

MINUTES
STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
TASK FORCE ON UNIVERSITY RESEARCH
FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY
TALLAHASSEE, FLORIDA
March 29, 2017

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and its committees are accessible at <http://www.flbog.edu/>.*

1. Call to Order and Opening Remarks

Governor Doyle (by telephone) convened the meeting of the State University System Task Force on University Research at 3:10 p.m. Governor Valverde (by telephone) was present and a quorum was established.

2. Approval of September 22, 2016 Minutes

Governor Doyle asked for a motion to approve the minutes of the Task Force's September 22, 2016 meeting. A motion was made by Governor Valverde, seconded by Governor Doyle, and the motion carried unanimously.

3. Public Notice of Intent to Establish Board of Governors Regulation 10.002 Sponsored Research; Review of Sponsored Research Certification Form

Chair Doyle indicated that the next item to come before the Task Force was to consider for approval Public Notice of Intent to establish Board of Governors Regulation 10.002 Sponsored Research, and to review for information an associated Sponsored Research Certification Form. He said that under the "Guidance and Oversight Function" of the *State University System of Florida Board of Governors Operational Audit, Report No. 2017-048 (November 2016)* a finding was that the Board of Governors needed to enhance regulations to help the State University System (SUS) certify that reasonable control and monitoring systems were in place for research activities to comply with applicable laws and the mission and long-term plans of each SUS institution. Governor Doyle indicated that, as a result, a workgroup comprised of Board Staff, SUS vice presidents for research, and SUS general counsels met and drafted Board of Governors Regulation 10.002 Sponsored Research. He said that if Notice of Intent to Establish Regulation 10.002 was approved by the Task Force, it would be forwarded to the full Board of Governors for consideration. Chair Doyle then requested that Board General Counsel

Vikki Shirley explain the draft regulation as well as the accompanying Sponsored Research Certification Form to be reviewed for informational purposes.

General Counsel Shirley said that university sponsored research, especially federally funded research, is heavily regulated. She said that the Auditor General's recommendation was that the Board of Governors needed to ensure that the universities had an adequate number of policies and internal controls in place relative to research. Ms. Shirley indicated that a workgroup comprised of vice presidents for research and SUS general counsels worked to develop Regulation 10.002 Sponsored Research and an annual Sponsored Research Certification Form similar to the one used to certify to the accuracy and integrity of the universities' performance funding data.

General Counsel Shirley said that the Regulation requires each university to annually certify that it has in place policies and internal controls that address but are not limited to solicitation and acceptance of research grants and research donations, the collection of fees and research donations in the context of university sponsored research, and the appropriate use of research funds. Ms. Shirley indicated that, in addition, the Regulation would require that SUS institutions comply with applicable state and federal laws and regulations. She noted, further, that the Certification Form is to be signed by the most senior officer responsible for research at the university as designated by the president, and that the Form will be reported to the university's board of trustees. General Counsel Shirley said, finally, that the Regulation requires the Certification Form to be annually submitted to the Board of Governors for review.

Following General Counsel Shirley's explanation, and absent questions or further discussion, Governor Doyle asked for a motion to approve Public Notice of Intent to Establish Board of Governors Regulation 10.002 Sponsored Research. A motion was made by Governor Valverde, seconded by Governor Doyle, and the motion carried unanimously.

4. State University System Research Return on Investment

Governor Doyle indicated that the next item to come before the Task Force was a presentation on the magnitude of research in the SUS particularly from the perspective of its immediate and longer-term downstream impact. He said it was imperative that the Board foster research that boosted Florida's economy, created jobs, started new companies, and solved problems critical to Florida's citizens. He then asked Dr. Gary Ostrander, Vice President for Research at Florida State University, to make a brief presentation.

Dr. Ostrander began by saying that research is a major component of every university's mission and that without research, universities would be unable to fulfill their function

as engines of economic development. He reminded the Task Force that SUS institutions span five different Basic Carnegie Classification categories and that it was important to understand that all SUS institutions, irrespective of category, conduct research with varying levels of magnitude. He noted that since the last Carnegie Classification in 2012 Florida Agricultural and Mechanical University and Florida International University both increased by one level.

Vice President Ostrander then provided the Task Force with a national perspective regarding university research. He said that public investments in R&D have enhanced private sector productivity by means of a downstream impact that has resulted, for example, in computers, the Internet, laser technology, and batteries that power electronic components of all types. As a specific example, he pointed to the technology transfer associated with Silicon Valley anchored by Stanford University and other surrounding universities. He noted that according to the Association of University Technology Managers, in 2015 approximately 16,000 new U.S. patent applications were filed, 6,680 patents were issued, 1,012 new companies were formed, and 879 new products made it from U.S. universities to the marketplace.

Dr. Ostrander noted that the Board of Governors commissioned a report by the University of Florida (UF) Institute of Food and Agricultural Sciences Food and Resource Economics Department, and the Florida State University (FSU) Center for Economic Forecasting and Analysis in order to quantify the economic impact of the SUS as a whole. According to the report, the SUS was responsible for over 66,000 jobs, including more than 19,000 faculty and instructors, the majority of whom are actively engaged in research. In addition, the report indicated that increased earnings by SUS graduates over high school graduates over a 30 year period equaled nearly \$30 billion. Dr. Ostrander said that the report demonstrated that the SUS had an employment impact of 7% of the total state workforce in 2014, and that total value-added impacts represented 5.9% (\$49.25 billion) of the State's Gross Domestic Product (\$833.3 billion).

Vice President Ostrander said that the total SUS research expenditures in fiscal year 2015-16 were \$2.12 billion, ranking Florida fourth in the nation for R&D expenditures among public universities. He noted that, according to the SUS Accountability Report, in 2015-16 total R&D expenditures averaged almost \$273,000 dollars per full-time tenured or tenure-earning faculty, an increase of 8% from 2010-11's average.

Dr. Ostrander pointed to 777 invention disclosures in 2015-16 and that there were a total of 3,782 since 2010-11. He noted, further, that in 2015-16 \$38 million in licensing income had been received, and that \$176 million had been received since 2010-11. Dr. Ostrander indicated that 54 companies had been created in 2015-16 and that 180 were created since 2010-11. With regard to utility patents he said that 293 had been issued in 2015-16, 1,452 had been issued since 2010-11, and that the SUS was, by far, the leading receiver of new patents in Florida.

Vice President Ostrander then discussed the eleven SUS Centers of Excellence. He noted that SUS Centers of Excellence were created over a span of several years beginning in 2003. Dr. Ostrander said that Florida has invested a total of \$78.4 million, and the Centers have returned \$599 million in competitive grant awards, private funds, and licensing income. He noted, further, that the eleven Centers of Excellence have received 2,305 competitive grants valued at more than \$590 million, executed 111 licenses, started more than 30 companies in Florida, and created over 800 jobs.

Next, Dr. Ostrander provided as ROI examples two SUS preeminent institutions – FSU and UF. He said that FSU’s research portfolio brings in almost \$200 million every year, generating \$11.00 on average for every research dollar it receives. He noted that the anti-cancer drug Taxol resulted in \$352 million in royalties and was the single best example of technology transfer in Florida and arguably in the United States. Vice President Ostrander noted, further, that FSU is actively engaged in technology transfer, and that its efforts have resulted in the formation of over 40 new companies. With regard to UF, Vice President Ostrander said that downstream impacts from technology spin-off businesses located in Florida were calculated at \$1.43 billion in 2009-10, the year in which the University commissioned a study to examine that impact. He said that output impacts of nearly \$3 billion were associated with UF’s healthcare services at Shands Hospital and University of Florida Faculty Practice Plans.

Vice President Ostrander next briefly described the activities of the Florida High Tech Corridor Council, a regional economic development initiative comprised of the University of Central Florida, the University of South Florida, and the University of Florida whose mission is to grow high tech industry and innovation through partnerships that support research, marketing, workforce growth, and entrepreneurship. He indicated that the Council has supported approximately 350 companies, and that it has been cited as a national best practice for successfully linking business and industry with the academy. He noted that the \$62 million invested by the Council has been matched by \$175 million in corporate funding and in-kind investments resulting in an economic impact projected to exceed \$1.3 billion.

Following Vice President Ostrander’s presentation Chair Doyle asked Board and Task Force members if they had observations or questions. Governor Levine asked whether it was possible to compare compensation costs associated with faculty salaries to the competitive grant dollars received. Dr. Ostrander said that faculty writing proposals may be spending 30 to 40% of their time writing proposals and the remaining time doing the actual research. He indicated that he was very comfortable saying that the faculty salaries associated with competitive grants received are well below \$10 million and perhaps even below a few million dollars.

Governor Doyle thanked Dr. Ostrander for his presentation and reminded Task Force members that return on investment is the bottom line for gauging the importance of university research.

5. Closing Remarks and Adjournment

There being no further business to come before the Task Force, the meeting was adjourned at 3:28 p.m.

Daniel Doyle, Jr.

R.E. LeMon, Ph.D.
Associate Vice Chancellor