AMERICAN UNIVERSITY
WASHINGTON, DC

Date: January 28, 2015

To: Scott Bass, Provost
        Doug Kudravetz, CFO, Vice President and Treasurer

From: Roberta Cohen, Assistant Vice President of Strategic Partnerships
        Jeff Rutenbeck, Dean of the School of Communication

Re: Research Systems Innovation Task Force Report

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The Research Systems and Innovation Task Force has been working for the past year to develop a set of recommendations that address the challenges to, and opportunities for, pursuing external funding at AU.

As indicated by Provost Bass and the late Vice President Myers in their memo of November 18, 2013, the Task Force was charged to "explore mechanisms to encourage and support the placement of externally funded activities through AU." The Task Force endeavored to focus on two key aspects: First, examining the barriers encountered and incentives needed to encourage the funding of projects directly through the University; Second, exploring what mechanisms or organizational structure can be devised to encourage externally funded faculty work.

Early in the task force process, the group agreed to split into four working groups, with each addressing a different aspect of externally funded university work: federal, foundation (non-corporate), corporate, and "other." These individual working groups have worked for the past 12 months to explore the major impediments and opportunities in each of their areas of focus. What follows is a brief look at several high-level recommendations for next steps and a more detailed account of specific recommendations from each group.

In short, the Task Force is recommending a re-envisioning of the strategies and cultures that support externally funded work at AU. The recent report from the National Council of University Research Administrators (NCURA) clarifies many of the opportunities for improvement in the management of grants. This report intends to build on the NCURA recommendations as it explores several key areas.

High-Level Recommendations:
1. **Build and sustain a culture that effectively encourages and supports external funding of various types – federal, foundation, corporate, and other.** Each

working group acknowledged opportunities to improve the culture around external funding, especially as it pertains to the strategic opportunities for securing that funding, and also to the operational opportunities for streamlining the post-award processes used to manage those funded projects.

2. **Invest in infrastructure and expertise that improves the efficiency and increases the range of pre- and post-award activities, recognizing that processes and policies should be flexible enough to serve different types of funders and different types of projects.** A general consensus emerged among the Task Force members that federal compliance policies and protocols are frequently misapplied to foundation, corporate, and "other" projects, putting those relationships at risk. Creating more responsive and flexible processes will reduce systemic friction and encourage more faculty work to be brought through the University.

3. **Better balance the opportunities for centrally coordinated but locally owned and operated projects.** While AU's extremely decentralized academic culture has made for missed opportunities to strategically identify and coordinate externally funded projects, the Task Force believes that individual academic units still need to be sufficiently resourced and incentivized to develop and manage the actual projects. Investments likely need to be made both centrally (e.g., corporate and foundation relations) and at the unit level.

4. **Act more deliberately and strategically to build partnerships (internally and externally), especially in areas where clusters of expertise exists, as a means to secure federal, foundation, corporate and other forms of external funding.** Especially true for foundation, corporate, and "other" projects, building and maintaining partnerships is vitally important to every aspect of the funding relationship. These high-level efforts need to be skillfully executed both on a central level, via an office devoted to strategic partnerships, and on a unit level, via faculty and staff who are motivated and mobilized to build long-term and large-scale relationships with external entities. Effective coordination between central and unit-level efforts will be critical for success going forward.

5. **More effectively account for, celebrate and publicize the results of our successful efforts.** Our current processes and protocols are likely hindering our ability to highlight our growing track record of success with a wide variety of funders, and we have not yet done enough to publicly build the case for AU being considered a top-tier research partner and funding recipient. The Task Force emphasized that a more developed marketing and communications effort, strategically tied to AU's strengths and directed to a larger audience (beyond students, parents, and alumni), will augment our efforts.

6. **Create a clearer understanding, across the University, of the differences between a philanthropic grant and a research grant, and build a stronger bridge between the Office of Sponsored Programs and Division of Development and Alumni Relations.** There exists some tension between OSP and DAR regarding the appropriate ways to "count" various types of external funding, which results in a lack of focus on the institutional "win" that all types of external support provides, and which staff/office is best at establishing and stewarding non-federal relationships.

While the opportunity for re-envisioning is significant, the work must be grounded in AU's mission and institutional strategies. The Task Force suggests that the following values and qualities guide the innovation process, and inform the evolving system:

- **Stewardship**
  For any funded project, AU is a steward and support mechanism for the funds received, the many people advancing the work (faculty, staff, and students), and the assets committed to the task. Any system for proposing, securing, managing, and evaluating external project or research funding must, therefore, support this complex stewardship role – not only by attracting new resources that advance AU's mission, but also by ensuring best and most responsible use of institutional resources.

- **Compliance**
  As a responsible research institution and an effective nonprofit, AU is also committed to full compliance with all laws and policies related to its work. AU's Institutional Review Board (IRB) is just one example of this commitment, overseeing the rights and welfare of human subjects in research initiatives. The many internal, external, and governing auditing functions of the University offer another example, ensuring the transparent and appropriate use of financial resources. Any improved external funding system must be deeply connected to these systems, and contribute to their transparency and efficacy.

- **Efficiency & Effectiveness**
  The most productive allocation of time and attention for a funded project team is toward the central work of that project, and not toward its administration. While stewardship and compliance are essential to any responsible system, they need to serve as a base supporting the work of the team, and not a burden distracting that work. Any improved external funding system must seek this delicate balance, and ensure that principal investigators and their team can focus on the funded work.

- **A Whole-System View**
  Externally funded projects are not individual products, but rather are parts of an on-going process that serves the larger mission of American University. Any effective decision and support system for external funding must therefore take a whole-systems view that extends over time. Some projects may have short-term net costs, but carry potential for continuing and growing research funding. Some projects may be cost-neutral, but contribute to the expertise and impact of faculty, staff, and students. Other projects may draw significant staff time and resources without such contributions. A revised system should support and inform more holistic decisions, perhaps through a portfolio approach, where each unit is encouraged to manage multiple projects toward cumulative goals.

Overview of Specific Working Group Recommendations

Federal Working Group Report:

Recognizing that federal funding is, in many respects, extremely desirable in terms of funding levels, return to the University, and reputational enhancement, there are several strategic and procedural refinements that can be made to improve on our current levels of success.

Recommendations:
1. **Build a more robust and efficient culture of sponsored research:**
    a. Further reinforce the perception that external funding is a necessary condition for a viable research program in many fields;
    b. Identify and cultivate a select number of strategic partners (both non-profit and for-profit) who have strong records of working with federal agencies;
    c. Work with University Communications and Marketing (UCM) to improve the public's perception of AU as a strong research partner;
    d. Provide junior faculty with models of senior faculty who have successfully integrated the search for, and winning of, external grants into their ongoing research programs;
    e. Create additional opportunities for research mentorship and the peer review of grants – within departments, through the work of established research centers and institutes, and through the AU 2030 process more generally;
    f. Improve the discoverability of who at AU works in a given field [perhaps through the adoption of a dedicated platform such as VIVO (http://www.vivoweb.org)];
    g. Deploy and support one or more online platforms for public dissemination of research outputs, including ones that make use of data visualization;
    h. Improve center directors' access to information related to grants that are running through their centers
    i. Work to grow participation in proposal development training offered by the VPR and OSP;
    j. Expand the provision of grant editorial services campus wide;
    k. Consider adding a limited number of doctoral programs in highly fundable fields, especially in the sciences, as part of an effort to stimulate a cross-disciplinary doctoral culture that attracts federal funding;
    l. Commit to building a new facility for the Departments of Biology, Chemistry and Environmental Science, and for the behavioral neuroscience section of Psychology.

2. **Whenever possible, work to maximize payment of facilities and administrative (F&A) costs:**
    a. Build and sustain a culture that encourages faculty to run their proposals through AU;
    b. Avoid the systematic waiving or minimizing of facilities and administrative costs (including, but not limited to, abuse of the university's off-campus rate);

c. Develop "clear and transparent guidance for requesting and obtaining an F&A waiver" (NCURA Recommendation 49);
   d. Ensure that the academic year fringe rate is also applied to summer (now 8%);
   e. Involve the Vice Provost for Research in all future discussions of Negotiated Indirect Cost Rate Agreement (NICRA) rates.

3. **Stimulate funding activity by developing a clear, transparent and predictable policy for the return facilities and administrative cost payments to academic units, departments/centers and principal investigators:**
   a. Replace the current two-stage model of Facilities and Administration calculations with a single percentage model – e.g., 50% to the Office of Finance and Treasurer and 50% to the Provost, who, for an initial 5-year period would pass it through to academic units in proportion to their contributions to stimulate further funded activity.
   b. While schools and colleges would ultimately determine how best to distribute facilities and administrative cost payments they would use the following as starting points for consideration:
      i. In the case of grants not actively supported by a center or institute, 35% of the total return goes to the school, 7.5% to the sponsoring department, and 7.5% to the principal investigator or designated researcher;
      ii. In the case of center-sponsored grants, 27.5% goes to the school, 7.5% to the center, 7.5% to the sponsoring department, and 7.5% to the principal investigator or designated researcher;
   c. Zero out the budget expectation for facilities and administrative costs (currently set at $1.4 million);
   d. Commit to renegotiating this distribution policy on a regular basis (e.g., every 3 years);
   e. Create an explicit policy on the use of Indirect Costs Recovery by schools, departments, centers and principal investigators that encourages the stimulation of additional externally funded activity;
   f. Allow unspent funds to carry over for a maximum of 3 years, with the possibility of extension;
   g. Distribute recovered facilities and administrative costs on a monthly or quarterly basis, so as to allow unit and principal investigators to use their funds more effectively.

4. **Review and improve the functionality of the university's research grants infrastructure, both central (Office of Sponsored Programs, Grants and Contracts Accounting, Finance Office) and unit based:**
   a. Implement the many good recommendations of the recent NCURA report, especially with respect to:
      i. Revisiting the matrix of responsibility for grants administration, "to recommend tasks that it would be more appropriate for central administration to assume" (Recommendation 21);

     ii. Resolving the considerable confusion about, and overlap in, the division of duties between the Office of Sponsored Programs (OSP) and Grants and Contracts Accounting (GCA) (Recommendations 21 and 26);

     iii. Continued improvement of principal investigators' access to financial data with respect to their grants (Recommendations 39 and 57);

     iv. Expanding one-on-one meetings of OSP staff and new and continuing faculty (Recommendation 44);

     v. Improving communication from OSP and GCA to principal investigators and school-based staff when new policies are enacted that require OSP or GCA staff to communicate directly with the sponsor's staff (Recommendation 53 et passim);

     vi. Exploring "which University business functions have policies and procedures in place that unknowingly are creating burdens and challenges for the conduct of research" (Recommendation 58).

Foundation Working Group Report:

A wide variety of foundations - each with their own missions, goals, and processes -have been or currently are involved with AU faculty and staff projects, including the Carnegie Foundation of NY, the Gates Foundation, the Longview Foundation, the MacArthur Foundation, the Knight Foundation, the Robert Wood Johnson Foundation, the Mellon Foundation, the Spencer Foundation, the Wallace Foundation, the Doris Duke Charitable Foundation, the William Penn Foundation, the Wyncote Foundation, and many more. These activities tend to be based on close relationships between AU researchers and foundation program officers, and they tend to involve somewhat different schedules and compliance processes than other funding sources.

Recommendations:

1. **AU should build and support more trust-based relationship with foundations**:
    a. Work with major foundations to develop relationships between senior leadership at AU and the foundation leadership;
    b. Work with principal investigators to cultivate relationships with program officers in key areas at key foundations;
    c. Make the internal processes of post award seamless for principal investigators (one point of contact for all processes);
    d. Develop a centralized inventory of existing foundation relationships among individuals and campus communities;
    e. Identify "fundable" faculty and high-impact research that can benefit from these relationships;
    f. Celebrate the results of the collaborations.

2. **Funding systems within foundations require both transparency and flexibility on the University's part:**
    a. Develop alternative structure of reporting and grants management from those used for federally funded projects;

b. Design systems that better facilitate the communication between the foundation administration and the university administration, and across colleges, departments, and programs;
c. Create flexible report systems in GCA so that principal investigators and support staff can monitor their progress directly and provide reports to funders on their schedule and required formats;
d. Develop a range of strategies responsive to the range of foundation types, with a likely emphasis on foundations with discipline- or program-specific staff, sophisticated business operations, and a history of funding higher education;
e. Appreciate that foundation funding might not result in facilities and administrative support for the University, or that foundations might have a different perspective on such costs (expecting, for example, that many such costs are appropriately budgeted as direct expenses to the project, rather than percentage-based charges);
f. Appreciate that funding might be available outside the typical Request for Proposals Cycle, and that such funding will likely be based on established professional relationships, and alignment of giving priorities to faculty/staff expertise.

3. **Foundations will fund only the projects that are aligned with their own impact agenda. With this in mind, AU should:**
   a. Develop an inventory of research initiatives undertaken by individual faculty or centers and institutes and evaluate their alignment with the missions and funding histories of major foundations;
   b. Develop (and hire) researchers who are aligned with the missions of major foundations;
   c. Set targets for foundation funding that are aligned with peer institutions.

4. **Foundation funding should be strategically coordinated at the highest level** and should be operationally supported at the lowest level:
   a. Continue to support unit-level entities to support funding portfolios (e.g., Washington Institute for Public Affairs Research in SPA, International Affairs Research Institute in SIS, and Institute for Innovation in Education in CAS);
   b. Encourage units to maintain a balanced portfolio of funding sources ;
   c. Whenever possible, return more facilities and administrative cost payments to the unit so that the portfolio is maintained at the operational level (where the portfolio exists);
   d. Encourage units to take a lead role in determining the strategic advantage of partnering with specific foundations;
   e. Re-think the "limited submission" approach that has been created and administered by OSP, which is an accepted structure for Federal submissions but is not clearly the best system for foundations.

5. **AU should leverage the advantages of running foundation funding through the University by**:

a. Creating incentives for the principal investigator to bring funding through the university through transparent processes such as how effort is charged, course buyouts, and facilities and administrative cost rates;

b. Developing a shared list of "Benefits to Working with AU" that clarifies the collaboration proposition for funders that might not be familiar with AU's support mechanisms and research culture;

c. Ensuring a user- and client-focused support system and team, with a balanced emphasis on compliance and contracting, and service and support;

d. Creating an incubator for foundation funding that draws on multiple projects to support operations and grants management, e.g., Stanford's STartX project, Northwestern's Farley Center for Entrepreneurship and Innovation, and Purdue's University Trask Innovation Fund.

Corporations Working Group Report:

This group was charged with a focus on helping to grow corporate sources of funding and revenue – to include research and sponsored programs, academic programs, faculty development, student development activities, capital improvements, and endowment funds. Corporate sources might also generate other forms of support that are budget relieving or value added. Some examples of other forms of support include donated or discounted services and/or equipment, revenue from executive education, joint proposals to Federal agencies, co-branding, and so on.

After much discussion and research, the following components are being identified as critically important to the success of a thriving corporate relations program:

1. Institutional support for corporate relations;
2. Mutual benefits to partners;
3. One-stop shopping for corporate partners;
4. Integrated efforts of Office of Sponsored Programs (OSP) and Division of Development and Alumni Relations (DAR);
5. Identification of a top-prospects list and systems/procedures for concierge management;
6. Cross-campus coordination;
7. Creation of a central database;
8. Assessment and metrics.

Recommendations:

1. **The University needs to confirm its interest in, and then invest in, growing its efforts in corporate relations.** Once the commitment is made, we would look at leveraging and strengthening the current structure; the Strategic Partnerships unit within the Division of Development and Alumni Relations would need to be scaled up to function as a full-fledged corporate relations office [as would be found at one of the Network of Academic Corporate Relations Officers (NACRO) research universities].

2. **The University needs to improve structures and provide integrated research support.** The trend among major research institutions is to better integrate the activities of sponsored research administration and the corporate relations office. One specific way to enhance structures and strategies is to create a dotted-line reporting arrangement from the Corporate Relations Officer to the Provost to help facilitate this coordination and to also help in campus coordination among the many academic programs.

3. **Create a central repository and one-stop shop to manage corporate relations.** Corporations want a single point of contact for their activities with a university. In order to further this objective it is important that we not create a bureaucratic process, but rather that we emphasize the facilitation of support aspects of a one-stop for corporate relations among the many university programs. We need to empower the Corporate Relations unit with the ability to facilitate awareness and communications with various offices on campus. Further, this program should also help to gather information on possible vendor partners for the benefit of University offices as well. The unit's role, scope, and staffing would need to be enhanced.

4. **Create systems and processes to collect and share corporate relationship data.** Gathering, maintaining, and sharing data about corporate relationships is a vital element of a university corporate relations office coordination function. Toward this end, AU should create/acquire a database tool to help gather and maintain information on important corporate relations. Various offices on campus would need to be charged with entering critical data into this system (such as key university vendors). Reports could then be generated to assess opportunities and track progress on corporate relations and funding using key performance indicators. The CRM Case Management tool currently being used to manage Graduate Admissions could be used to support corporate relations. Further, the new Business Intelligence (BI) platform implemented at AU could be used to generate reports or even a dashboard to track progress in the corporate relations area.

"Other" Working Group Report:

The "other" working group of the task force explored all funded activities outside of the formal sources addressed by the three other working groups. These could include research, creative projects, consultancies, professional services, publications, programs, or other initiatives involving AU staff members that are funded/support by non-federal, non-corporate, non-foundation entities. Such could include independent non-profits, associations, city or county agencies, research or consulting firms, or any other organization (often with limited or no history of funding higher education activities).

Because many AU faculty and staff are well-regarded experts in their disciplines, with strong professional networks, many are already involved in paid project work with a wide range of constituents. Our goal was to consider and suggest ways to encourage a larger portion of that work to flow through the university, and to support new initiatives in this category, as well.

These "other" initiatives have a scale, risk profile, benefit potential, and a constituency that is radically different from those funded by federal agencies, foundations, and major corporations. They are often incompatible with the contracting, compliance, costs, and accounting practices of more formal initiatives and therefore have often been conducted outside the university.

Because of the extra effort required of these funded initiatives, and their increased sensitivity to high-percentage facilities and administrative costs, the committee recommends that the University be specific and strategic in its encouragement for this kind of work. Are all funded initiatives appropriate to a higher education sponsored research model? Will too many small and high-touch projects easily distract staff and administration from more strategic and advantageous activities?

With the concerns outlined above and in order for the University to capture more of the "other" projects into the managed projects portfolio, we recommend the following:
1. Define the strategic advantage level a project needs to meet in order to be brought through the University (e.g., future prospects, reputation enhancement, innovation or public service);
2. Determine a threshold project budget or duration that justifies the effort and expense of bringing it through the University;
3. Create a scaled-down and more flexible means of monitoring and managing "other" projects (along the lines of the 1040EZ form for tax returns)

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