



College of Engineering

UNIVERSITY OF WISCONSIN-MADISON

July 10, 2014

Professor Jo Ellen Fair
Chair, University Committee
c/o Secretary of the Faculty
133 Bascom Hall

Dear Professor Fair:

In the last fiscal year, approximately \$135M was brought to the University of Wisconsin-Madison (UW-Madison) by its faculty and staff in the form of indirect costs, also referred to as overhead, facilities & administrative charges, 150 funds, etc. UW-Madison faculty have a direct interest in how these funds are spent: facilities and capital equipment must be maintained and updated; administrative staff must be paid; and future funding depends on current expenditures being appropriate and justifiable.

It is the opinion of the members of the College of Engineering Academic Planning Council (COE APC) that UW-Madison faculty have a responsibility to ensure that the indirect-cost funds they generate are spent in an appropriate, optimal, transparent and publically defensible manner. However, information regarding how indirect cost funds are spent does not appear to be readily available to UW-Madison faculty. Furthermore, there do not appear to be satisfactory mechanisms for faculty oversight and guidance of the expenditure of the indirect-cost funds that they generate.

The members of the COE APC ask the UW-Madison University Committee to ensure, under its mandate to consult with administrative officers on budget matters and report thereon to the faculty, that UW-Madison faculty have the necessary mechanisms for faculty oversight and guidance of the expenditure of the indirect cost funds that they generate. Suggestions regarding these mechanisms include:

Oversight and Allocation Transparency

- A document should be updated and published that explains what the indirect costs are, summarizes how they have been spent, and explains why they play an important role in the university's goal of being a premier research institution. (Appendix A, which is a document from Virginia Tech, serves this purpose to a significant extent.)
- A document should be published annually listing expenditures in the previous fiscal year in detail, including amounts transferred to colleges and schools. These details must be presented in a way that the average faculty member can easily comprehend, and it must account for all indirect-cost funds received and spent. (Appendix B, which summarizes expenditures of 150 funds in 2013-14, contains some of this information; although some items are explained, several provide no details, including large amounts allocated to the GPO pool and support units.)

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Guidance

- Faculty should have representation on the committee that sets and updates the strategies to be used for spending indirect-cost funds in pursuit of the university's goal of being a premier research institution. An example is the fraction of indirect-cost funds to be returned to colleges, schools, departments, institutes, etc. to support research-related administrative, startup and capital equipment expenses.
- Representatives of the faculty should be voting members on the committee, along with Deans and other UW-Madison administrators, that determines the expenditures to be made each fiscal year using indirect-cost funds, and this budget should be published at the beginning of each fiscal year.

Again, it is the opinion of the members of the COE APC that UW-Madison faculty have a responsibility for direct participation in fiscal management of the indirect-cost funds they generate, and in establishing the mechanisms proposed above to accomplish this. The members of the COE APC look forward to consideration of this issue by the University Committee on behalf of all faculty of the UW-Madison, and are willing to meet with the University Committee to discuss this issue at greater length.

Sincerely,



James B. Rawlings, Chair
Academic Planning Council
College of Engineering

cc: Darrell Bazzell, Vice Chancellor
Chair, Committee on Budget Reform