The University of Washington  
Faculty Council on Research

The Faculty Council on Research met Wednesday, November 16, 2000 at 11:00 a.m. in 36 Gerberding. Chair Mark Bothwell presided.


ABSENT: Faculty Ewart, Heath, Kennedy, Kronmal, Mirza and. Ex officio Ludwig.
Regular guest Kahl.

Minutes from October 5, 2000 were approved with corrections.

Discussion of Proposed Revisions to Executive Order #36 (Parks)
Intellectual property rights is an often contentious area, something of a "moving target" for the last 10 to 20 years, and Parks disclosed that the University recognizes its own learning curve regarding its IP policies. Policies that were written early on in the early days of IP law were great then but need to change to reflect changes in the reality of IP law. The UW is in the process of overhauling its entire IP system but, because the current policy was put together piecemeal, the whole system cannot simply be torn down and built from the ground up.

When intellectual property is licensed two revenue streams are generated: one comes from royalties, and the other comes in the form of equity. The old royalty distribution policy has been in effect since 1992 and was written in 1989. At the time the policy was written, the UW did not take equity in compensation--there was not a lot of equity compensation to take at the time. But, as the 80's went on, the UW decided to implement an Equity Distribution policy to deal with the increasing equity revenue stream. The University's name is used to add market value to IP and revenues from the equity stream pay for using UW's name and influence.

Parks opened the discussion by observing that there had been some confusion at the last FCR meeting regarding some provisions of EO 36. Namely, language that allowed for a graduate research fund had been stricken from EO 36 and several council members wondered if there was sufficient faculty representation on IPMAC. Parks clarified that last year, FCR approved an Equity Distribution Policy (EDP) that was based on the University's Royalty Distribution Policy (RDP). The EDP was drafted by the Intellectual Property Management Action Committee (IPMAC) after nearly two years' deliberation. Parks pointed out that IPMAC has substantial faculty representation and is chaired by Ed Rubel (former FCR chair). Other faculty members on IPMAC are Margaret Allen (Pharmacology), Andrew Gordon (Public Affairs), Greg Zick (Electrical Engineering), and Charles Williams (Office of Technology Transfer).

Parks also explained that the original draft of EO 36 included language that supported graduate student research; the language was added at the last minute but was eventually excluded because IPMAC did not feel that the equity stream was the most advantageous place to draw funds to support graduate research. IPMAC argued that if EO 36 were designated as a source of graduate research funding it would preclude graduate research funding from other, more lucrative, sources. Parks emphasized that the equity stream would not generate a substantial amount of money for graduate research, perhaps a few hundred thousand dollars for a partial window of time. He also pointed out that the Hall patent revenue stream comes from royalties, not equity.
Vance noted that the council was concerned that graduate research not miss out on a potential revenue stream and wondered just how insubstantial the equity revenue might be. Parks pointed out that the equity revenue is still there—it hasn't gone away—there needs to be a policy implemented to distribute the funds. Bosch submitted that any policy would need to be "water-tight," otherwise the policy could be ignored and funds that were supposed to go to graduate research could be diverted elsewhere. Parks agreed that this was an important matter to consider and perhaps FCR could serve as a watchdog to help prevent this from happening.

Parks continued by saying that IP is troublesome legally and administratively. Many IP’s are complex bundles of patents, copyrights and equity streams. With royalties, dividing benefits is a tricky business: part goes to the inventor, part to the college, and part to central administration (what these percentages are has been changing). EO 36 is an effort to bring equity distribution in line with royalty distribution—having faculty, departments, colleges and administration divvy up money from equity the same way. Kartsonis asked if there were a component pertaining to graduate research in the current EDP? Parks replied that there was not. Kartsonis noted that in the Humanities, grants do not cover graduate students' travel or other miscellaneous expenses associated with doing research or attending conferences; Humanities budgets are much smaller than in the Sciences and even a small revenue stream would benefit departments like hers (Art History) that have little or no funds to cover graduate student research.

Bosch commented that Science departments still have no idea how much grant money they will have from year to year and they normally have to scrape funds together to pay for graduate student research. This is a bad way to manage education. Kartsonis remarked that many Humanities departments do not even have the luxury of being able to "scrape together" resources. Parks clarified that the reason the language relating to a graduate student research fund was deleted from the new version of EO 36 was purely mathematical: the provision calls for one half of the funds to go to a graduate research fund, but, the funds are already being divided in thirds to the inventor, the department and to central administration—you simply cannot, then, give one half of the funds to a graduate student research fund when the money is already being split into thirds.

Vance stated that he wanted to make sure the funds were not being allocated elsewhere. When FCR saw the newest version of EO 36 it appeared that a pool of graduate research funds was going away; the council would like to know where that pool of funds is going. Parks replied that the central administration will hang onto that portion of the equity revenue. He added that about 80% of royalty revenues remain in the Royalty Research Fund. Bothwell remarked that, in the past, most royalty revenues remained in his department (Biophysics) but lately most of the revenue has been redistributed to other departments, many of them in the Humanities. Parks said that he runs and administers the Royalty Research Fund and that the amount of money distributed depends on how much a departments asks for; he added that he could provide data for the council if they liked.

Vance commented that President McCormick speaks to the need for graduate research on campus but there are no provisions made for graduate student research. Parks reiterated his earlier statement that if you slave graduate student research to the Equity Distribution revenue stream that is all you will get. He added that he understands the council's concern for graduate research funding but urged the council not to settle for such a small amount of money. Parks also noted that Vice Provost for Research Alvin Kwiram wants to implement a much larger revenue pool for graduate research to be drawn from royalties, equities and other revenue streams; this pool would be in the neighborhood of tens of millions of dollars. Kartsonis commented that "it is better to have two in the hand than five down the line."
Gordon wondered why graduate research was being singled out for funding when there are other areas of need; why not divert 1/3 of the graduate research funds for something more flexible? Vance opined that he agreed as long as a majority of the funds goes to graduate student research and graduate faculty support. Bothwell noted that the distribution of these funds reflects political realities and if he had been on IPMAC he would have earmarked one third of the funds for graduate research. Parks agreed and stated that the University shares FCR's commitment to graduate student research within the larger mission of the research institution; however, he cautioned the council to ask whether it is wise to earmark funds from one limited revenue stream. He urged the council to think big. Kartsonis said she was thinking about the "here and now."

Bosch observed that the state seems more concerned with undergraduate education and moreso with the quantity of that education, not the quality. He asked if the council should think about graduate student research in terms of a stop-gap measure or should they think about the larger picture. He also submitted that the distribution of funds should be related to how those funds were generated--how is Equity Distribution related to graduate student research? Perrin said the issue is not so much the partitioning of the revenue streams but who makes the decision on how the one third gets distributed at the departmental level.

Parks strongly agreed that the UW was teetering on disaster because it cannot attract the best graduate students and cannot support the ones it has. All agree on this issue. He added that he would be thrilled if FCR would take up the cause of graduate research at the UW and press the administration to commit a large portion of the University's revenues to graduate student research. But, he advised once again, the Equity Distribution Policy is not the place to earmark the funds: the most money one could hope to gain would be 1/2 of 1/3 and Parks repeated that he feared the council would be losing leverage for attracting more revenue to graduate student research by earmarking the EDP.

Bothwell agreed with Parks' assessment of the limited funding that the EDP would provide; he sees how the amount might reach into the hundreds of thousands if the ED fund swells to several million, but even then that hundred thousand dollars or so would likely be split among many departments and would not have a significant impact. Kartsonis said she is concerned with disappearing revenue streams for graduate students across campus; all the funds are coming into one pool and no one seems to know where they are going. Is the process indefinable? Parks agreed that it is frustrating to try to figure out how these decisions are made--what happens to a dollar of indirect costs at the UW? Parks pointed out, however, that he had never heard a policy discussion at the senior administrative level where money that was originally earmarked for graduate research was redirected to some other purpose; oftentimes, the UW cannot even legally do this.

Vance observed that a fund for junior faculty research is equally important but the Royalty Research Fund (RRF) already exists as a definitive source of money for them. What about finding matching funds for the RRF? Parks said he would like to collaborate with FCR on creating such a fund and would like to see graduate research become a major agenda item for FCR this year. Sheehan remarked that she is glad to hear there is a larger plan to develop a revenue fund for graduate research and she thanked Parks for taking time to clarify the misconceptions the council had regarding EO 36.

A motion was made to approve the present wording of Executive Order #36. The council voted 7 to 0 with one abstention to approve the motion. Chair Bothwell said he would forward the resolution to the Senate Executive Committee and would ask the Office of Research and the Graduate School to brief FCR on plans for establishing a graduate research fund.
FCR Review of Classified Research Grants
The Chair advised that FCR has final review of all classified research grants. For example, every five years, the Applied Physics Lab (APL) renews its $85 million contract with the Navy--FCR will need to review this unclassified that will allow APL access to classified Navy information.

Sales Tax Exemption Status for UW
Bothwell updated the council on the ongoing attempt to gain tax exempt status for the UW on equipment purchases. The University of Washington is one of the only universities in the country that has to pay sales tax on its equipment purchases. UW legislative representative Dick Ludwig is pressing the legislature to grant a sales tax deferral to the UW. Bothwell said it might be helpful if the faculty pass a resolution in support of a sales tax exemption.

Possible Initiatives for FCR 2000-2001
Bothwell informed the council that he had received a letter from Senate Vice Chair Brad Holt concerning funding for undergraduate research. There are 499-level classes that exist but there are no funds to pay for undergraduate research. Sheehan stated that any money towards undergraduate research would be appreciated. Even $200 per student would help defray the costs in time and resources to faculty and staff who supervise undergraduates in their labs. Kartsonis asked where the money would come from. Bothwell replied that this had not been determined yet. Gordon commented that receiving $200 per student would not convince her to hire an undergraduate researcher but that the money might encourage undergraduates to apply for research positions since a couple hundred dollars per person would offset many of the costs to the student for things like travelling to conferences.

Kartsonis suggested the alternative of providing research assistants who are attached to specific faculty. She added that it would be helpful to know how much money is available for undergraduate research. Bothwell agreed that anyone willing to do a 499 course ought to be reimbursed for his or her efforts. Sheehan thought it might be a good idea to have undergraduates apply for research grants or other sources of funding. She has two students each summer working under a Howard Hughes grant; these students are pre-screened and the applications are filled out by someone else. The Chair asked that Brad Holt be invited to the December 7 FCR.meeting.

Meeting adjourned at 12:30. Minutes by Todd Reid, Recorder.