Primary Focus Points for the Year:
- Accreditation
- Budget Transparency
- New Chancellor Search
- Curriculum Reform
- Educational Technology
- Faculty Workspace and Campus Space Planning
- Graduate Education Funding
- Indirect Cost Waiver Recommendation
- Operational Excellence
- Review of PharmD Admissions Process
- Strategic Planning
- Student Conduct Policy
- Gift and Endowment Assessment
- Indirect Cost Waiver Proposal

Task Forces, Special Committees, and Sub-Committees:
- Task Force on Student Conduct Policy (Shuvo Roy- Chair, Donald Kishi, Ellie Vogt)

Issues for Next Year (2014-2015)
- Strategic Planning
- Faculty Workspace and Campus Space Planning
- Indirect Costs
- Operational Excellence
- Student Conduct Policy Reform

2013-2014 Members
Esteban Burchard, MD, MPH, Chair
Tom Ferrin, PhD, Vice Chair
Nadav Ahituv, PhD
Dorothy Apollonio, PhD
Al Burlingame, PhD
Patrick Finley, PharmD
Norman Oppenheimer, PhD
Glenn Yokoyama, PharmD
Shuvo Roy, PhD*

Ex-Officio Members
Joseph Guglielmo, PharmD, Dean
Brian Alldredge*, PharmD, Assoc. Dean Ac. Affairs
Conan MacDougall, PharmD Assoc. Dean Teaching
Don Kishi, PharmD, Assoc. Dean Student and Curricular Affairs
Ellie Vogt, PhD, RPh, Chair, Admissions
Michael Nordberg, CFO

*member left the council during the year

Number of Meetings: 9 (Includes Spring Full Faculty Meetings)
Senate Analyst: Artemio Cardenas
This year, the School of Pharmacy Faculty Council took up the following issues related to the San Francisco Division:

**Budget Transparency**
In response to faculty requests to review the collection and administration of Indirect Costs, the Council invited members of the Budget and Resources Management Office to provide a report. In December 2013, Director for Costing Policy and Recharge, Nilo Mia, and Director of Resource Administration and Operating Budget, Debra Fry, provided the Council with a presentation on Indirect Costs (Attachment 1). In the presentation, Nilo provided a broad overview of Indirect Cost Recovery rates and how they are determined, and Debra reviewed how the revenue is administered across the campus. Council was also provided rates and revenues specific to the School of Pharmacy.

**Chancellor Search Criteria Discussion**
In February, Chair Burchard informed the Council that the Chancellors Selection Committee would be holding an event to gather input from all UCSF constituencies on what should be considered when selecting a new chancellor. Council members commented that the next chancellor should be someone who has a strong academic background. All Pharmacy faculty input was communicated to the selection committee.

**Discussion with Graduate Division Dean Elizabeth Watkins**
In the beginning of 2014, it was announced that UCSF had been awarded a large gift from private donors to support graduate education. To learn more about the new program and when it would affect faculty and students, the Council invited Graduate Dean Liz Watkins to report. Dean Watkins reviewed the details of the new “Discovery Fellows Endowment.” Dean Watkins informed the Council that the total endowment will total $50 million with $2.5 million in annual interest payments to support funding. The money was provided to UCSF with the intent of ensuring funding the early years of the graduate programs. Dean Watkins informed the council that she believes this money will make a big impact in the graduate programs and she hopes that more philanthropic support will come to UCSF in the future. She also emphasized that more fundraising is needed to ensure that all graduate students expenses can be covered.

**Faculty Workspace**
Following up on the Academic Senate’s efforts in 2012-2013 to be more involved in the workspace planning process, the Faculty Council worked over the year to ensure faculty would be consulted during the early planning stages for the Clinical Science Building (CSB) and UC Hall (UCH).

In October, Shuvo Roy provided the Council with an update on the early plans for the retrofit and remodel of the CSB and UCH. Dr. Roy informed the Council that a joint faculty-administration workgroup was formed during the summer and that this group would receive reports from campus planners and provide feedback. In November, Tom Ferrin informed the Council that the committee had reviewed some significant changes including:

- Severance of the corridors that currently connect all of the buildings.
- Elimination of existing classroom space

Upon learning of the details, Council members noted concern with severing the corridors.

In November, the Council invited Professor Janel Long-Boyle, the School of Pharmacy representative on the UCSF Space Planning Committee, to report on the recent work of the committee and to provide her thoughts on the future planning. Dr. Long-Boyle informed the Council that the meetings had been poorly attended and that little has been accomplished. She felt that the meetings were geared to updating faculty rather than engaging members in the planning process.
Later, in February of 2014, the Council was informed that the space committee had recommended going with a hybrid model which included both private offices and activity-based workspace. This decision represented a middle-ground deal for faculty and administration. The corridors would also be severed in order to increase security. However, accommodations would be made for easy movement of people and supplies through the buildings.

**Plans for Laurel Heights**
In April, the Council was informed that the University plans to unload the Laurel Heights campus from its portfolio, either through leasing or sale. The anticipated revenue would be possibly used to pay for new office space at Mission Bay.

**Proposal to Increase Assessment on Gifts and Endowments**
At the beginning of the academic year, the University Finance Office and the Development Office proposed to increase the assessment rate charged by UCSF on gift spending. Before the year, all gifts given to the university were taxed 4% upon receipt and 1% for ongoing spending. The new proposal would increase the assessment on ongoing spending from 1% to 6%. In reaction to first hearing about the proposal, the Council disagreed with the idea and commented that the administration should at least assess smaller gifts at a lesser rate than for the larger gifts. Council members also commented that an increase in taxation would hurt faculty support and dissuade donors from providing funds in the future.

To provide their feedback to administration, the Faculty Council invited Associate Vice Chancellor for Budget and Resource Management, Teresa Costantinidis; and Associate Vice Chancellor of University Development, Jennifer Arnett to the Council to the December Council meeting to report (Attachment 2). AVC Costantinidis and AVC Arnett informed members that, philanthropy to the university only direct expenses of the intended gift, not the administrative support necessary to provide the services. With UCSF experiencing significant fiscal demands and limited resources of support, there needs to be a review of different funding options. As a result of the analysis, a proposal was made to increase the amount assessed on gift spending. Council members were also provided with data showing how UCSF’s rate is actually below the assessment required by peer institutions.

In February, Chair Burchard informed the Council that, in reaction to faculty feedback, the university leadership agreed to grandfather previous one-time gifts under the old assessment policy. However, the policy change will not include endowments. While the willingness to grandfather previous one-time gift was appreciated, faculty remained very concerned about the endowments as these investments provide the most amount of support to faculty on an annual basis. In response, the Council decided to implement a faculty survey to determine the thoughts of the School of Pharmacy faculty. The results of the survey (Attachment 3) showed:
- All faculty who responded do not support of the proposal
- Faculty support the recommendations put forward by the Academic Senate. Including:
  - Grandfathering of previous endowments
  - Phasing in the increases
  - Exempting faculty who use the endowment for personal salary
  - Using a portion of the additional revenue to support faculty in other ways, such as grants
- Faculty members view this proposal as just another initiative that hurts faculty.

In July, administration agreed to the following changes to the assessment proposal:
- Exempt all student support
- Grandfather all previous gifts, with the exception of endowments
- Phase in the increase (2% a year) over the next three years.
- Establish an 500,000 fund for faculty support

**Review of Indirect Cost Waiver Task Force Recommendations**
In the summer of 2013, Executive Vice Chancellor Jeff Bluestone convened a task force to develop recommendations for how the university should govern the collection of indirect cost recovery funds.

In September of 2013, the Council invited Stuart Heard, a School of Pharmacy representative on the campus Indirect Cost Waiver Task Force, to provide a report on the work of the group. Dr. Heard informed the Council that the main issue that the task force was grappling with was how to ensure that all grants provide some sort of indirect cost recovery rate. This issue was especially problematic with some foundations and nonprofits do not allow for indirects to be charged. Generally the university grants waivers to faculty who apply to these grants, but with funds becoming increasingly scarce, the university is seeking to raise indirect cost revenue by ending the use of waivers. Dr. Heard informed the Council that the task force will continue to work on the issue and that a recommendation report should be issued when the work is complete. Once he receives the report, it will be sent out to the Council and the other Senate Committees for comment.

In February, Dr. Heard was invited back to the Council meeting to review the task force report. He provided the Council with an overview of the recommendations that the task force provided the EVCP’s Office (Attachment 4). The major changes proposed by the task force include a requirement that all grants provide at least a claim of 10% indirect cost. In the cases where the grantor refuses to provide the funds, the PI must request funds from the department chair or the respective dean. Council members supported the idea.

**UC Climate Survey**

In early 2013, UCSF faculty, staff and students were asked to respond to a UC systemwide survey on campus climate. In April, the results of the UC Systemwide Climate Survey were released at the March Regents meeting. The results specific to UCSF showed that a majority of the UCSF community feels comfortable on campus. However, some results were concerning in regards to the comfort level of underrepresented minorities and the work satisfaction of faculty.

- **Notable results include:**
  - 1,158 UCSF faculty responded (45% response rate)
  - The good news – 76% of all respondents said they were comfortable with the campus climate
  - The concerning – 29% of the respondents felt they personally had experience “exclusionary, intimidating, offensive or hostile conduct.”
  - Of additional concern – 43% of all faculty members and 37 percent of all staff members responded that they seriously considered leaving UCSF in the past year.
  - The results of the survey for UCSF and the UC System can be found here: [http://campusclimate.ucop.edu/results/index.html](http://campusclimate.ucop.edu/results/index.html)

To review the results in further detail, Vice Chancellor of Diversity and Outreach Renee Navarro attended the Council meeting in April to provide a presentation (Attachment 5). Council members asked several question regarding specific results to the School of Pharmacy. Vice Chancellor Navarro informed the group that UCSF has been provided with a complete dataset and that more analysis can be done.

**UCSF Communication Presentation**

In June, Vice Chancellor of Communications and University Relations, Barbara French, attended the full faculty meeting to present on the university’s effort to rebrand the institution. She explained that while the UCSF brand is well respected, recent surveys have shown that the general public does not have a strong understanding of the institution. In an effort to promote the school and raise public awareness, former Chancellor Sue Desmond-Hellmann requested that staffers develop a bold new brand for UCSF. Vice Chancellor French reviewed some of the preliminary concepts for the new brand with the faculty. In the
discussion session, faculty members praised the effort and provided feedback on how they see the brand helping the school and university.

School Business

Accreditation
Over the course of the year the Faculty Council assisted in the school's effort to renew its accreditation. The group received numerous reports on the status of curriculum changes. In January, the Council met with representatives from the accreditation board to discuss their role in oversight. After the School was received it accreditation in January, the Council continued to work with the Education Policy Committee to review and approve remaining curriculum reforms requested by the accreditation body.

Compensation Plan Update
In June, Associate Dean of Academic Affairs Tom Kearney updated the faculty on the following items regarding the compensation plan:

- **Review of the Compensation Plan Advisory Committee:**
  - Last year the new compensation plan went into effect. Major changes included the development of a compensation advisory committee. Members who participated on the committee this last year include
    - Ruth Greenblatt, Pam England, Stu Heard, Matt Jacobsen, Tejal Desai, Frank Szoka

- **New Tool to Disclosure Outside Professional Activities:**
  - Associate Dean Kearney reviewed a new online tool for faculty to use to disclose revenues from outside professional activities.

Educational Technology at SOP
In May, Chair of the Educational Policy Committee Conan MacDougall and Education Manager Frances Kleven provided the Council with a presentation on the tools and technology available to faculty (Attachment 6). Topics reviewed include:

- **A review of all uses of educational technology in the curriculum**
  - Core and foundational technologies
    - Ilios
    - CLE
    - ExamSoft
  - Classroom enhancement technologies
    - SmartPodium
    - iClickers
  - Asynchronous learning technologies
    - Lecture Capture
    - Articulate
    - iBooks
  - Classroom-Clinical interface technologies
    - APeX
    - MyDispense

- **Review of educational technology achievements**
  - Massive technology incorporation during the past 3 years

- **Review of Remaining Challenges**
  - No education budget
  - Rapid evolution of education technology
  - High student expectations
  - No long-term plan

Integration/coordination across schools and the university
Faculty Council Leadership Transition
At the beginning of the 2013 – 2014 term Professor Shuvo Roy served as Faculty Council Chair. Due to a change in responsibilities, Chair Roy needed to resign from his position in December. To fill his place, Professor Esteban Burchard volunteered to serve as Chair from January thru August.

PharmD Admissions Process
At the beginning of the year, Council members requested a review of the PharmD admission process. In April, Admissions Chair Ellie Vogt provided the following review:

- Interviews: Interview invitations are sent out in January and February.
  - Interview Process: In 2013 The school implemented a multiple mini-interview (MMI) process. This type of interview process, used mostly by medical schools, is providing more helpful information for our reviewers than the former interview process.
  - Holistic Review: In 2010 we moved to a holistic review based on four key questions re: ability to do the work, leadership potential, life experiences and match for UCSF.
- Final Ranking: Reviewers review the entire file for eight applications and rate them and then have a conversation with another reviewer about these eight applicants. These two reviewers then meet with six other reviewers for a 8 person panel review of 32 applicants. Five panels submit their rankings to the Admissions Executive Committee
- The Admissions Executive Committee reviews all the ratings and spends one eight hour (or more) day assembling the final invitation list.

Revised School of Pharmacy Mission Statement
At the June Full Faculty meeting, faculty members approved of a new School of Pharmacy Mission Statement. The new mission statement had the following changes:

1. Use of the word therapeutics, rather than the word pharmaceutical, to better represent the School's current scope of research.
2. Presentation of our education mission as one statement rather than three separate statements.
3. Inclusion of a statement about our collaborative way of working.
4. Use of the subject pronoun we.

Strategic Planning
In January, all School of Pharmacy faculty participated in a retreat held by the dean to start the process of developing the schools strategic plan. After the planning event, the Dean used that feedback to draft strategic plan goals. Over the next few months, the goals were shared with the Faculty Council, Dean’s Leadership group and finally with all faculty at the June Full Faculty meeting. Three themes that were identified included:

- Theme 1: Precise therapeutics through innovative research. Through our research we will drive the development of innovative, precise therapeutics.
- Theme 2: Leadership through farsighted, enterprising graduates. We aim to prepare graduates who will excel and lead in rapidly changing therapeutics research, regulatory, and patient care marketplaces.
- Theme 3: Improved pharmaceutical care through empowered pharmacists. We will create the conditions for pharmacists to fully apply their unique expertise for the benefit of patients.

The Dean informed the Faculty at the meeting that the themes would be sent out for comment over the summer. Once all feedback has been collected, the final themes will go out for a faculty vote of approval.

Standing Committee Reports
The standing committees reported on the following items:

Admissions Committee
In April, Admissions Committee Chair Ellie Vogt reported on the results of the 2014 admissions cycle. Details on the newly admitted class included:

- The Admissions Committee has completed the task of reviewing all 305 applicants invited to interview. The Admissions Executive Committee made final decisions on March 21.
- For a class of 122:
  - 140 Offers of admission were made (up from 135 in previous years)
  - 41 Waitlist offers were made (up from 27 last year)
  - 124 Denied

Offers of Admission (140):
- 99 Accepted offer (as of 4/1/2014)
- 36 Pending offers (applicants have until 4/4/2014 to accept/decline)
- 5 Declined their offer

Educational Policy Committee
Over the course of the year, Education Policy Committee Chair Conan MacDougall reported on the following items:

- **Accreditation:** Early in the academic year, it was reported that the Education Policy Committee had completed most of the short-term curriculum changes proposed and approved at the June Full Faculty meeting. Later in the year, the committee developed and approved a list of remaining curricular revisions requested by the accreditation body.

- **New P1 Exam:** In September it was reported that the PharmD students would be taking a new test in their first year. Similar to an exam taken by Medical Students, this test will be taken to determine student preparation in the basic sciences. A benefit of the exam is that it will give faculty a better idea of where to improve the curriculum.

- **Examssoft:** Last year, the School of Pharmacy tested Examsoft, an online testing service, to administer exams. After learning from issues experienced last year, the system will be rolled out and offered to course directors.

- **Implementation of PCOA:** The Pharmacy Curriculum Outcomes Assessment (PCOA) will be replacing the comprehensive exam. This exam will be offered to P3 students in the winter quarter. This test is offered at other universities around the country and will be a good tool to benchmark students against their peers.

- **Curriculum Revision Retreat:** In April, Dr. MacDougall informed the Council that a curriculum revision retreat was planned in mid-June. The focus of the retreat was on what kinds of graduates the UCSF School of Pharmacy is creating. At the retreat, faculty and outside experts provided input on what should the pharmacist of the future look like, and how can the school build a curriculum to support that person?

- **Curriculum Changes:** In June, faculty were asked to approve of several curriculum changes in order to ensure compliance with the accreditation board. The faculty approved of the following changes:
  - An increase in the core curriculum to 149 units with the requirement of 28 units of core APPE
  - Reduce the pathway curricula units to correspond with the increase in the core APPE

Student Status and Honors
Associate Dean Kishi provided the Council will updates throughout the year on the status of students.

Student Discipline
In October, Nadav Ahituv announced to the Council that he had replaced Shuvo Roy as Chair of the Student Discipline Task Force. Dr. Ahituv informed the Council that he will soon be setting up a meeting with the task force to discuss the most recent draft of the policy.

Student Reports
Throughout the year, the student representative from Association Students of the School of Pharmacy (ASSP) reported on the following topics:

- **Update on the Reduction of Student Events:** In September it was reported that student representatives were still working to reduce student stress by reducing the number of events. While progress has been made, there is still more work to be done. An idea is to set a cap on the number of events a student is allowed to do during a period of time.
- **Skit Night:** In October the students held their annual Skit Night event. Students raised over $1000 for a recent graduate who was diagnosed with cancer.
- **New Student Government:** In January, the two student organizations on campus, Graduate Student Association and Associated Students of UC, voted to merge together.

### Task Forces and Other Committee Service

**Task Forces and Other Committee Service:**
- Coordinating Committee (Shuvo Roy and Esteban Burchard)
- Faculty Welfare (Shuvo Roy)
- Rules and Jurisdiction (Patrick Finley)
- Task Force on Student Conduct Policy (Ahituv Nadav-Chair, Donald Kishi, Ellie Vogt)

### Going Forward

Ongoing issues under review or actions that the Council will continue into 2014-2015:

- Strategic Planning
- Faculty Workspace and Campus Space Planning
- Indirect Costs
- Operational Excellence
- Student Conduct Policy Reform

### Appendix

**Appendix 1:** BRM Indirect Cost Presentation
**Appendix 2:** Development Office Presentation on Gift and Endowment Assessment Proposal
**Appendix 3:** Faculty Survey Results - Gift and Endowment Assessment Proposal
**Appendix 4:** Indirect Cost Waiver Task Force Recommendations
**Appendix 5:** UCSF Climate Survey Results
**Appendix 6:** Educational Technology Update Slide Deck

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*Senate Staff:*
Artemio Cardenas, Senate Analyst
Artemio.Cardenas@ucsf.edu, 415-476-4245
The UCSF Academic Senate is interested in gathering your thoughts and comments regarding the proposed increase in the assessment on all endowments and future gifts. Please use the section below to provide your feedback. All comments are anonymous. Once the survey is complete, responses will be compiled and sent to university leadership. Thank you.

**Text Response**

I think this is yet another device to raise money off the faculty's backs. We are generally willing to help the university as we can, but this seems more onerous, especially since we see so very little of our indirects for the huge amount of grant funds we bring in. I object strongly to this plan.

At a time of increasing uncertainty concerning grant support and calls for diversifying sources of research funds, it would seem that increasing the tax on one of the avenues for alleviating the above concerns is ill-thought. The funds from these sources provide immediate support for research and education needs (particularly graduate education) and provide a buffer to help investigators bridge between grant shortfalls. To me, as to many of the faculty, this simply smacks of another way for the administration to milk researchers of their funds to support operations that should be covered by university funds and/or normal overhead charges.

This proposed step is another in the continuing war on faculty. The solution to financial problems need not always come in the form of extraction of additional taxes and fees from faculty. The budget shortfalls we are seeing come from excessive capital expenditures coupled with a lack of planning with respect to revenue to support operations. They also come from extremely generous benefits to non-represented non-faculty employees (especially retirement benefits). The administration needs to consider inducing senior staff with high salaries to retire early and to eliminate defined benefit retirement for newly hired staff. New taxes on the faculty (who are the primary revenue generators at UCSF) are no longer a reasonable approach.

I agree with the letter, and would like to note that these charges are only one set of a range of new administrative charges to funding and activities related to faculty completion of the main UCSF missions. They also follow the OE initiatives, which were intended to improve efficiency and reduce administrative costs; many aspects of the OE initiative have increase costs and decreased performance. The net effect is to make it more difficult for faculty to accomplish UCSF missions. The faculty should not agree to these charges until the senate has been given comprehensive information on the costs and performance of all central administration components. We need to be reassured that these charges are necessary to accomplish key goals, and not due to poor management, or un-needed services.

Foremost, all existing endowments should be grandfathered in at the current taxation rates (4% initially + 1% on funds spent). Secondly, endowments that support educational activities should not be taxed at all. Lastly, new endowments should have a sliding scale taxation rate such that small endowments are taxed minimally while large endowments get taxed more heavily.

Agree with the proposed suggestions by the AS (tiered fees based on size of gift; gradual escalation if fee is increased)

I use my endowment to support infrastructure but in areas that are consistent with the goals of the original gift. This is taking away my ability (and the ability of the donor) to have any impact upon where the funds are spent. I think all existing endowments should be exempt and only new ones subject to this policy.

This is a terrible idea. It is essentially taxation without representation. "They" are trying to run this down our throats without the full knowledge of the faculty. I am certain that if each and every UCSF faculty knew that this was going on that there would be a revolt. At the very least, they should "grandfather" existing endowments and gifts.

This way this issue is being handled by the administration reflects non-regard for faculty input and disrespect for shared governance. As a faculty who actively solicits for philanthropy, this makes me less motivated to request donors make contributions. My existing donors can't understand why the value of their previous gifts should NOT be grandfathered in. For new gifts currently going through the processing, it makes sense to grandfather them as well and charge a variable rate depending on the size and intent of the gift.

Faculty are under tremendous pressure given the NIH funding challenges. But we understand the fiscal challenges imposed on the university, and generally, UCSF faculty want to collaboratively find solutions with the university administration. But this additional burden should be minimized because it runs the risk of disincentivizing faculty for cultivating donors, and it will negatively impact recruitment. The increase can be palatable given the following changes: 1) The rate increase in July from 5-10% is too abrupt. It should phased in - 1% annually. 2) Current gifts and those in process should be grandfathered. 3) Smaller gifts ($250k) should NOT be taxed at all; larger gifts >$1M could be taxed higher, say at 15%. 4) Some of the tax should be directed towards a fund to support salary coverage for faculty with funding gaps.

I am supportive of grandfathering existing endowment funds to the keep current rate.

I suggest that endowments generated by the effort of an individual faculty or group of faculty be treated differently than endowments generated by the administration and the endowment office. - The grandparenting of all faculty initiated endowment spending for a period of 10 years - Smaller endowments/gifts should have a lower fees than larger gifts - If/when the spending fee is increased, it should be phased in by no more than 1-2% each year MOST IMPORTANTLY the tax should never be greater than 50% of the interest income generated by the endowment. The endowments office should find ways to become more efficient Sincerely, Frank Szoka

I support a phased in approach. I also urge the Senate to insist that there be reasonably frequent, transparent, sufficiently detailed but easy to understand reports, that account for how much is collected and exactly where it is all spent.

Concur with the Academic Senate recommendations.

I support the Senate committee's suggestions for modification of the proposal.

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<th>Value</th>
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<td>Total Responses</td>
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UCSF Facilities and Administration Policy and Waiver Implementation

Recommendations from the UCSF IDC Taskforce

For Discussion
Background

- UCOP will delegate authority to grant finance and administration (also known as Indirect Costs, or IDC’s) and F&A waivers to the campuses
- UCSF has to develop its own policies and procedures related to F&A waivers
- UCSF Indirect Cost Waiver Policy Taskforce created to form recommendations
- Recommendations and Report created in Summer of 2013

Desired Goals of Today

- Share Recommendations and rationale
- Provide answers to FAQs
- Get your input and take it back to the taskforce before final policy finalization
Situation: Rationale

Overall

- UCSF is a business operating in competitive, market-driven areas
- 10-year operating projections show near term deficits and recovery in latter years
- *UCSF is positioned to manage through challenges, yet requires constant vigilance*

Research Revenue

- Long-term Federal research funding uncertainties, including sequestration
- Private research funding is not expected to outpace Federal funding in the near term
- Opportunity to grow new strategic programs while protecting critical existing programs will require *choices, scenario planning and for each project to contribute to UCSF*
Enterprise-wide strategic priorities drive UCSF’s business and financial planning efforts

UCSF’s Broad Strategies

Patients
Discovery
Education
People
Business

Consolidated Business and Financial Plans – 10 Year Horizon

UCSF’s Financial Plan

Medical Center Segment
Core Financial Plan
Campus Segment

Operating Plan
Capital Plan
External Financing Plan
Technology Plan

Departmental Business Plans – 5 Year Horizon

Schools
Administration
Medical Center
In the near term, expenses will outpace revenues; but, recovery is possible with careful management.
During this same time period, undesignated campus core fund balances are projected to fall to minimum acceptable levels.
## UCSF Indirect Cost Rates for FY 13-14

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<th>Sponsor Type</th>
<th>On-Campus</th>
<th>Off-Campus</th>
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<td>Federal Research</td>
<td>57.0%</td>
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<tr>
<td>Federal Instruction</td>
<td>44.0%</td>
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<td>Other Federal Sponsored Activity</td>
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<tr>
<td>Industry Sponsored Research</td>
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<td>Industry Clinical Trials</td>
<td>33.0%</td>
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<td>Foundations</td>
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FACT:
- In FY 11-12, the cost of supporting research at UCSF was $343 million
- UCSF only received $191.4M to cover those costs
- UCSF is losing approximately $75M/year (amount of indirect costs not covered by non-federal awards)
- Of that, $3M comes from awards with < 10% IDC
UCSF Indirect Costs: Steady Decline

Effective IDC on Total Directs
Trend from 2009-2013

From 2009 to 2013 drop of 3% = $17.6M
**UCSF Indirect Costs: Some Details**

Distribution by Rank and $$ of Current Active Awards with Less than 10% IDC

- **Prof:** $5.5M
- **Assoc. Prof:** $2.3M
- **Asst. Prof:** $350K
- **Fellows:** $15K; **Other:** $200K

**Total:** $8.3M forgone IDC for 318 awards

*Source: Office of Research*
UCSF Indirect Costs: Some Details

Distribution by Rank and FTE of Current Active Awards with Less than 10% IDC

- Professor, 121, 61%
- Assoc Professor, 29, 15%
- Asst Professor, 37, 19%
- Postdoc/Fellow, 8, 4%
- Other, 3, 1%

Source: Office of Research
## Comparative Practices

### Waiver Practices at Peer Institutions: Public and Private

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<tr>
<th>Entity</th>
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<th>Who Approves</th>
<th>Frequency</th>
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<td>Yes</td>
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<td>U Virginia</td>
<td>Yes</td>
<td>No</td>
<td>Dept. Chair, Dean or Associate dean, Associate Vice Provost for Research before University Comptroller makes final decision</td>
<td>?</td>
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<tr>
<td>U Wisconsin</td>
<td>Yes</td>
<td>No</td>
<td>Dir. of Research and Sponsored Programs</td>
<td>infrequent</td>
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<td>Yes</td>
<td>Yes</td>
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<td>Stanford</td>
<td>Yes w. min.infrastructure charge</td>
<td>No</td>
<td>Vice Provost, Dean of Research, Dean, Dept. Chair</td>
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<td>Hopkins</td>
<td>Yes, but considered cost sharing with offset funding required</td>
<td>No</td>
<td>Research administration and business offices at each school</td>
<td>Negligible</td>
</tr>
<tr>
<td>MIT</td>
<td>No</td>
<td>Yes</td>
<td>N/A</td>
<td>None</td>
</tr>
<tr>
<td>Columbia</td>
<td>Yes, but departments are charged 17.5% assessment on all awards</td>
<td>No</td>
<td>Vice Dean for Administration</td>
<td>?</td>
</tr>
</tbody>
</table>

*Source: UCOP Taskforce on Indirect Costs Waivers*
UCSF IDC Waiver Taskforce

Charge

- Develop a UCSF-specific Waiver Policy, implementation guidelines and procedures
- Develop methods for determining the level and source of institutional support for all large grants, ensuring alignment of policies for grants and gifts.

Membership

Co Chairs:
Susanne Hildebrand Zanki, Office of Research
Eric Vermilion, Finance

Office of Research: John Radkowski, Erik Lium
Finance and Administrative Services: Nilo Mia
Academic Senate: Sharmila Majumdar, Matt Springer
School of Dentistry: Peter Rechmann, Deborah Greenspan, Stuart Gansky
School of Medicine: Jane Czech, June Chan, Paul Volberding
School of Nursing: Kathryn Lee, Kit Chesla, Patrick Fox
School of Pharmacy: Jim Wells, Stuart Heard
University Development and Alumni Relations: Jennifer Arnett, Suzy Beemer
Guiding Principles: IDC Taskforce Recommendations

1. **Mission-Critical**: Work for which waivers are sought should support the mission of UCSF

2. **Equity**: Waiver guidelines should ensure equitable treatment of the faculty

3. **Infrastructure support** that is included in the direct budget will be credited toward the requirement for F&A support

4. **Accountability**: Authority to approve waivers should be aligned with the responsibility to cover shortfalls

5. **Transparency**: The waiver process should be transparent
Two Major Changes

1. The recommendations will result in a large reduction in the number of proposals requiring a waiver

<table>
<thead>
<tr>
<th>Waiver Required</th>
<th>Now</th>
<th>Recommended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government agreements</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Not for Profit with IDC policy</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Not for Profit without IDC policy</td>
<td>x</td>
<td>x</td>
</tr>
</tbody>
</table>

2. The recommendations call for the establishment of an infrastructure charge equivalent to the assessment on gifts for most not-for-profit awards

This is a requirement to come up with the difference between what is paid by the sponsor and the infrastructure rate. At a rate of 10%, the additional revenue will be approximately $3 million/year.

<table>
<thead>
<tr>
<th>Infrastructure Charge Required</th>
<th>Recommended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government sponsors</td>
<td></td>
</tr>
<tr>
<td>Not for Profit sponsors</td>
<td>x</td>
</tr>
<tr>
<td>Not for Profit Career development awards</td>
<td>X up to federal rate for equivalent awards</td>
</tr>
</tbody>
</table>
Specific Taskforce Recommendations

1. **Customization:** Modify UCOP Facilities and Administrative (Indirect Cost) Policy language for UCSF

2. **Guidelines:** Create an Indirect Cost Waiver Implementation Guideline to accompany the policy; spelling out intent and procedure for obtaining an IDC waiver

3. **Do not require a waiver request** for government sponsors or non-profit sponsors with a published F&A policy

4. **Criteria:** Create a set of criteria that will be used consistently to assess whether a waiver request should be granted,

5. **Authority/Accountability:** Align authority to approve waivers with the responsibility to cover shortfalls

6. **Alignment with Gifts:** Implement an infrastructure charge for non-government awards and align the assessment on gifts and the infrastructure charge

7. **Exemptions:** Exempt career development awards and fellowships from the minimum rate.

8. **Encourage the inclusion** of relevant facilities and administrative costs as direct costs to non-federal sponsors in cases where indirect costs are not allowed

9. **Process:** Seek extensive input from the faculty and department chairs on the taskforce’s recommendations

10. **Assess** the policy and implementation of the guidelines after 1 year
Recommendations

Recommendation 1: Customize
Modify the UCOP Facilities and Administrative (Indirect Cost) Policy language for UCSF

Details:

• Incorporate UCOP policy requirements but provide UCSF-specific context: include infrastructure charge as a vehicle to offset impact of no or very low F&A (indirect charge) resources

• Do not include specific rates in the formal policy, as they are subject to change and would require a policy revision every time there is a rate change

• Specific rates should be incorporated into the implementation guideline and procedures
Recommendations

Recommendation 2: Guidelines
Create an Indirect Cost Waiver Implementation Guideline to accompany the policy; spelling out intent and procedure for obtaining an IDC waiver.

- Provide clear guidance that explains the intent of the policy *(refer to Guiding Principles)*

- Provide criteria for judging whether a waiver is *appropriate* *(see Recommendation 4)*

- Outline the decision process for obtaining a waiver *(see Recommendations 5-7)*

- Include applicable rates in the guidelines
Recommendation 3: Guidelines

Do not require a waiver request for government sponsors or non-profit sponsors with a published F&A policy

- Allow investigators to apply for funding from government and non-profit sponsors with current published F&A rates without institutional approval
  - For government awards the expectation is that Government Business Contracts staff will negotiate the best possible rate
  - For state government awards our effort to create a master agreement between the state and UC systemwide is intended to preempt individual instances of negotiation for state-paid indirect costs
- Awards from non-profit sponsors with F&A policies, as well as awards from sponsors requiring a waiver, are subject to any applicable infrastructure charge; government contracts are exempt.
Recommendation 4: Consistent Criteria
Create a set of criteria that will be used consistently to assess whether a waiver request should be granted, as below:

- **High Risk:** award would be jeopardized without a waiver and would have a substantial negative effect on the faculty member's overall research program

- **Value/Mission:** the research is of mission-critical value to UCSF

- **Limited Options:** alternative funding sources, such as startup funds, pro fees, or gift funds, are unavailable to the PI (e.g., no FTE support)

- **Career Development:** the proposal is beneficial to the career development of new or junior faculty members

- **Innovation:** the proposal supports research in new directions which might not be sufficiently developed to attract typical peer-reviewed awards

- **Financial and Administrative Considerations:**
  - to the extent reasonable, allowable F&A costs have been included in the direct cost budget
  - administrative burden of managing the award at UCSF is reasonable
  - total cost to UCSF is reasonable for the benefit the award potentially provides
Recommendations

Recommendation 5: Authority/Accountability
Align authority to approve waivers with the responsibility to cover shortfalls

- Empower Control Points (Schools and Depts) to target average F&A yield

- Control Points should be able to develop their own strategy to do this, including creating incentives for increasing F&A funds and to make appropriate decisions regarding allowance of low F&A awards

Rationale:
The Control Point is in the most appropriate position to make decisions on specific projects because:
- Is familiar with area-specific projects and funding mechanisms
- Is already accountable for achieving space based indirect recovery cost goals
- Is able to engage with faculty as partners in this process
Recommendation 6: Infrastructure Charge/ Gift Assessment Alignment
Implement an infrastructure charge for non-government awards and align the assessment on gifts and infrastructure charge

- To ensure that all awards provide necessary infrastructure support, each non-government sponsored project should generate infrastructure resources

- To avoid discrepancies between the infrastructure charge and assessment on gifts, the infrastructure charge should be equal to and move with the assessment on gifts. Awards for purposes that are not subject to the assessment on gifts are also exempt from the infrastructure charge

- In cases where the sponsor’s policy provides less than the 10% of IDC, the combination of sponsor-funded IDC rate and infrastructure charge should be capped at 10% of total direct costs. This charge could be offset by the provision of infrastructure resources via the direct budget

- Infrastructure charges can come from appropriate fund sources available to the investigator, the department, the school, or the EVCP, in that order
Recommendation 6 (Cont.): Infrastructure Charge/ Gift Assessment Alignment

Implement an infrastructure charge for non-government awards and align gift assessment and infrastructure charge

- A request for funding would have to be well justified using the waiver criteria and would need to include a justification why funding cannot be provided by the lower Control Points. (E.g. a request to the EVCP would need to be supported by the PI, the Department Chair, and the Dean with an explanation of why they cannot support all or part of the infrastructure charge.)

- To ensure that departments have fungible resources to cover an infrastructure fee, the funds flow model will have to ensure that departments have access to fund sources that can be used to cover the infrastructure charge
  - Additionally, UCSF could create a pool that could be used for this purpose. This pool should be replenished with indirect cost recovery dollars that exceed the expected recovery for the year. *This creates an incentive for faculty to press for higher indirects where they can, in order to be able to accept awards with lower indirects.*
  - Gift funds that are considered appropriate to offset the assessment on gifts should also be considered appropriate to use for the infrastructure charge
Recommendations

Recommendation 7: Exceptions
Create an exception for career development awards and fellowships from the minimum infrastructure rate

- Indirect cost rate for training and career development awards should be pegged to the federal rate for F, K, and T type awards

- For career awards from sponsors who pay less than the federal rate, the infrastructure charge would be assessed up to the federal rate
Recommendations

**Recommendation 8:** Encourage the inclusion of relevant facilities and administrative costs as direct costs to non-federal sponsors in cases where indirect costs are not allowed

- Investigators are strongly encouraged to budget administrative costs to the extent allowed by the sponsor that is reasonable for the size of the budget, especially for budgets that are uncapped.

- The departmental or school resources freed up could then be used to cover all or a portion of the infrastructure charge.

- A list of potential items that could be direct-charged is available to PIs and research administrators.
Recommendations

Recommendation 9: Process
Seek extensive input from the faculty and department chairs on the taskforce’s recommendations

To ensure that all who are potentially impacted by this policy have the opportunity to provide input, the committee members support the EVCP’s approach, as outlined in the charge letter: “Most importantly, the recommendations of this committee will be vetted broadly with the department chairs and faculty to ensure that we have a unified approach to the challenges.”
This is the purpose of our taskforce meetings with faculty and leadership forums

Recommendation 10: Process
Assess the policy and implementation of the guidelines after 1 year

• The policy and its implementation should be assessed to ensure that the policy is working as anticipated and make changes as necessary

• Provide information back to the faculty on the financial impact of the policy at regular intervals
Estimated Timeline: IDC Policy

UCOP IDC Waiver Recommendations

July 2012

UC wide task force report with recommendations developed

UCSF IDC Taskforce Discussion & Recommendations

January-Sept. 2013

• EVCP charged cross UCSF group to revisit UCOP recommendations and develop UCSF specific recommendations.
• Taskforce met regularly to develop report with recommendations in September

UCSF IDC Recommendation Sharing and Input

Dec. 2013- Spring 2014

• (Present) IDC taskforce members attending School and other leadership forums to share taskforce recommendations
• Goal is to obtain input and questions.

UCSF IDC Policy Modification

Spring/Summer 2014 Ongoing

• Based on input, taskforce or another forum may or may not be reconvened to modify policy as appropriate
• Once input is obtained and discussed, policy will be posted on website

What We Need from You:

• Your Input and Questions
• Sharing of this with others to get their input and questions