Research Space

Underlying the issues outlined in the Faculty Association October document is the question of the assignment and funding of research space, both off-campus and (implied) on-campus in Blacksburg. A little background may be helpful. In 1991 the state changed its capital funding policy such that it would only fund with E&G resources 50% of the cost of research space. The University would in the future have to raise this remaining facility project cost for research space by using Non-General Funds (NGF) through sources like private gifts, overhead funds, or grants. At about the same time, the Federal government issued requirements that certain indirect cost recovery allowances be invested in research facilities and equipment. These actions led the University to create what is termed the Central Capital Account (CCA) as a mechanism to capture “off-the-top” earned overhead to fund the NGF (usually bonded debt) linked to each capital project. That funding requirement on all University facilities is proportional to the amount of research space programmed into each new facility. For example, the financing plan behind Durham Hall, Torgersen Hall, and Life Sciences I involve funding bond payments from the CCA account. Therefore, the only research space that is “free” would be the legacy research space on the main campus that was built prior to the 1990’s.

In 2005 with the adoption of the Strategic Plan, the University identified a shortage of research space as a major obstacle in achieving the goals of the strategic plan and developed a funding mechanism to accelerate the development of research space. Under that mechanism the Corporate Research Center (CRC) would provide several facilities using the Virginia Tech Foundation as the
developer for the University to lease, turnkey or ready for occupancy including furnishings and fixtures. The funding mechanism created was a second Central Capital Account (CCA2) whereby additional earned overhead “off-the-top” is channeled into a second account from which the leases and utilities for the new CRC research building leases are paid. This mechanism is planned to stay in operation with funding fluctuating as long as the University leases CRC space for research activity.

Therefore, one must realize that since the early 1990’s, research space is no longer provided by the state and must in whole or in part be funded by the University. The University as well is moving into an environment where several planned and recently opened academic facilities are being funded in part with private gifts. Torgersen Hall was partly funded with several private gifts and planning is underway for the Science Research Facility and the Signature Building where major private gifts are providing the bulk of the Non-General Funds. At this particular point in time, the funding demands on the CCA have exhausted any capacity for supporting additional university debt for the next several years.

Given this externally mandated funding requirement on research space, the amount of research space developed since 2005, and the current ceiling on the University’s debt capacity, the University has shifted its role to one focused on providing the opportunity for research space – in the CRC, in the new facility under construction in Ballston, etc. -- but not be directly accountable centrally for its funding. The University’s capacity to allocate new operating streams to support new debt as well as its capacity to take on new debt for research space is very limited. With the state’s current revenue situation, the state as well is reaching its limit on the use of additional debt to finance capital projects.

It seems logical that one approach we should now embrace, as is referenced in the Faculty Association memorandum from October, shifts to the discussion on how the research space is allocated. As is the case on-campus, this as well introduces
the consideration of research space productivity (perhaps for the first time for the institution in a meaningful way). The creation of the CCA2 mechanism came with the specification that a committee would monitor the utilization and productivity of the leased research space in the CRC. The building charters that have been developed to manage the utilization of space in the recently completed Latham Hall and the Life Sciences I research building on-campus as well reference the monitoring or research activity with the implication that space will be reallocated in response to sustained/growing research funding and or research priorities.

To summarize, research space (on- or off-campus) is no longer free; the research activity or the college must pay for the space directly, or through overhead returns, or through philanthropy. The example from the NCR region is the establishment of the Alexandria Research Institute (ARI), a College of Engineering initiative that was able to garner some legislative support to offset the high cost of space in Alexandria, its original location. The Ballston facility has a rent structure in place and users will be paying proportionally for their allocation of space in the new facility.

Some have argued that the CCA2 account should be expanded to provide funding for leases of research space outside the CRC. The Provost on many occasions has stated he is unwilling to use the CCA2 account for any purpose other than to lease CRC research space. To do so would burden further the colleges (the deans) by in turn further reducing their overhead earnings. This position serves to emphasize that in this new resource environment, the funding of space for research is a college issue to be funded from college resources. For example, the colleges -- Engineering and Science -- have now assumed funding responsibility for the debt payment for the ICTAS2 facility soon to begin construction.

Instructional Space
Looking at the NCR region specifically, the decision in the 1990’s to relocate the growing academic activity from the Telstar facility led to the provision of new instructional space, implemented through the construction of the Northern Virginia Center (NVC) jointly by UVA and VT. The venture was funded in great part by an appropriation by the legislature on behalf of both schools. Likewise, the decision by the College of Architecture in the 1980’s to establish an urban program presence in Alexandria for expanded professional instruction was accomplished by a lease of Virginia Tech Foundation property bought for that purpose. In almost every situation where instruction of credit programs and courses is being delivered, the University is providing the space at no charge to the programs directly.

Implications for the NCR

If one adheres to the paradigm outlined above for the provision of research space in the National Capital Region, one result is that NVC should remain a teaching "only" facility. If it is feasible and desirable that research be housed in the NVC, would this new environment not suggest it be "leased?" The justification for the development of the NVC facility was based solely on the program need for instruction and the facility was funded 100% as an instructional facility. Adopting this approach would put all faculty and programs on the same policy and financial footing. (That could be an unintended result of all this discussion!)

Clearly, a more open and transparent process for the allocation and assignment of space should be embraced (both on-campus and off-campus) which we have interpreted was the focus of the space study and revision in policies undertaken last year by Dean DePauw for the NVC. The Provost will continue to expect the colleges to be the primary resource for research space as well as the advocate for appropriate instructional space off-campus. The university will continue its role as the “developer” of new academic and research space but as outlined above, the financial burden for the use if the space for research must fall to the colleges and other senior units where appropriate program decisions are made. The growth
and development of university programs is in great part actualized or hindered by the availability of adequate space.