FACULTY SENATE  
September 24, 2008  
REID HALL 101  
4:10 PM – 5:00 PM  
MONTANA STATE UNIVERSITY-BOZEMAN, MONTANA  
Minutes


Members Absent: Amin, Architecture, Bangert, Bennett, Fields, Gee, HHD, Igo, Jackson, Larson, Lei, Maskiell, Nursing On-Campus, Political Science, Snider for Becker, Watson, T. Weaver

Chair Wes Lynch called the meeting to order at 4:10 PM. A quorum was present. The minutes from September 17, 2008 were unanimously approved.

ANNOUNCEMENTS - Chair Lynch  
• F&A - Tom McCoy has agreed to speak to Faculty Senate on October 22, 2008. He will speak to Faculty Senate Steering Committee on Thursday, October 9, 2008, 11:00 AM – Noon, Reid Hall room 415. In the meantime, Chair Lynch will relay what he knows from meetings with Tom McCoy and others. Historically, the 55% stayed in the VP’s office to pay indirect costs and 45% were redistributed back to departments, colleges and PI’s. This will now change, and will have implications.
• Faculty Survey for Standard 4 (Faculty) was temporarily stalled but is now set to be distributed, after final editing and compilation with survey questions for the other Standards.
• The faculty holiday party will take place in the lobby of the Museum of the Rockies on December 10, 2008, 5:30 – 8:30 PM. Guests include faculty, adjuncts, research faculty and spouses/partners. Hors d’oeuvres, beer and wine will be served. Please email Gale with your RSVP: gough@montana.edu

F&A – Chair Lynch, Chair-elect Lansverk  
• History: Under former Vice President of Research (VPR), Robert Swenson, all indirect costs were not retained by MSU. Subsequently, Dr. Swenson helped to have those costs returned to campus, each year, to benefit MSU’s research. Over the years, the distribution of these costs have evolved and been used for start-up packages, costs in the VPR’s office; some was returned to departments, colleges, and PI’s. Initially, of the returned F&A costs, 50% went to the VPR; of the remaining 50% - approximately, 10% to college, 10% to investigator and 30% to Departments. Subsequently, the 55% was retained by the VPR and 45% was distributed to colleges (9%), PIs (9%) and departments (27%). Before the F&A redistribution, the general budget paid O&M, start-up packages, etc.
• According to an outside consultant, most universities do not return F&A funds to investigators, colleges or departments.
• In 1991, a formula change for the F&A distribution was first considered. Then, an F&A redistribution executive committee was formed in 2006 to begin changing the distribution formula to accommodate increased expenses.
• Four weeks ago, there was a meeting between the executive committee and college deans and acceptance of the new F&A distribution plan was solicited. It is not clear if this new formula has already been approved.
• Discussion of F&A will occur at the next UPBAC meeting, October 7, 2008, 1:30 PM, in the Foundation Great Room.
• Fixed costs have gone up and the total research revenue coming into MSU this year is down. There is a need for additional money that would stay in the VPR’s office. The average F&A recovery rate is approximately 21% but FS is not sure of the exact dollar amount and, according to VPR McCoy this is not the driving force for the F&A adjustment. Administration states that fixed costs have gone up. Faculty Senate questioned, “How much of those fixed costs are O&M on buildings that were built without state O&M?” In the past, about half of O&M costs were passed down to the colleges and departments to pay with their F&A recovery; now the VPR will collect a larger portion of the F&A and pay the entire amount of O&M costs with an additional approximately $2.5M.
Chair-elect Lansverk highlighted what he believes are the two most important F&A issues: 1. What is this new policy? 2. What is the process of faculty governance for input for decisions like this?

- What is it?
  - Old or Existing F&A Distribution - $16M was 100% of the recovered F&A (Facilities and Administration indirect costs); got split 55% to VP; 45% to everyone else; 45% got split 27% to departments, 9% to college, and 9% to the PI.
  - The new policy, as understood by Chair Lynch from talks with administration would be as follows: There is $16M to distribute. There is $12M in fixed costs and variable commitments. Looking at these two numbers suggests that 75% of the total needs to be retained ($12M/$16M = ¾ = 75%). Since the VPR presently retains 55%, he would need 20% more.
  - To get there, the VPR plans to keep his current 55%, plus 55% of the 45% that would normally go to the college, department and PI. By retaining 55% of this 45%, he will receive an additional (.55 x .45) 25% approximately. Thus, his original 55% plus the new 25% gives him what he needs (plus 5% more). What will now be returned to colleges, departments, and PIs is approximately 20% of the total F&A recovered. This should be about $3.2M. This is approximately 20% of the $16M currently recovered. The exact amounts remain somewhat unclear, although approximately correct. It should be remembered that distribution of F&A is on a per-grant basis; the more grants the department has, the more IDC’s it receives.
  - Models of F&A distribution from other institutions were studied by the F&A redistribution executive committee and some examples show that all fixed costs are covered centrally. The way MSU is currently distributing F&A may not be the best way. Some departments benefit greatly from current methodology and, according to VPR McCoy, are not paying their fair share of fixed costs. Perhaps one outcome of the new policy might mean greater equity for all departments.
  - FS noted that construction costs are a large part of the expense; not just O&M.

- What is the process of faculty governance for input for decisions like this?
  - FS members are concerned that the redistribution numbers for F&A are not definitive. It is not certain what the model will be, and the exact ramifications of this new policy are not known.
  - Individual faculty members may voice their concerns about the new F&A distribution and how it will affect their particular departmental scenarios by contacting Tom McCoy.
  - FS members believe earlier communication/consultation would have been advantageous, and it was suggested inviting administration to speak at FS meetings once per month to keep members current on issues. Committees, such as the F&A redistribution executive committee should have a FS member on them.
  - FS should be receptive to what the VPR says. In 2006, a consultant reviewed our F&A and it was recommended that the IDC return policy be reviewed on an annual basis. FS may want to question whether the basic infrastructure that supports research should be centrally supported and, based on our IDC’s, what basic functions should they support?
  - As the budget has evolved and expenses accumulated, redistribution of F&A is necessary.

**Discussions ensued**

- If the departments/colleges are getting less than what they had in the past, how are they going to manage their costs, especially employees? The F&A redistribution executive committee believes the costs should be spread out so that all departments/colleges benefitting from building spaces will now contribute to them.
- With the additional money, the VPR will pay for is the new square footage in physics and new chemistry building. In the past, departments who had been paying for the spaces, benefited from them. With the new policy and distribution, those costs will be spread more evenly across campus and not just to those who have been benefiting from those spaces since the time the building was constructed.
What about employee status? If department heads/deans submit a list of “critical personnel” who are likely to lose their job and are able to demonstrate that they have been paid from IDC’s, then the VPR will negotiate to keep those employees. This may indicate that there will be money from the VPR’s additional F&A percentage that will cover jobs. The definition of “critical personnel” is not definitive.

- If Faculty Senate members have further questions, please email Dr. McCoy at tommcoy@montana.edu.

The Faculty Senate meeting ended at 5:00 PM, as there was no further business.

Signature
Wes Lynch, Chair

Signature
Gale R. Gough, Secretary