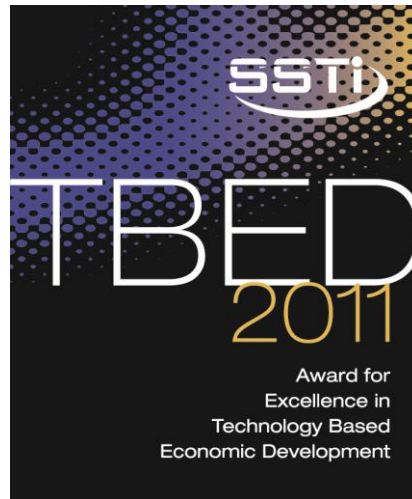


Podcast Interview



Kumble Subbaswamy, former University of
Kentucky Provost
Interviewed by: Rob Ksiazkiewicz, SSTI

*2011 Excellence in TBED Award Winner:
Expanding the Research Capacity*

Mr. Ksiazkiewicz: Hello, this is Rob Ksiazkiewicz with SSTI, and this is the SSTI Podcast. I am speaking today with Kumble Subbaswamy, University of Kentucky Provost. The Kentucky Bucks for Brains Program was the 2011 winner of SSTI's Excellence in TBED Awards in the category: Expanding the Research Capacity.

The program was recognized by a national panel of experts in technology based economic development for its success in leveraging public and private dollars to expand research capacity in a targeted way. This is novel and useful for other states seeking to achieve similar outcomes.

Hi Kumble, thank you for joining me today.

Dr. Subbaswamy: My pleasure.

Mr. Ksiazkiewicz: First we're just going to start off with a really simple question, talking about the brief history and background of the Bucks for Brains Program, and how it fits into the Kentucky Council on Post-Secondary Education's efforts to grow the state's economy.

Dr. Subbaswamy: The Bucks for Brains Program or the more formal name for it, which is the Research Challenge Trust Fund program, is a key component of Kentucky's Post-Secondary Reform Agenda that was passed by the Kentucky legislature in 1997. Bucks for Brains set Kentucky on a course to build its research capacity and competitiveness, to stimulate business development, and get ready for the knowledge economy. Over the past 12 years, Kentucky's research universities (that is the University of Kentucky and the University of Louisville), have recruited and retained world class faculty, nearly tripled their collective endowment market values, and federal research funding and shown significant progress in translating that research into new products, businesses and jobs. So the Bucks for Brains Program has been a primary catalyst for that technology based economic development.

The Bucks for Brains Program actually matches public dollars with private donations to encourage research at research universities, and to strengthen the key programs at some of the Kentucky comprehensive universities. All funds, both public and private must be endowed. So this is an ongoing program, grows with the market, and in fact it is really insulated from the vagaries of annual budgets, the budget reductions, and fluxations that take place as a result of that. It's a perpetual source of funding focused on research and related activities.

Mr. Ksiazkiewicz: I think that was one of the things that was really drawn to our judges, was the matching. Now that we've talked about the matching, could you describe a little bit about the services and activities that are provided through the Bucks for Brains Program?

Dr. Subbaswamy: Certainly. I think first and foremost for those who have done any fundraising, they know that having any kind of a match program leverages a donor's funds is a great attraction, and gives you a great ability to increase fundraising. So the way this works is that it's administered through the Council on Post-Secondary Education, which sets some general guidelines on the areas of focus, and the details of the paperwork and so forth. Our development staff then can go out to donors, and this is primarily focused on chairs and our professorships, so that we can recruit and retain world class scientists and those who can contribute to economic development primarily. And raise those monies including pledges over a five year period. Against that when it's certified by the Council of Post-Secondary Education, the state actually puts into our endowment account a one-for-one match, matching amount in the endowment account. This means, that in fact, even before the pledge is completed you already have money available to get started on the recruitment of the chair and expenditures associated with the research program. It's a tremendous way to almost jumpstart growth in research activity and research capacity.

Mr. Ksiazkiewicz: Typically, like you said, before the money's actually inserted in, how does the University of Kentucky administer the program specifically?

Dr. Subbaswamy: Certainly with the idea that the new economy areas that were focused. For example, biomedical sciences, pharmaceutical sciences, some of the areas of strength that we have here, information technology, energy related research, and so forth. We focused our fundraising for chairs and our professorships, graduate scholarships, and so forth. In those colleges, those areas and identified donors who would have an interest in this, and then we would make the pitch in terms of what that would do for the university and for the common wealth. And of course tell them about the matching program.

Once we identified the donor, we would then submit that to the Council on Post-Secondary Education with the amount of money that was being pledged, and then the money would immediately become available for us from the matching program. Then over the next five years, our

development office would then go ahead and collect the private part of that endowment.

Mr. Ksiazkiewicz: Just to divert a little bit, you had mentioned the targeting of donors. I think that some of our university folks would be interested in that. Could you expand a little bit more on what you look for when it comes to a donor? Is it previous giving to the university? Are you looking at people who might have been interested or graduated from those programs typically?

Dr. Subbaswamy: I think that being in a campaign mode always. Because what happens is that then you have the university's development office essentially scouring your entire list of alumni, friends, local communities, corporations, and so forth in terms of looking and identifying friends of the university, alumni of the university who have the giving capacity obviously. At that point really trying to focus the donor's attention on the areas that are important to the university and to the state, and then being able to present the matching opportunity all of a sudden really makes the donors more willing to give. So this can be anything ranging from private donors all the way to corporations and matching gifts from corporations sometimes also comes in. It's a way of really energizing the friends and donor communities because of the matching program, and the focus on economic development which obviously then everyone wants to see happen.

Mr. Ksiazkiewicz: You'd briefly talked about it earlier, but could you give us some of the specific goals and objective of the Bucks for Brains Program?

Dr. Subbaswamy: The short-term goals of the Bucks for Brains Program are to simply encourage private investment in public higher education. In particular on research activities, grow university endowments, increase our chairs and professorships because that allows you to recruit and retain the brain trust obviously. Through them generate growth in federal and externally sponsored research, which is what grows research capacity.

The long term goals of course, include stimulating business development, creating technology-based economic development, creating better jobs, higher standard of living, and facilitating Kentucky's transition to a knowledge-based economy.

Mr. Ksiazkiewicz: Now we're going back to the purse strings of the program. Would you briefly describe how the Bucks for Brains Program is funded?

Dr. Subbaswamy: This is the beauty of it, in the sense that on an annual budget basis, it cost the state a lot less money than simply putting up the entire funds. Because what the state decided to do was to issue government bonds to raise the money for the matching program. So they're really paying that service over a long period of time, and the capital is available through the sale of bonds, which means it's available immediately. So really it's a bonding program, the state issuing government bonds with the debt service being paid by the state on an annual basis. If they decide that for a particular year, they may make available \$100 million in matching for instance, they would issue \$100 million worth of bonds. All that the state would have to appropriate for that year going forward would be the debt service payment. The money is available as cash dollar-for-dollar for private fundraising.

Mr. Ksiazkiewicz: Obviously with this being a state funded program, there's going to be metrics involved that you're going to need to distribute to your key constituents and the state. Could you talk about the metrics that are tracked, and how you publicize these to make these known to the general public, the state legislature, the governor and anyone else who are key stakeholders?

Dr. Subbaswamy: From the perspective of expanding research capacity, which is what the short-term goal is for example, the metrics would be the annual giving amount, endowment market value, the number of endowed chairs and professorships, federal research and development expenditures, external research and development expenditures also not only federal, but coming from industry. The number of patents filed, this is a little bit longer term, but none the less one should see an uptake in those as well. Patents issued technology licenses and options, and license income. Some of those follow a couple of years down the road, but we've had the program long enough to see uptake in all of those metrics for example.

Another way we publicize it, obviously with the Legislative Research Commission, the Council on Post-Secondary Education, and the general assembly. Every two years before they think about continuing the program our impact investing in other ways of supporting research at the universities, they want to know what had happened with the investment. So the publicity takes the form of presentations, reports, also noting it on websites, and making presentations in business circles. There's a lot of interest. It's a program that has proven to be highly popular both with

the general assembly, with the executive branch, and the business community as a result.

Mr. Ksiazkiewicz: Finally one more question to just wrap up here. What lessons have you learned from the Bucks for Brains Program and administrating it for so many years? How could you benefit other organizations looking to build a similar type program as the Bucks for Brains?

Dr. Subbaswamy: As you noted, it's a statewide program, it's run by the state which means that obviously there needs to be a shared vision to start from between the governor, the legislature, the higher education community, and the business community. You know it's interesting that in today's political world we don't see as much of meeting of the minds, but for something like this which is political and directly related to technology-based economic development that regarding of party affiliation, everyone wants to support it. It's really proven to be one way of developing that shared vision, has not been difficult and in fact, as I said it has bipartisan support to in fact continue the program as far as possible.

The experience certainly suggests that one of the things that I think in the early going we didn't envision, and the state didn't envision was that yes, you can have money for an endowed chairs and professorships and for research support, but you also need the research space, laboratory space. So the capital needed for building construction and new laboratory renovations, or new construction was not originally built into the program and that had to be then appropriated. That's certainly a lesson to take into account as any state may look at the full cost and make sure that's also accommodated.

The third thing I would say is that I think both a greater focus on economic development areas that maybe most beneficial from the perspective of the local economy, the regional economy. Also if the program is something that lasts as long as it has lasted here, making adjustments to those areas as circumstances call for it would also be critically important. In other words, you have to be dynamic about it, you have to pay attention to the changing external conditions, and not just hang onto the same areas all the time.

Mr. Ksiazkiewicz: To just wrap this up, I just want to thank you so much for providing some great insight into the program, talking about the giving and I think some of your recommendations are very important for organizations looking to turn this idea into their own state's toolbox.

If any of our listeners would like to learn more information about the Kentucky Bucks for Brains Program, they can visit the website at www.cpe.ky.gov. For more information about the Awards Program please visit SSTI's website at www.sstiawards.org.