

To: Faculty and Staff of the School of Forest Resources

Re: Revision of the June 23, 2009 policy statement regarding research proposals

**July 1, 2011: Revised policy statement with regard to proposals approvals within SFR.**

Although our endowments are doing better, our budget is not, our average rate of indirect costs recoveries has slipped from just above 10.5% to less than 10% (an unacceptable trend), and the further application of ABB to research in the near future (likely FY 2013: July 1, 2012 – June 13, 2013) will further strain our declining resources.

What do we know:

1. We are now much more clearly aware of the implications of both instructional and research focused ABB.
  - a. Instructional
    - i. Any undergraduate who graduates from SFR generates revenue for us.
    - ii. Any undergraduate or graduate who takes a CFR, ESRM or BSE course generates revenue for us.
    - iii. Any enrolled graduate student generates revenue for us.
  - b. Research
    - i. The proposed ABB rules regarding research mean that it will take an average of about 22.5% ICR to achieve our current level of ICR funds (~\$410,000 per year). Any percentage less means fewer ICR revenues to the School.
    - ii. Our current level of ICR means no revenue and likely a subsidized deficit.
    - iii. Perhaps most damaging will be the tax on research expenditures; every dollar spent from a research budget will be taxed at a 4.37% rate. Excluded from this tax are large equipment purchases and tuition – USFS agreements do not pay tuition so the full salary and benefits will be taxed at this rate.
2. There will no longer be either figuratively or literally free research support.
3. Our research portfolio from July 1, 2011 to June 30, 2012 will be used to determine our ICR returns and research taxes.
4. If we do not change, then there will be even less money next year even if there is no budget cuts.

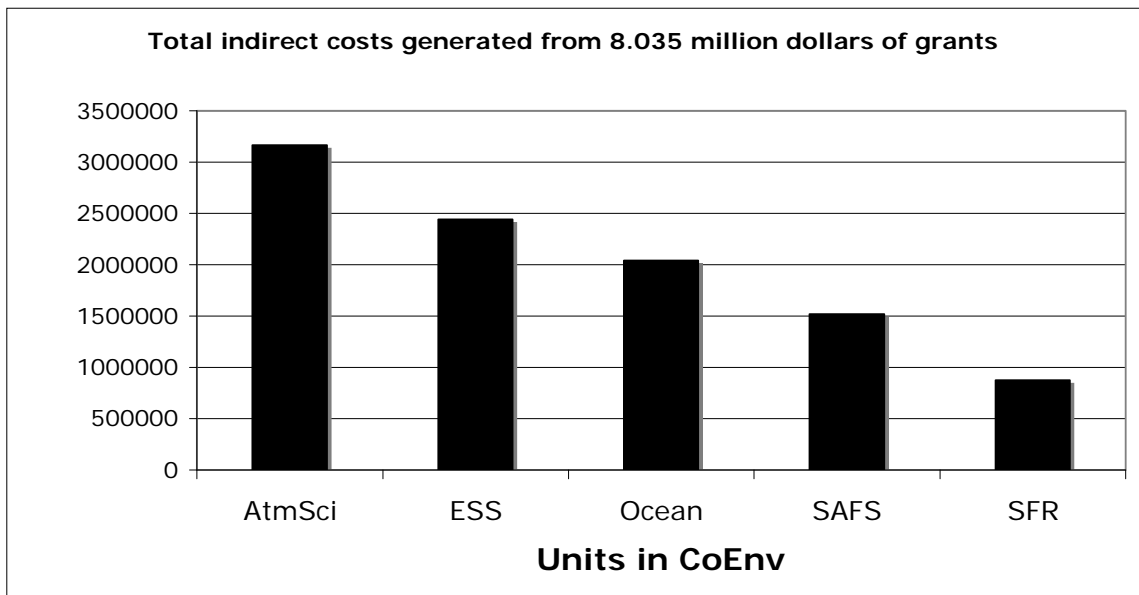
We will, as a School community, address these issues at the September 27, 2011 retreat. At this time, I want to convey my intent on how I will review and approve grant applications. Between now and September 30, 2011, I will make a series of queries regarding each proposal's budget and **will challenge approval if it is not clear what the benefit to the School and its research program is. I will look at overhead, student support, administrative support, and programmatic focus.**

After October 1, 2011, this focus on my part may be revised to be even stricter depending upon the outcome of the retreat. Below you will see a memo that was sent early in the summer of 2009 – this topic has been on our radar.

## June 23, 2009: Policy Statement with Regard to Proposal Approvals within the School of Forest Resources

The following foundation is necessary to understand why I am announcing a closer examination of proposals by the School of Forest Resources. Many of these points are already well known, but it is important to reiterate them and to have them as the framing reasons for these changes.

1. Associated with the core mission of teaching and research is the critical need to support our graduate and undergraduate students and to fund the institutional support of these functions.
2. Resources are down
  - a. State budget cuts have resulted in substantial cuts within the School. These include reductions in the number of teaching assistantships.
  - b. Our endowments are producing far less revenue (for example, if one received \$10,000 from an endowment for the quarter ending June 2008, this June that same endowment paid \$4560). The Long Fund, the Rachel Woods, the Lockwood, all of these College resources, especially those that underpin our scholarship program, are down.
3. Tuition costs have risen and will continue to rise.
4. We are now part of a College where our grant generation ability is competitive (8 plus million dollars). However, our indirect cost generation is not. This is due to the requirements of our historical funding sources and, in some cases, the agreements we have made with them. Other units in the new College have fewer of these arrangements. The graph below illustrates, assuming each unit generated 8 plus million dollars of grants per year, how we compare to the other units that are now (or in the immediate future will be) in the new College.



- a. The contrast is powerful
- b. The amount that we receive will decrease in steps, by agreement with the Interim Dean, over the next five years (0 decrease year 1, etc.).

5. We are in a University where
  - a. Tuition revenues exceed state support.
  - b. The total percentage of the University's budget from the state takes the UW closer and closer to a private University model.

Through the western and national NAUFRP (National Association of University Forest Resource Programs), I have initiated a discussion of the 0% IC on USFS budgets (as well as the way USFS Coop Agreements treat the payment of graduate students; i.e., schedule 3). This began with a call to Dean Salwasser at Oregon State and then a discussion with NAUFRP representatives (including those from the USFS) around the west. These issues will be discussed further at the September SAF meetings.

We need to think about indirect costs in positive light; these resources are critical for the financial health of both the School and the University.

In the first three weeks of my tenure as Interim Director, I have approved \$500,000 in grant applications where over \$400,000 had no indirect cost recoveries. Even more disturbing several had little or no clear, direct intellectual or programmatic linkages to the UW and most had no support of either undergraduate or graduate students. This pattern is unacceptable. As a consequence, I am initiating the following policy regarding grant proposals:

In order for Interim Director Hinckley or his designee to approve a proposal it must meet at least one of the following criteria:

1. It must have standard indirect costs OR
2. It must have a significant support of graduate and/or undergraduate students OR
3. IT must be clearly linked to UW programs and their associated educational, research or outreach missions.

Any grant not meeting at least one of these will require an extensive discussion with me. It is critically important that we continue to increase our support of students and our capture of indirect costs as we move into the future.

Tom