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8
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20

15 min.

File
AAMC wty.

CAS PLENARY SESSION
SUNDAY, NOVEMBER 10, 1991
9:00--11:00 a.m. -- Jefferson East

Indirect Costs of Research: New Challenges for Administrators and Faculties

Moderator: David H. Cohen, Ph.D.
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and Dean of the Graduate School
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Subtopic: The Basic Principles Revisited--The University Perspective

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- 3 sections
- ① Principles underlying
 - ② Budgetary cross-section 1980's to present
Moving heavily toward program support
 - ③ Principles re: indirect cost basis

Subtopic: Finding the Way to Confidence and Accountability

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- Healthy
- ① Research enterprise is a common concern -
univ, govt, ind. must look at problem broadly
 - ② Problem this yr of dealing 2 two quite divergent efforts
 - ③ Have met and discussed various aspects of science comm.
and plan to do so during life of Task Force
 - ④ Need to reaffirm principles
 - ⑤ Where does it come from if there is cost-sharing -
 - ⑥ 2 how different initiatives fit together -

Federal Perspective

Mr. Mike Stephens
Majority Staff Assistant
House Subcommittee on Appropriations
Labor, Health and Human Services, Education
and Related Agencies
2358 Rayburn House Office Building
Washington, D.C. 20515

Competition for funds.

Congressional Perspective

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- ① em Univ. - importance of articulating better to pub.
- ② inter-univ. coord. level - combining high level groups
est. itself as a credible
- ③ general issue of accountability
- ④ imp. of dev. consensus mech.

Faculty Perspective

David H. Cohen, Ph.D. - Moderator

Summary: Reviving the Synergism

Federal perspective (Plenary panel)
DA Henderson
Indirect costs of research: New challenges for
administrators and faculties
Asso of Amer Medical Coll
10 Nov 1991

180
+ 9,010,000,000 8.5%

~~2.~~

\$ 2,100,000,000 Ind. costs

• BMR - not more than affordable.

+ System must eliminate egregious expend. "reasonableness standard"

+ ? How do we reimburse for facilities.

Is pass thru best public policy method for facilities.

- Expectation - departure from dearship - of never again dealing w A-21

How many I was!

~~Feeling the Way to Confidence & Accountability~~ ^{Optimism re educational investigations}

- A difficult year for the biomedical research enterprise - you know.
Inappropriate/unallowable expend. at Stanford → other institutions
Actual ants involved - ? - auditors suggest $\leq 1\%$
but important from P.R. standpoint.

At same time - a squeeze on avail. of funds for RO-1

Complicated set of reasons -

extended period of grants / ↑ grant size and others

Result: a frenzy of activity to "fix" the system.

Regrettably the two problems became intertwined

Indirect costs

RO-1

- As we deal with the problem - ^{we have referred regularly to} ~~important~~ ^{Packard-Bromley Report} certain basic principles
~~Societal~~ ^{develops} decision - ~~on~~ ^{involvement} basic science ~~in~~ academic inst.
not the only possible choice - e.g. institutes of Eastern Europe.

Education - research link has served us well. - envy of the world.

Promise - to fund full costs of research in acad inst. (Packard-Bromley)

Not an easy point to make in the feeding frenzy of just 6 mos. ^{Comprom} ^{with 9}

Accordingly ^{three steps taken by OMB}

^{Agreed something had to be done} Inform regl. - Caps of 26% on admin. costs / take effect 76

- Ident. of inappropriate/unallowable
- Task Force - Under OMB - issues reports

Chm - Hodsell / V-C, Agencies

Com. - Cost Accounting -

General Issues

Goal: 12 mos. / single set of reg. ^{form of govt.} ^{Expect: Broad consult.}
(note: addition Bill Ruckelshaus)

Meanwhile: HTS initiative - contributing

GAO study - ? separation of exec./log.

~~Pharmaceutical~~
~~Investigation~~

Principles of importance as we see them

+ Viability of research enterprise is key - academia performs the bulk of basic research.

III. Pres. budget ^{for FY92} called for 12% ↑ research at time when
Cong. - Exec. ^{budget} agreement provided for COL increase only
net: some programs had to be cut to accomplish this.

+ All recognize need for overhaul of ind. cost. programs based on

Simplification

Clarity -

Common definitions / uniformly applied

Fairness -

+ Important that we endeavor to deal with one and not several problems.

i.e. indirect costs and not { possible size of pie divided
reorganization of health care
availability of funds for basic research

All are important but not central to the issues we face.

Basic commitment - partnership in solving a problem - Possible?

Look forward to working together over the coming years

Basic issue - how to make costs shared & used correspond more precisely.
American tendency to complicate - more process / more data / more audit