

Financial Policy Committee
Subcommittee on Research Costs
Recommendation on off-campus determination policy
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During the Fall semester of 2019, the FPC assembled a small subcommittee to examine financial implications of policies surrounding Cornell research. The subcommittee, chaired by Adam Smith, included Doug Antczak, Larry Blume, and Luis Schang. We were fortunate to also be joined by Ronald Ehrenberg during the final stages of our discussions. During deliberations, we conferred with Emmanuel Giannelis (Vice Provost for Research), Paul Streeter (Vice President for Budget and Planning), and Jeffrey Silber (Senior Director, Sponsored Financial Services) on matters and wish to thank them for their contributions to our deliberations.

Having examined a range of issues from Facilities and Administration (F&A) rates to College policies on revenue returns to PIs, we have been strongly encouraged by the mechanisms currently shaping the flow of resources related to research. But we recommend one change in policy that will be of significant import to field-based research and will bring us better in line with our peers on a matter where we currently face a competitive disadvantage.

We recommend that Cornell alter its definition of off-campus research. Currently, Cornell uses this definition of off campus research:

“For all activities performed at a location which has neither the use nor aid of owned or leased University operated facilities and with personnel off campus *for two months or longer*, the off-campus rate will apply” (emphasis added).

The stipulation of a required duration for off campus research is quite unusual compared to our peers and may be a result of an earlier standard that has not been revisited in some time. Most of our peers, in contrast, define off campus research in terms of a *preponderance of effort*. As an example, here is Harvard’s policy:

“The criterion for determining whether activity is conducted on-campus or off-campus for a sponsored project is as follows: when 50 percent or more of budgeted Harvard time and effort is performed on-campus, then the on-campus indirect cost rate applies; when more than 50 percent of budgeted Harvard time and effort is performed off-campus, the off-campus indirect cost rate (26%) applies.”

We recommend that Cornell adopt a “preponderance of effort” for assessing whether research is on or off campus. An example of a preponderance policy might be worded as follows:

“The criterion for determining whether the on- or off-campus F&A rate is applied to a research award is an assessment of the preponderance of effort. If over 50% of budgeted direct costs support activities to be performed on campus, then the on-campus rate applies to the entire budget. If over 50% of the budgeted direct costs support activities that take place off campus, then the off-campus rate applies to the entire budget.”

Our recommendation is based on several observations gathered during the committee's deliberations.

First, the existing policy harms Cornell researchers competing for federal research grants. With congressional allocations flat and F&A costs rising, Cornell researchers conducting off campus research find that their projects, assessed at an indirect cost rate of 64%, cannot compete for awards alongside peers assessed at the lower 26% rate. NSF panels, to take one example, weigh the funds directly supporting research and if there is a choice between awarding one large project with a 64% F&A rate or two leaner projects with just 26% F&A rate, the one bloated by the higher F&A rate may lose out regardless of how meritorious the proposal.

Second, the harms of the existing policy extend beyond a single grant. We have extensive anecdotal evidence that the high F&A rates and the existing policy on off campus research at Cornell have led a significant number of researchers to off-shore their research grants to other universities or private think tanks. Some have even begun to establish their own non-profit organizations. These tactics can provide more advantageous terms for funding research but at considerable loss for Cornell.

Third, the current "duration away" measure for off-campus research unfairly impacts two groups more than others: female scholars and faculty in administrative roles (e.g., department chair). For female scholars who often bear a sizable caretaking burden, a 2 month away standard is unfairly discriminatory. These scholars often must conduct off campus research during multiple shorter periods rather than a single period of duration in order to meet familial obligations. There is no reason why their work should be assessed differently than the scholar who is free to sojourn off campus for longer periods of time.

For faculty in administrative roles, like department chair, the rule forces them to choose between research obligations and administrative duties. If a faculty member serving as a department chair wishes to conduct off campus research during the summer, they would not be able to be off campus for two months given their administrative obligations. And hence they too would find their work assessed at a different F&A rate than a colleague who did not willingly commit to university service.

Based on these findings, the Research Costs subcommittee of the FPC recommended changing Cornell policy to a "preponderance of effort" model for off-campus research. In conversation with Jeffrey Silber, we learned that the projected cost of such a move is not highly significant and see the potential economic benefit of "re-shoring" awards now funneled through other organizations as important to the University. Anticipating a surge in research following the COVID-19 hiatus, we recommend that this policy change be negotiated with federal authorities this year as part of any discussion of F&A rates, whether a request for extension or renegotiation.

On May 13, this recommendation was unanimously endorsed by the full body of the Financial Policy Committee.