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The Economics of Perception: Potential Effect Regarding Institutional Uses of Recovered Facilities and Administrative Costs Upon a Faculty Member's Decision to Engage in Sponsored Research Activity

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ABSTRACT

There is one aspect of sponsored research associated with higher education's research enterprise that often places the institution's research administrators and the institution's faculty members in conflict with each other: the recovery of Facilities and Administrative (F&A) costs associated with sponsored research projects (Sedwick, 2009; Wimsatt, Trice & Langley, 2009). Typically, the source of this conflict is the institution's assorted uses of recovered F&A costs as unrestricted revenue by the college or university (Cole, 2007; Mitteness & Becker, 1997; Sedwick, 2009; Wimsatt, et al., 2009). Sedwick extended the notion that "perhaps no other category of funding for the research enterprise is more misunderstood, maligned, and generally resented than indirect costs" (Sedwick, 2009, p. 22).

The purpose of this study was to research the potential effect a faculty member's perception of the institution's various uses and business practices associated with the recovered F&A costs generated by a sponsored project had upon her or his decision to engage in sponsored research. Currently, there is insufficient study of the faculty member's reaction based upon her or his perception of the institution's use of recovered F&A costs and how it affects the inclination of the faculty member to engage in sponsored research activity. The latent effect of faculty members choosing to not be involved in sponsored research activity based upon their negative reaction to the institution's various uses of recovered F&A costs could, potentially, result in a decline of total sponsored research awards from sponsors. A decline in sponsored research awards to academic institutions would not only affect faculty members, but it could result in the deterioration of the overall research and development capabilities in colleges and universities and eventually of the United States (Council on Government Relations, 2008; Welker & Cox, 2006).

The initial population for this study ($N = 3,741$) was comprised of all faculty members at West Virginia institutions of higher education that had a current negotiated F&A rate agreement approved by a federal cognizant agency. The population for this study had to be adjusted due to the follow factors: the e-mail address was incorrect in the online faculty directory, the faculty member did not respond or an e-mail address was not available for the faculty member in the institution's online directory. An invitation to participate in the study, as well as an electronic link to the survey, were sent to the entire adjusted population ($N = 3,292$). As a result, the sample ($N = 3,292$) for this study was equivalent to the adjusted population.

Overall, the faculty member's perception of the institution's various uses and aspects of recovered F&A costs had a neutral effect upon the faculty member's decision to engage in sponsored research activity. The examination of the perception primarily yielded negative comments or neutral comments; positive perceptions were the least frequent for all five research questions. In summary, the implication is that negative perceptions do exist, but their effect on a faculty member's decision to engage in sponsored research activity is more than likely a secondary or tertiary effect.