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November 3, 1988

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Memorandum

To: Neal A. Vanselow, M.D., Vice President, Health Sciences

From: Robert L. Kane, M.D., Dean

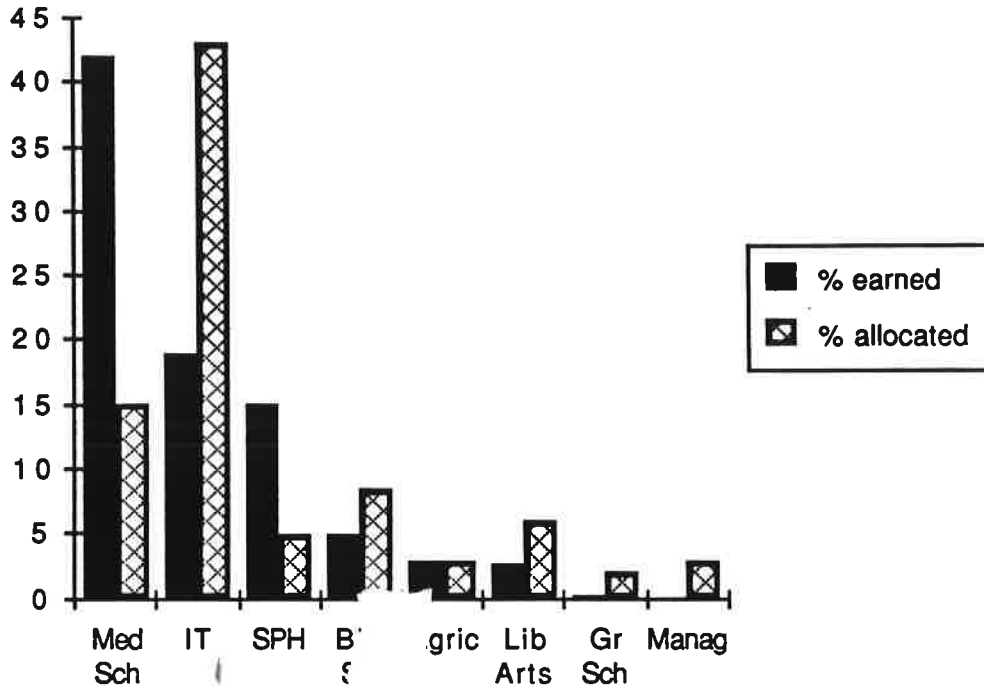
Subject: Thoughts on the use of ICR funds

While I very much appreciate the recognition of the School of Public Health's needs and potential shown by the University in its recent planning process, a careful review of the current use of indirect cost recovery ICR funds suggests that a still stronger case can be made for the contributions of the School to the University.

In 1987-88 the School generated about \$4.2 million in ICR funds (15% of the total earned by the all units). This amount closely approximates the monies we received from the state to support our entire enterprise (\$5.0 million)

As part of the ICR recovery that year, we received about \$587,000. This sum represents less than 5% of the sum distributed among the various collegiate units after the state offset and the university system-wide retentions. We, one of the poorest funded units in the University, are, in effect, subsidizing other units.

The direction of the reallocation is no mystery. We have known for some time that the Health Sciences is subsidizing IT, but the magnitude and extent of the full cross-subsidy is worth broader attention. Below I have graphed the contrast in proportions earned and received for the units receiving 2% or more of ICR funds. Basically, the Medical School and the School of Public Health earn proportionately three times the share they get back, whereas IT gets over twice as large a share back as it earns.



I believe we ought to make this discrepancy more widely known, at least within the University and perhaps with the HS Advisory Council. If we are going to subsidize others, we might as well get more credit for it. Certainly, when we examine the plight of the School of Public Health, we should take greater pains to point to this anomaly. Simply as an investment, the School serves the University. Leaving aside all the benefits that come from the research support it generates, in terms of knowledge and faculty support, just the ICR income almost displaces the state's funding.

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cc: Administrative Council  
Dean Brown