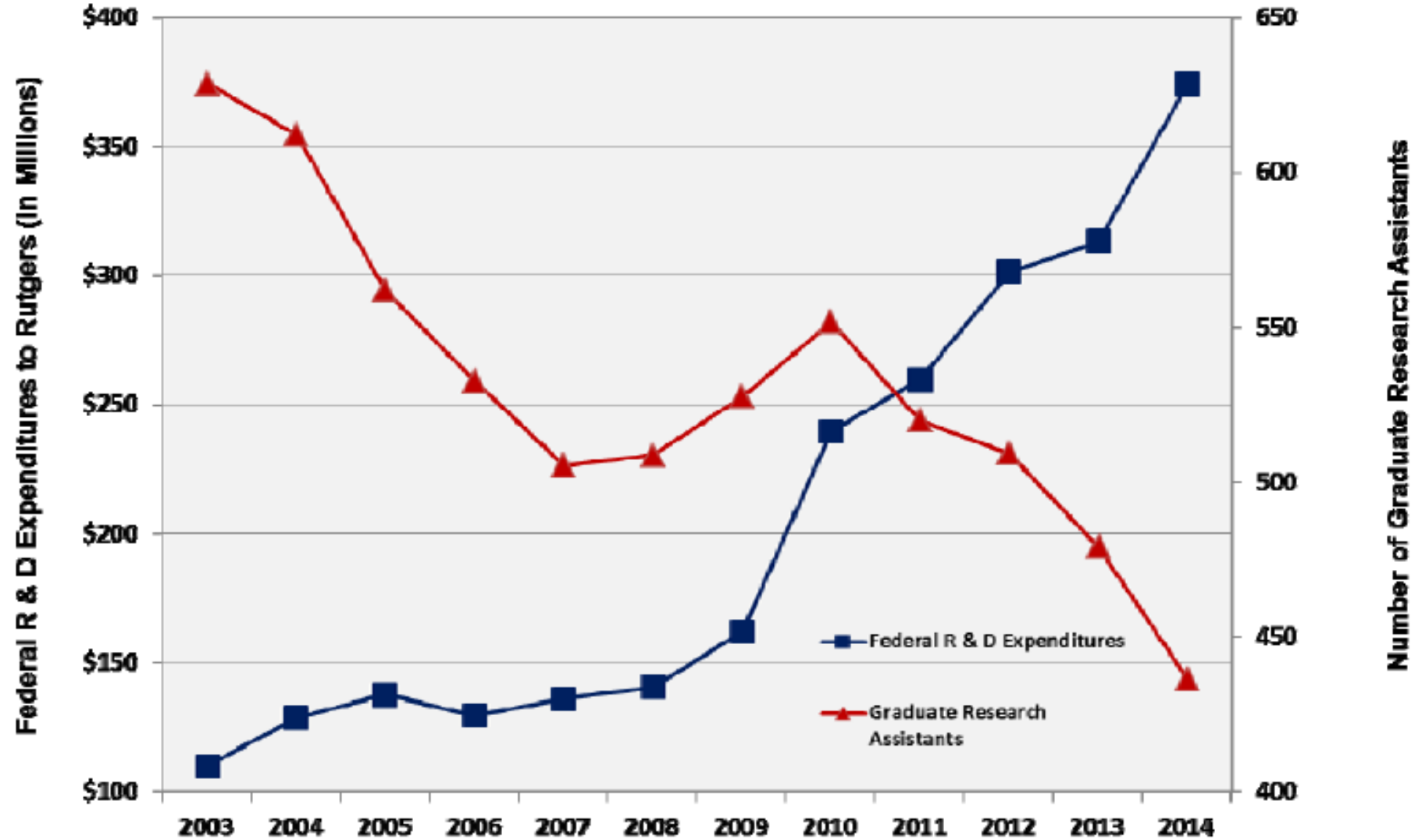
Key elements of the charge

- Identify specific grant cost issues that negatively impact the research mission and actively engage its students in that research
 - Tuition costs for graduate students
 - Fringe rate costs
 - Facilities and Administrative Costs
 - Negotiated vendor contracts
 - Obligatory costs that change during an award period

Graduate student tuition

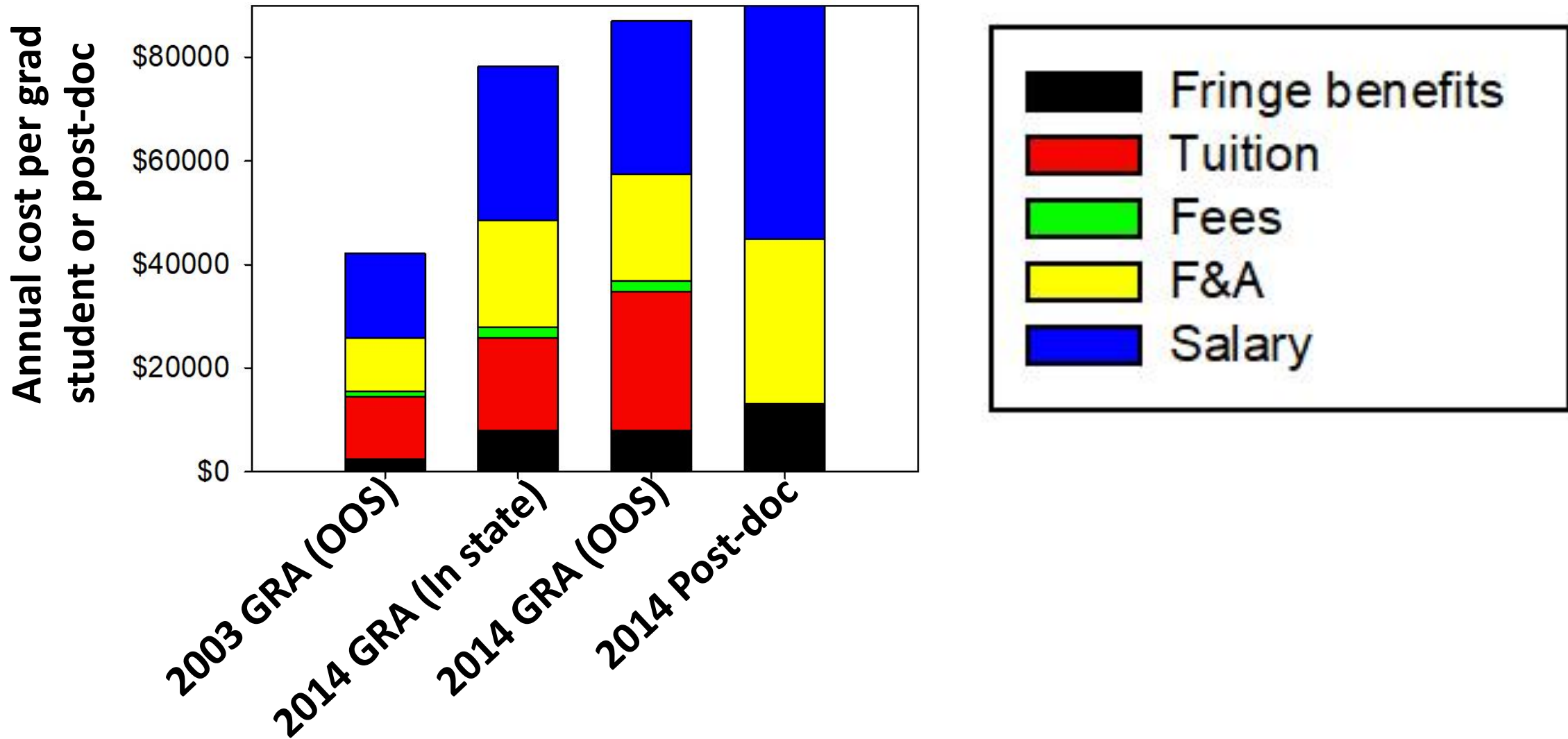
- Graduate students at Rutgers represent the next generation of trained researchers and faculty
- Training graduate students is fundamental to University's aspirational goals of recognized pre-eminence in research
- Despite increases in external funding, the Committee of Academic Planning and Review (SVPAA Office) has identified, "a significant and serious threat to maintaining a strong core of PhD education and research".
 - Progressive decline in PhD students supported as Graduate Research Assistants (GRAs)

Increased grant funding & declining GRA support



Excerpt from CAPR draft report, original source GSNB

Easy math: Tuition makes cost comparable to supporting post-doctoral associates



Fringe rates increased by 45% 2010-2017

- 51.98% fringe rate on salaries at Rutgers exceeds average of other Big Ten institutions
- This especially hurts recruitment/retention of high salaried employees paid mostly or entirely from external grants (51.98% vs 32.8%)
 - \$120K annual salary on a three year grant; \$547K Rutgers vs. \$478K others

Health care and state pension system tied to fringe rates

Appendix D: Breakdown of fringe rate components and increases in cost from 2010 to 2017.

	2017	2016	2015	2014	2013	2012	2011	2010	2017-2010 delta	fold- change (2017/2010)
PENSION	11.90	8.40	5.05	11.29	7.71	5.38	3.18	3.69	8.21	3.2
HEALTH BENEFITS	30.70	27.70	25.99	30.06	28.10	23.06	22.67	22.15	8.55	1.4
WORK COMP		1.00	0.95	1.15	1.25	1.25	0.80	0.88		
UNEMPLOYMENT	0.10	0.20	0.14	0.16	0.19	0.15	0.47	0.08	0.02	0.3
TDB	0.30	0.20	0.23	0.27	0.26	0.26	0.24	0.25	0.05	0.2
UNUSED SICK LEAVE		0.10	0.14	0.17	0.19	0.20	0.14	0.15		
COMPOSITE TOTAL	43.00	37.60	32.50	43.10	37.70	30.30	27.50	27.20	15.80	
SOC SECURITY TAX	6.20	6.20	6.20	6.20	6.20	6.20	6.20	6.20		
MEDICARE TAX	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45		
TAX TOTAL	7.65	7.65	7.65	7.65	7.65	7.65	7.65	7.65		
GRAND TOTAL	50.65	45.25	40.15	50.75	45.35	37.95	35.15	34.85		

The anatomy of the fringe rates

- Health care costs comprise the bulk of the rate and are negotiated by unions; generally agreed as an invaluable asset for University employees.
- Three-fold increase in rates to support state pension system adds an undue burden.
- Disconnect between cost imposed on high salary researchers and actual benefits received compromises research stature.

Facilities and Administrative Costs

- Currently at 55% of eligible grant costs for those negotiated by HHS.
- F&A is on most expenses, including compounded salary and fringe rate
 - Each year, annual salary of \$120K and \$62.4K fringe charged costs \$100K in F&A (\$282.4K).
- Clarified misconceptions over F&A
 - F&A partially covers the University's operating costs to support its research mission
 - While one could argue that perhaps the operating costs are too high or somehow not justified– any possible audit is beyond the scope of the charge.
 - Negotiated rates are based on these operating costs
 - Decreasing F&A would be counter-productive to sustainability of University supported research

F&A Reallocation

- Also known as indirect cost returns, 97% goes to unit
- Distinct challenges and cost structures faced by deans / units leaders
- Not well understood or appreciated by the constituent researchers
 - For example, non-federal awards may come at F&A rates of 10%
 - The weighted average F&A for a unit may therefore be much lower than 55%
- Perceived lack of transparency on this reallocation
 - Concerns over parity between researchers within and among units

Are negotiated vendor contracts imposing an undue cost for conducting research?

- Committee met with Susan Ryan, Director of Procurement, in January 2018.
- Information on the procurement process in general
 - The bidding process
 - Mechanism for input from various University stakeholders
- We focused on the recent shift from Fisher Scientific to VWR Scientific as a preferred vendor, as a case study
- A more thorough understanding is in progress, and this may be considered by the committee in the future

Changing costs during award periods

- In recent years, retroactive and costly increases in fringe rates and graduate student salaries
- Changes in costs for University-provided support services that a PI must use (animal services, others)
- Principal investigators must cut out aspects from their budgets, which may already be “lean” based on negotiations with program managers

Finally, the resolution

Be it resolved that the University Senate recommends that:

1. The university leadership engage the appropriate parties in the state to negotiate lower fringe rates that are competitive with other peer institutions such as those in the Big Ten and other research universities.

Be it resolved that the University Senate recommends that:

2. The University take proactive steps to prevent future increases in state pension costs from unduly influencing fringe rates charged to research grants.

Be it resolved that the University Senate recommends that:

3. Until such time the fringe rate becomes competitive with that of peer institutions and is insulated from rising pension costs, the University take steps to decrease the effective fringe rates charged to principal investigators by a minimum of 12.8% (placing it at one standard deviation above the mean), through whatever mechanism possible, to better align our rate with the average rate of peer institutions.

Be it resolved that the University Senate recommends that:

4. The university formulates a mechanism(s) to prevent changes in fringe rates and other costs which may occur during a grant period from impacting investigator's budgets. Specifically, once a grant proposal is submitted with the published fringe rates and other budgeted costs for University services that the investigator is obligated to use, the University covers any subsequent increases in costs to effectively honor the rates in effect when the proposal was submitted.

Be it resolved that the University Senate recommends that:

5. The University administration works with the state legislature and other appropriate officials to facilitate legislation to remove or waive tuition costs for graduate research assistants.

Be it resolved that the University Senate recommends that:

6. Until such legislation can be enacted, the University establishes a mechanism to effectively eliminate out-of-state tuition costs, and reduce in-state tuition costs, that can be charged to a grant to support a graduate research assistant. The cap will apply to all grants, regardless of the funding source and regardless of the program affiliation of the Principal Investigator.

Be it resolved that the University Senate recommends that:

7. The university establishes a high level task force to investigate the current status of support for graduate students, and propose policies that will provide positive incentives to PI's, deans, department chairs, program directors and others to increase the number of supported doctoral students and promote the best possible outcomes in recruiting, training, achievements, and placement of these students.

Be it resolved that the University Senate recommends that:

8. The University publish each unit's F&A reallocation method, and an accounting of the F&A they collect and distribute, on an appropriate website, such as that of the Office of Research and Sponsored Programs.

Be it resolved that the University Senate recommends that:

9. These recommendations are implemented in a way that does not decrease other pools of funds that are otherwise allocated for research.

Questions?