

US research costs

Government to turn screws

Washington

A long-simmering controversy over how the federal government should compensate universities for the facilities and services they provide to researchers is threatening to return to the boil, fuelled by rumours of major changes in the compensation rules by the White House Office of Management and Budget (OMB). Adding to the cauldron of controversy are two reports apparently guiding OMB in formulating new policies, one by the White House Science Council and the other by the Department of Health and Human Services. Both point to significant changes of practice in reimbursing universities and other institutions for the so-called indirect costs of research.

Indirect costs can be broken down into administrative and non-administrative categories. OMB is considering fixing administrative cost reimbursement in this fiscal year at 26 per cent of the total direct costs of research carried out under federal contracts and grants, which is the national

Panel's prescription

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THE White House Science Council report, released in draft form on 17 January, raises doubts about the preparedness of US universities to face the coming decades.

The doubts are engendered both by the government and the universities, according to a special panel on the health of US universities and colleges chaired by David Packard, chairman of the board of Hewlett-Packard Company. On the one hand, the panel says, federal support has not allowed universities to meet the demands for new talent and new knowledge, while variable levels of federal support have prevented universities from making the most efficient use of their resources.

On the other hand, the report chastises universities for "attempting to ride out what were hoped to be temporary budget shortfalls" by mortgaging their research futures to "maintain research personnel rather than investing in needed instrumentation and facilities". Researchers themselves are criticized for being too conservative in their research goals.

As well as the specific recommendations relating to reimbursements, the report urges the federal government to help restore university infrastructures by forging stronger ties between industry, universities and the federal government. It also advocates that the durations of research grants should be longer and that investigators should have more flexibility in distributing grant monies and altering research goals.

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average at present. That figure would drop to 20 per cent in 1987. OMB is also giving serious consideration to capping the portion of administrative cost reimbursement specifically related to departmental administration at 7 per cent, a figure that would further decrease the recovery of indirect costs allowed.

Particularly upsetting to universities is the widely held belief that OMB will shortly publish sweeping changes in circular A-21, the blueprint for indirect cost reimbursement, with an extremely short comment period and without prior consultation with the universities affected.

"We are accustomed to being dealt with in a fair and reasoned way", says Janet Sweet, assistant controller responsible for indirect cost control at Stanford University. If OMB proceeds as expected, it would be a "dramatic change from the reasoned approach the government has been taking", says Sweet.

The issue of indirect costs has long been divisive for university faculties and administrations. Researchers have seen the dollar amounts of their grants grow but the money available for research shrink as an ever larger portion is devoured by indirect costs.

The Health and Human Services report (*The Impact of Indirect Costs on Research Sponsored by the Federal Government at Universities and Colleges*) takes universities to task for charging faculty salaries and other departmental overhead costs to research grants as indirect costs.

Data from 13 universities show that indirect cost payments rose from \$900 million in 1978 to \$1,700 million in 1984, an increase from 36 per cent to 45 per cent of direct cost.

According to the report, departmental administrative costs now account for a third of all indirect costs. By capping allowable departmental administrative costs at 7 per cent, the Inspector General estimates that between \$225 million and \$375 million can be saved per year.

Critics of the report argue that the 7 per cent figure is unreasonable and that departmental costs vary widely, depending on the administrative structure of a university. For some, departmental costs are insignificant, but for others departments are a major part of the total university structure.

The report also suggests that many costs now charged indirectly should more properly be charged as direct costs, a version of robbing Peter to pay Paul, according to critics.

Dr Alan Barber, vice-chancellor for research programmes at the University of California, Los Angeles, says the arbitrary assignment of 7 per cent for allowable

departmental administrative costs "makes a sham" of years of trust between universities and government auditors.

Others are not convinced that attacking administrative costs will solve the problem of rising indirect costs. Dr David Blake, associate dean for research at the Johns Hopkins School of Medicine, points to a study by Hopkins and Stanford University showing that non-administrative costs rise nearly ten times faster than administrative costs at Hopkins, but only three times faster at Stanford.

"It's clear to me", says Blake, "that all of the real increase in indirect cost has been in facilities."

The White House Science Council report (*A Renewed Partnership*. White House Science Panel on the Health of US Universities and Colleges) is less distressing for universities, although it also advocates that the growth of indirect costs should be contained by limiting administrative cost reimbursement, in this case by establishing over a two-year period a fixed level for reimbursement for indirect costs as a percentage of direct costs.

The report contains several suggestions that will clearly please universities, among which are less paperwork and, specifically, the removal of the hated "effort reporting" instituted by auditors to force faculty to say how their time is divided between administration, research and teaching. Accelerated depreciation of equipment and facilities and tax credits as a way of encouraging industry participation in capital expenditures are also suggested by the report.

But the White House Science Council's recommendations would cost money. The report says that "the source of such funding in these times of fiscal stringency is not obvious".

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Poles sentenced

The three Polish scientists from Torun accused of illegal possession and use of a television transmitter (see *Nature* 319, 170; 1986) were last week each sentenced to 18 months imprisonment while the electronics specialist in whose apartment they were arrested was sentenced to a year in prison. All sentences were suspended, however, on condition of good behaviour for three years, so that Professor Jan Hanasz and Dr Zygmunt Turlo were able to return at once to their work at the Copernicus Astronomical Centre. (The third scientist, Dr Leszek Zaleski, is a pensioner.)

Colleagues of the accused had been campaigning throughout the past four months for their release from pre-trial custody. The presence of Dr Hanasz, in particular, they explained, was essential for many important astrophysical experiments, including joint research with the Soviet Union and France.

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