1. IDC – Indirect Cost Formula
We received a briefing on the IDC distribution formula. In brief, indirects which represent augmentations from SOM derived grants from a base established in 2001 are distributed such that 46% of such indirects are allocated to the Health Sciences. The Health Sciences pool is then further subdivided such that 1/3 goes to Departments and 2/3 stays with the Dean. In the year 2004 approximately $1M additional funding has been distributed to Departments under this formula. If things proceed as expected, an additional $1M will be distributed to Departments in 2005.

In regard to ORUs, the formula is a bit more complex. The 1/3 that would normally go to the ORU is distributed differently depending on the nature of the ORU, either Tier I or Tier II. For Tier II ORUs, 40% goes to the ORU and 60% to the Department. For Tier I ORUs, 20% goes to the ORU and 80% to Department. The formula for new distributions will based on the share of new indirects that a Department generates. So, for example, if a Department generates 20% new indirect dollars, it will get a roughly 20% of 1/3 of the recovered dollars.

The discussion also touched on other sources of Departmental supports which include State permanent budget allocations tied to number of FTEs, but these funds provide for no other enhancements (e.g., secretarial support). The Dean’s tax has been reduced from 6% to 4%, making 2% available for the Departments for support.

At the conclusion of this discussion item, the Health Sciences Planning and Budget Committee recommended that the Dean’s office make available to Faculty the distributions of IDC from the year 2004. In this way, Faculty Council and the Faculty generally can be better informed about utilization of some of the resources that they help generate.

2. UC/VA transition
As of last year, the principle was established that the maximum combined workload for a Faculty member for the basis of computing retirement benefits on the UC side would be a 60 hour work week (i.e., UC + VA = 60). There cannot be more than 40 hours on either side. This means that for a Faculty member to qualify for a 100% UC appointment for the purposes of retirement calculation, the maximum allowable VA appointment would be 20 hours.

Potential problems can arise for Faculty who have difficulty earning enough on the UC side to maintain a 100% appointment. One solution has been the establishment of a Scale 0 APU created for split Faculty that sets a lower floor for 100% funding on the UC side.

About 40 Faculty were affected by the transition from salary disclosure in 2004. There are still 2 Faculty having difficulty mustering enough resources to reach APU 0.

3. Percent time on Federal grants
By way of background, UCSD historically used all sources of a Faculty member’s funding to come up with 100% salary for grant purposes. Thus, if a Faculty member earned $50,000 from the VA
and $50,000 from the University, the UC salary would be listed as $100,000 for the purposes of calculated percent time on a grant.

Based on practices at other universities and even other campuses within UC, it has become clear that this system may not be defensible. Thus, in order to be maximally protective of Faculty, UCSD will propose to use the “institutional pay rate” as the figure from which to calculate percent effort attributable to a grant. For example, based on the 60 hour total week referred to earlier, a 6/8 VA Faculty (30 hours) member would ordinarily receive a maximum of 75% salary from UC (i.e., 30 of 40 hours maximum). However, if the UC institutional pay rate were thought to be $150,000, then the amount requested from a grant would be the percent effort multiplied by that 100% rate. In the example of the 6/8 VA Faculty member whose UC institutional rate is $150,000, if that Faculty member requested 50% salary support, than the grant would reflect 0.5 times 150 equals $75,000.

The HSFC Committee on Planning and Budget recommended that there be presentations by Mr. Jackiewicz and his staff to those Departments that are most likely to be affected by this change, i.e., Departments that have a significant number of split funded people between UC and the VA.

4. Plans for Hillcrest Hospital
UCSD presented an informational item to the Regents in March 2004, outlining possible decommissioning of the Hillcrest Hospital as an inpatient unit, and building up an outpatient facility instead. The present hospital can pretty much stay “as is” until 2008 if there is no plan to replace the facility. However, it costs $10-15M a year just to maintain the current hospital, because of its decrepit infrastructure.

There are a number of considerations that will be reviewed by various groups in reaching a decision on the future of the Hillcrest Hospital. One factor has to do with expectations of the community and how to provide reassurance to the community that UCSD is not abandoning its traditional mission to care for disadvantaged groups. Additionally, even if the hospital were replaced by an ambulatory facility, there would need to be additional space allocated for Faculty offices, laboratory space, etc.

The HSFC Committee on Planning and Budget recommends that Faculty Council keep itself regularly informed and also provide input into the decision making process as it evolves.

The next meeting of the HSFC Committee on Planning and Budget is scheduled for Tuesday, January 25, 2005 from 11:00 am – 12:00 pm in the Pepper Canyon Hall conference room, 4th floor.

Respectfully submitted,

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Chair, HSFC Planning and Budget Committee