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STATE OF MONTANA

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To: Sheila Stearns  
From: Jan Lombardi  
Date: February 10, 2009  
Re: March Board of Regents Meeting – Research Agenda Item

Accountability and transparency of the Montana University System is important to the Governor. The current economic times warrant even more scrutiny with our limited resources to ensure access and affordability for more Montana students to go to college. In particular, better understanding of the public accounting of the public's resources for research and development, especially federal earmarks, is critical. It is not a question of the importance of university research to Montana, but rather how and when the Board is involved. In accordance with the BOR's January 30, 2009 conference call, please find attached a list of recommendations and questions to be addressed at the BOR's March meeting, as well as the Legislative Performance Audit Summary of November 2006.

If you have any questions, do not hesitate to call.

February 10, 2009

March Board of Regents Meeting – Research Agenda Discussion items from Governor's Office

The legislature's performance audit report of November 2006

<http://leg.mt.gov/content/Publications/Audit/Summary/06P-05%20summary.pdf>

contains findings and recommendations, resulting in policies adopted to improve reporting and oversight by the BOR.

**Governor's Office Recommendation:**

The adopted policy timeline for reporting to the BOR was not followed, and as a result, the Board of Regents will not be able to comply with review and consideration given the federal budget cycle. The campuses did not advise the BOR of their earmark requests in 2008 (FY09) and 2009 (FY10) prior to submission to congress. Recommendation: Maintain January reporting cycle for BOR prior to the campuses requesting earmarked resources for federal initiatives.

**Legislative summary: Board of Regents' Role in the Process of Direct Congressional Appropriations**

*When universities apply for federal research grants and contracts, they compete against various universities around the nation. The peer review process ensures research proposals are funded based on merit as determined by expert reviewers. Earmark requests (direct Congressional appropriations) do not compete against multiple universities around the nation nor are they subject to a peer review process. This does not mean earmark requests have no merit, but it does mean these proposals are judged on a different basis from most other externally-funded research. Recent growth in earmark funding emphasizes the importance of administrators of the university system identifying information relevant to earmark funding and understanding these funding proposals. **The involvement of the Board of Regents in reviewing and understanding earmark proposals would provide additional opportunities to assess their viability and suitability.***

**Governor's Office Recommendation:**

The current reporting form to the Board of Regents is not consistently applied by UM and MSU and needs more accounting of revenue and expenditures. The MUS must provide greater detail on the accounting of research grants. Governor's Office Recommendation: Annual reporting should include consistent reporting format by each project by campus; multi-year trend data on earmark requests, follow-up reporting to BOR on receipt of federal funds; sustainability plan after grant is done; operations and maintenance plan for building requests; reporting and accounting on grant partnerships and sub-contractors, summary of lobbying expenditures both federal and state; alignment with other MUS budget reports, such as MUS summary of Revenues All Funds Form XX2, etc. The report to the Board must include how the MUS maximize efficiencies with research collaboration among campuses in its federal requests and delivery.

**Legislative summary: Ensure Consistent Reporting of Research Data**

*Consistency in the types of data reported and the compilation methods used is important for governing entities such as the BOR. We determined universities are using different types of measurements or quantifying data in different ways. This makes it challenging for BOR to provide effective oversight of research activities. As the overall level of funding for research increases, the university system faces more demands for consistent reporting on these activities. **To discharge its responsibility fully, the Board should require relevant and consistent reporting on research activities from all campuses.***

**Legislative summary: Coordinate Use of Information Systems**

*Universities with large volumes of research funding increasingly rely on information systems to manage workload associated with grants/contracts and to provide accurate reporting. MUS universities vary in the way information systems are used. Coordination of the information systems provides benefits. These benefits include elimination of costs associated with maintaining a duplicate system and improved security and stability. There would also be additional improvements in functionality and reporting capabilities. **The Board of Regents through the Office of the Commissioner of Higher Education should coordinate the use of information systems within research administration functions.***

**Questions**

1. In November of 2005, Montana State University announced it would hire an outside expert to investigate whether University's research funds were being used appropriately. This was in response to questions raised by the student government about whether tuition was being used to bear the cost of research buildings and other overhead that should be funded by research grants. Where can the public find the report, what was the result of the investigation, when was it presented to the board and what actions have been taken?
2. Please provide a full accounting of all contracts for research grants by project in 2006 and 2007, 2008 including total Revenue, source of funds and purpose, percentage of Indirect Costs and specific use of Indirect Cost Recoveries.
3. Please provide a list of new University System buildings constructed over the past 3 biennia with research funds. Describe their purpose, a detailed history of the request for and source of funds both private and public, for construction and on-going costs for operations and maintenance.
4. For the past 3 biennia what are the Current Unrestricted Funds dedicated to research related activities. Please list all staff whose position is within a research unit or related to research unit and whose compensation is paid by current unrestricted funds, regardless of full-time employment status.

5. Please list each instance, in 2006 and 2007, and 2008 of compensation other than salary paid to any and all research faculty and staff, regardless of amount, from federal, state and other sources.
6. Please list all out-of-country, out-of-state travel and in-state travel expenses and reimbursements for FTEs fitting the description of Questions 4 – 6 and the purpose for such travel, expenses and reimbursements.
7. From 2004 to date, according to data reported by Montana State University System to the Governor's budget office, total FTE increased 28% while funding for such positions increased 159%. Please explain this apparent discrepancy.
8. What are the Montana University System's total lobbying expenses for 2006, 2007 and 2008? Please list all employees, contracted services in state and out of state, and sub-contractors paid by campus and payment sources?
9. Under the current system, the Dean of Research is given full discretion to allocate certain research monies, typically around 40-50% of earmarked funds. Please describe the process at each campus for determining a formula and allocation of research dollars among faculty, departments, students etc.
10. How does the BOR authorize a center or institute? When a center or institute is a not-for profit and how is the revenue and expenditures accounted for in the MUS budget? There is not a policy on the BOR website and the website list is not current, e.g. the Skeen Institute, Wind Center, Research and Development Institute and the Higher Education Centers in Lewistown and the Bitterroot. The BOR was presented a proposal at its 1/7/09 meeting to house the Rural Landscape Institute at the OCHE; how will the BOR decide on whether to move forward on this proposal or not?
11. The MSU FY10 federal initiatives requests include new proposals which are continuation for funding of programs but under different names. What is the reason for this change?
12. Please provide follow-up information on the Skeen Institute materials provided to the Governor on 1/27/09: Why was the website changed in a two week period? Why was it reported to the press that the project is defunct, yet there are still operating revenues? Why is MSU asking for a FY10 federal initiative that continues this work?
13. What is the role of the MSU and UM foundation with regard to research projects and fundraising for research?
14. Please list all energy research projects undertaken from 2006, 2007 and 2008. Please indicate how campuses are collaborating on projects. How do these projects relate to either energy development in Montana increasing energy efficiency in University System buildings and operations? Have Indirect Cost Recoveries been used toward energy expenditure reductions? Have the campuses consulted with the Energy

Development Office to find out what research could specifically assist Montana to development its energy resources?

15. What is the policy, procedure and accounting for sub-granting to research partners? For 2006, 2007, and 2008 list all federal initiatives that were received by MSU and UM that have any funds sub-contracted to trade associations? Provide a full accounting to whom have these funds been awarded, for what purpose.
16. How will the Montana University System's Science and Technology Advisory Committee (MUSSTAC), formally the EPSCoR Committee, ensure greater transparency and accountability to the MUS on research funding? The committee's role is also to serve as advocates for Science and Technology Research and Graduate Education and includes campus members whose role is to lobby for public resources and has few public members.