

FUNDING

Charitable grants found lacking

Foundations increasingly fund biomedical research, but are reluctant to pay overhead costs.

BY SARA REARDON

Kimberly Espy was thrilled when neuroscientists at her university won a US\$100,000 grant in May from the Bill & Melinda Gates Foundation. The money would allow them to develop a technology to screen for potential drugs against intestinal worm infections — the kind of high-risk endeavour that government agencies often hesitate to fund.

But the grant came with a hitch, says Espy, vice-president for research and innovation at the University of Oregon in Eugene. Like many US philanthropic organizations, the Gates Foundation will add, at most, only 10% to a grant to cover overheads such as building fees, lab technicians and computing support. These indirect costs typically add 40–70% to the price of US research.

And so, to pay these costs, universities have to get creative. In the case of the worm project, says Espy, the university will draw money from tuition fees or other facility funds to supplement the Gates grant. But administrators are increasingly weighing up whether foundation grants are worth it.

“People have been discouraged from applying for grants because the department has to cover the shortfall,” says Lita Nelsen, director of the technology-licensing office at the Massachusetts Institute of Technology in Cambridge. “We’re at the edge here of turning down money.”

In 2012, charities and foundations supported \$1.3 billion of US biomedical research — a 79% increase on the previous year — according to a report released on 17 December by Research!America, an advocacy organization based in Alexandria, Virginia. In that time, support from the federal government grew by just 2%. Foundation support comprises just 1% of overall biomedical-research funding — well behind corporate and federal support — but charitable investment has risen steadily since 2001.

With the budget of the US National Institutes of Health (NIH) unlikely to increase much in coming years, philanthropic funding will continue to grow in importance in the United States, says Mary Woolley, head of Research!America. Scientists in other countries already receive a large proportion of their funding from foundations. Some 40% of UK biomedical-research

funding, for instance, comes from charities such as the Wellcome Trust, based in London.

For many researchers, the growth in support from foundations is a good thing. Charitable grants have often been the only way for researchers to study rare diseases, for example.

And foundations sometimes offer more flexibility and creativity in the way they award funds, says Richard Insel, chief scientific officer at the Juvenile Diabetes Research Foundation in New York. He says that his foundation has partnered with large drug companies such as Sanofi to hand out joint grants to academic researchers. The companies draw on the charities’ expertise in matching researchers to projects, the universities retain the intellectual property of their researchers’ discoveries, and the charities increase the chances that therapies for the diseases they champion will make it to market.

But, increasingly, these grants have a hidden cost. Whereas government agencies such as the NIH and industry funders will typically

“We’re at the edge here of turning down money.”

cover all overhead costs, most charities rarely cover more than 10%, says Insel. A 2010 investigation by an advisory board

to the multi-campus University of California (UC) found that the UC system loses some \$300 million a year by accepting grants that do not cover indirect costs.

Gaps in overheads are particularly problematic for university hospitals, which do not have tuition money to draw on and which shy away from raising patient fees, says Nelsen. She does not blame the foundations, which are trying to fund as much scientific research as possible and which say that it is a university’s job to provide its own infrastructure. “Nobody’s being a bad guy,” she says.

But some scientists are calling for more efforts to convince foundations to change their policies. At an NIH advisory meeting on 5 December, Julio Frenk, a physician at the Harvard School of Public Health in Boston, Massachusetts, suggested to NIH director Francis Collins that the agency should urge foundations to pay these costs. He told Collins, “There needs to be an explanation that universities’ costs are real costs, not an illegitimate profit.” ■