

## Cyndi Permenter

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**From:** Katha Kissman  
**Sent:** Friday, June 07, 2019 9:57 AM  
**To:** C. Amos Bussmann; Jim Seitz; Joe Duke; Joe Ferro; Michael Brown Sr.; Michael O'Reilly; Michael Toner  
**Cc:** 'Marjorie Raines'; 'William Stewart'; Eileen Hanley; Debbie Dutton  
**Subject:** Please read before the Grants Committee Meeting  
**Attachments:** Excerpted from the Organizational Assessment -- January 2014.docx; FY19 Policy Memorandum HBOIF Promoting Faculty Recruitment, Retention and Research Excellence Grant -- FINAL.pdf; HBOIF Discretionary Grant - Salary Support Summary - FY16-FY19 -- For Grants Committee.xlsx

Dear Grants Committee Members,

DO NOT REPLY ALL. Feel free to call me in advance of the meeting if you have any questions. (Use my cell as our office phones are still not up and running. 202-669-4423).

Please read before next week's meeting. I will also place this in the Board Portal.

I wanted to provide this background, particularly for our new Grants Committee member Jim Seitz, regarding the agenda discussion of the ***Promoting Faculty Recruitment, Retention and Research Excellence*** grant.

- The first grant, FY15 ***Ensuring Faculty Excellence***, was based on providing up to 20% salary/fringe benefits support of **16** HBOI Faculty (Scientists, Project Managers, Principal Investigators) employed and eligible at the time. Those Faculty on the Foundation's New Faculty Hire grant were not eligible until they rolled off that grant.
- This grant came about as a result of HBOI interim executive director Megan Davis' and associate executive director Patrick Boles' strong pitch to me while I was still interim executive director. See attached for my resulting recommendation to the Board in January 2014.
- Grant Committee and Board discussions at the time did not include any notion of continuing this kind of support in perpetuity. In fact, the discussions were about providing the Faculty a measure of "safety" while they built up their external portfolios and at the end of the 3 years, they should not need it. This was an incentive to strengthen the Institute overall.
- In addition, I had been told that in 2007 when we signed the MOU that it was with an understanding and intention that the Foundation would not be in the personnel support or keeping the lights on business. That part of the agreement to transfer the Institute to FAU was that they would take care of the Institute. Our funding would be for "in addition to" research, education, and outreach opportunities to benefit HBOI.
- I do not believe these last two point was ever made to the Faculty by Megan Davis, specifically about the 20% support. Rather, Faculty began to view this as an entitlement. Despite requests, we were never provided the criteria by which each individual faculty member would be approved for any portion of the 20%.

- Megan also used this as a recruitment tool for the remaining hires on the New Faculty Hire Grant. I know that Anton and Jim have done the same, I believe implying that this funding would always be there for Faculty.
- The grant was based on HBOI's projection of need (\$578,250 annually for 3 years, **total of \$1,734,750**) We later modified this to allow HBOI to view this as a finite grant and to use grant funds as long as they were available. These funds rolled into a 4<sup>th</sup> year because they were not using all the grant funds as projected.
- In FY15, the Foundation was providing all awarded grant funds up front when we issued a Funding Letter. For this grant, rather than providing 100% for the year upfront, we provided upfront amounts each quarter in advance of use.
- As of FY17, we changed our policy to having HBOI invoice quarterly, after the fact, with documentation of allocation. This allowed us to monitor who was receiving the funds, allowed us to keep funds in our Endowment to continue to earn for the future benefit of the spendable, but also to control the location of unused funds and establishing a clear end of the grant per our original Funding Letter Grant Periods.
- In late FY15 and early FY16, it became clear that the notion of FAU's "HARBOR BRANCH PILLAR" under their strategic plan (spreading the "brand" across all research aspects of FAU) would be used to justify extending Foundation funding, including the 20% Faculty support, to others not located on the Harbor Branch campus or to "joint pillar hires". Based on my presentation of such to the Grants Committee, we clarified that only those fulltime and working at the HBOI campus were eligible for Foundation grants. HBOI-Pillar joint hires were not.
- At the end of FY18 (the end of the 4<sup>th</sup> year of the original grant), there was **\$77,112.38 in unspent funds** for this grant.
- Last May, based on Jim Sullivan's (as HBOI interim executive director) and Patrick Boles' pitch, the Committee recommended the "recast" FY19 Grant, ***Promoting Faculty Recruitment, Retention and Research Excellence*** of up to \$520,000, which the Board approved. A one-year discreet grant with no guarantee of automatic approval but with some discussion that it would be renewed on a rolling basis for another 2 years. This approval was based on a demonstration of achievement of stated criteria in the attached document by Jim. We never received any demonstration. Because of the new award, the \$77,112.38 was forfeited.
- During the course of the first 4 years of that original grant, the Grants Committee had been having ongoing discussions about getting out of the "personnel support" business because the Faculty had not been incentivized in the manner we originally thought they should be – i.e., finding additional external grants so that Faculty reliance on the 20% would diminish over time.
- In looking at the invoicing for FY19 (through 3<sup>rd</sup> Quarter), it appears they are tracking a year-end use of \$429,287.04 against the \$520,000 grant commitment. **A potential unspent funds of up to \$90,712.96.**
- This grant is now supporting **19** Faculty members. Please see the attached Salary Support Summary. As you can see most have and are currently tracking towards using the full 20%. This is still viewed as an entitlement, not an incentive; despite requests, no documentation that it has served as an incentive has been provided.

- Jim has informally mentioned that he has received FAU funding to hire up to another **8**, I believe just for Harbor Branch (not pillar hires). If continued, this grant will continue to grow and may take up a large percentage of available spendable going forward in the same way the multi-year **New Faculty Hire** and **Rewarding Faculty Excellence** grants took such a commitment of available spendable on a year to year basis.
- In May, Mike Toner and I had a meeting with Jim and Patrick to let them know about the ongoing discussions from the Grants Committee about the future of the 20% salary support. We indicated there were no guarantees that the **Promoting Faculty Recruitment, Retention and Research Excellence** grant would be funded in the same way in FY21 and beyond. We indicated that the Faculty should be made aware to prepare.
- At the meeting, Jim postured that Foundation support of 20% is vital to his retention and recruitment of new Faculty. He also assured us that he has built in mechanisms to ensure that the money is “earned” not “entitled.”
- Patrick has further suggested that the Foundation should consider supporting Faculty salaries up to 50% so that he can “make a case to FAU to keep the 30% provided by FAU in the E&G budget at Harbor Branch for other (maintenance-related) purposes.” When asked if FAU would put that in writing as a guarantee for the 30% E&G to stay at HBOI, the answer was that there is never any guarantee to their budget.
- In addition, when questions about receiving demonstration of each Faculty member’s criteria to receive funds, it was made clear that this was Jim’s purview as an HR issue and not the Foundation’s business. Rather, that we should take Jim’s word and base it on the fact that faculty who are not succeeding are “put on notice” due to the 3 year rolling contracts each are on.
- When it was discussed that perhaps future salary support could be treated on a case by case basis, it was noted that that concept wouldn’t be “fair.”
- As you have been previously alerted, additional communications have followed with regard the salary equity escalations. Without involving or even formally alerting the Foundation, Jim and Patrick have been working with the FAU Provost to address the fact that a number of Faculty at HBOI are significantly underpaid when compared to national averages for research professors in similar positions. If the proposed salary equity escalation process is adopted by FAU, it will go into effect July 1 and the salaries of a number of faculty will increase. Jim and Patrick believe it will affect the up to 20% salary program of the HBOIF (i.e., the \$520,000 commitment for FY20 will not be enough). Yet we have not been provided with any notice that this is going through. We have not been provided with any hard projections. And based on their history of unused funds, this may not be an issue for the FY20 grant.

As mentioned above, if the Grants Committee concludes to recommend to the Board that the Foundation will indeed be getting out of the “personnel support” business, we should give as much advance notice as possible. Alternatively, I keep Bill Stewart up to date on all activities because of the litigation. As I was bringing him up to date on this, he had a suggestion for a possible future path forward should the Foundation wish to continue salary support in any manner beginning FY21 and beyond.

As always, while anyone is able to attend our Board or Committee meetings under Sunshine, I have specifically invited Bill as well as Marjorie (as Finance Chair) to this meeting. They will both be in attendance.

Katha

**Katha Kissman | President & CEO**

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