



THE RESEARCH FOUNDATION

The State University of New York

Office of the Executive Vice President and Chief Operating Officer

35 State Street October 6, 2003
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Telephone (518) 434-7014 Mr. Michael J. Holland
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Subject: National Science and Technology Council Subcommittee on
Research Business Models (68 FR 46631, August 6, 2003)

Dear Mr. Holland:

This letter is a response by The Research Foundation of State University of New York (RF) to the National Science and Technology Council Subcommittee (NSTCS) request for information on Research Business Models.

The Foundation administers, on behalf of the State-operated colleges and universities of the State University of New York, sponsored programs supported by the federal government and other sponsors. For fiscal year ending June 30, 2003, our expenditures from federal awards were approximately \$487 million. A list of the campuses in the state university system is attached.

The RF commends the NSTCS for recognizing that the practice of scientific research has changed, for planning to review policies and procedures relating to the business relationship between the federal agencies and the research community, and for striving to improve the efficiency, effectiveness, and accountability of the research enterprise.

We have attached a detailed document with our comments and recommendations to the NSTCS request for information on Research Business Models. The RF has provided a response to these comment areas:

- A. Accountability
- B. Inconsistency of Policies and Practices Among Federal Agencies
- E. Regulatory Requirements
- F. Research Support

Thank you for the opportunity to provide comment on the business relationship between the federal government and universities. The RF is prepared to share our

expertise, participate in the workshops, and assist the NSTCS to assure that a successful research business model is developed. If more information or assistance is needed, please contact Carol H. Berdar, Compliance Manager, (p) 518-434-7143, (f) 518-434-8343, (e) carol.berdar@rfsuny.org.

Sincerely,

A handwritten signature in blue ink that reads "Timothy P. Murphy". The signature is written in a cursive style and is contained within a rectangular box.

Timothy P. Murphy
Executive Vice President

Attachments

Copy: John J. O'Connor
Operations Managers
Sponsored Program Administrators
Management Staff

The Research Foundation of State University of New York

**National Science and Technology Council Subcommittee
Research Business Models
(68 FR 46631, August 6, 2003)**

**Comments and Recommendations
October 6, 2003**

This document provides The Research Foundation of State University of New York (RF) detailed comments and recommendations to the National Science and Technology Council Subcommittee (NSTCS) request for information on Research Business Models. The RF has provided a response to these comment areas:

- A. Accountability
- B. Inconsistency of Policies and Practices Among Federal Agencies
- E. Regulatory Requirements
- F. Research Support

A. Accountability

The RF believes it is imperative for the federal government to maximize the funds used to support research and education. To support research in a business model it is important that the unique situations currently facing universities be part of the discussion. To develop a solid research business model between the federal agencies and universities these areas of accountability should be addressed:

- Minimizing the costs of compliance to those required, while maximizing stewardship of funds.
- Eliminating duplicative and inconsistent requirements to relieve administrative and cost burdens.
- Shifting from financial to program accountability to reflect qualitative scientific research outcomes.

Focusing on these areas of accountability will allow for the maximum redirection of funds to research and education – and will provide the foundation for a potential solid business model. A good illustration of a positive *shift to program accountability* is the effort reporting process. There is a real need to redirect the focus from the administrative and cost burden associated with effort reporting to qualitative assessments of faculty contributions to their research projects. The goal is to improve not to lessen the accountability.

The RF recommends the NSTCS adopt methods to measure research accountability based on qualitative program outcomes, or other program factors, and not on the perceived accuracy of effort reports. From a *programmatic perspective*, accountability will be enhanced since the

federal agencies receive meaningful information describing actual faculty contributions via the required project technical reports. From a *financial perspective*, the costs of compliance will be reduced for the federal government and universities, and this will provide institutions with some relief from the 26% administrative cap.

In summary, considering these recommendations to improve accountability will best indicate the real results, including the return, on the federal government's investment in scientific research and demonstrate responsible use of public resources.

B. Inconsistency of Policies & Practices Among Federal Agencies

The RF believes there are trade-offs when changes in government-wide or agency-specific policies and procedures are proposed, and that the completion of a cost and benefit analysis should be incorporated into the change process. A cost and benefit analysis should identify any inconsistency of policies and practices among the federal agencies. In addition, it should take into consideration the potential for additional inconsistencies by universities within their unique and complex organizational structures. To develop a solid research business model between the federal agencies and universities these areas of inconsistency should be addressed:

Adopting OMB (Office of Management and Budget) Circular A-110, "Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations", government-wide as the uniform core principles and implementing them consistently across agencies while limiting agency-specific regulations to those legislatively mandated; would relieve enormous administrative burdens.

- Reviewing the financial disclosure requirements for conflict of interest adopted by NSF (National Science Foundation) and the NIH (National Institutes of Health) to identify the inconsistencies; and develop a standard government-wide policy for these and other federal agencies.
- Requiring the federal agencies to issue their final regulations to implement the OSTP (Office of Science and Technology Policy) research misconduct policy. Note: Currently only NSF has issued final regulations.

The RF recommends the NSTCS look to the process initiated by the (FFAMIA) Federal Financial Assistance Management Improvement Act of 1999 (P.L. 106-107). The streamlining and simplifying initiatives under FFAMIA were based on a commendable goal to eliminate inconsistencies in policies and practices among the federal agencies and universities.

In summary, considering these recommendations to remedy inconsistencies will improve efficiency and cost effectiveness, reduce administrative and cost burdens, and facilitate compliance in the research business model for the federal agencies and universities.

E. Regulatory Requirements

The RF believes scientific research is not necessarily the target to invoke regulatory differences, but often the activities associated with research become embroiled through the imposed requirements from the non-science agencies (e.g., Occupational Safety and Health Administration, Nuclear Regulatory Commission). The regulatory burden creep phenomenon is a reality, not a myth. To develop a solid research business model between the federal agencies and universities these aspects associated with the regulatory requirements should be addressed:

- Understanding the regulatory burden creep: Federal agencies issue their implementing regulations beyond those mandated by the legislation either through agency precedent or perceived administrative need. Universities apply the regulations by establishing more conservative policies/procedures to avoid potential audit criticism. The cumulative impact on the federal agencies, universities – including faculty and students – is overwhelming.
- Understanding there are non-sensitive compliance areas: There are certain areas under employee directives (e.g., drug-free workplace, lobbying) and fraud, waste, and abuse (e.g., debarment and suspension) that require submission of individual compliance certifications with each proposal. These are not sensitive protection and compliance areas, and the requirement for individual certification is excessive.

The RF recommends the NSTCS streamline the certification process and require annual institutional assurance rather than individual assurance with each proposal submission. This is a more effective and efficient method to assure compliance for the federal agencies and universities, because only a fraction of proposals are selected for an award. Adopting the annual institutional certification/assurance will also facilitate the use of electronic research administration methods and electronic signature. In addition, new compliance certifications/assurances should be required only by statutory legislation; or if the agency determines, justifies, and communicates value-based benefits.

In summary, considering these recommendations to resolve the regulatory burden creep will minimize the escalating costs of compliance to those required for good stewardship, eliminate duplicative requirements, relieve administrative and cost burdens, and be the cornerstone for an efficient and effective research business model.

F. Research Support

The RF believes that some federal agency RFP (Request for Proposal) and RFA (Request for Application) seem to discourage innovative approaches to research by allowing the proposal reviewers to only recommend funding for those proposals/applications that focus on exactly what is being requested in the solicitation/program announcement. To develop a solid research business model between the federal agencies and universities the current process for research support should address:

- Expanding the potential for research funding beyond the scope of a particular RFP/RFA by providing additional, less specifically structured opportunities or use of Broad Agency Announcements to encourage the support of innovative research.
- Promoting the essence of what scientific research really embodies – knowledge, discovery, and the possibility of emerging new technologies.

The RF recommends the NSTCS consider changes to the research support process for both contract proposals and grant applications to maximize federal funds used to promote the advancement of scientific research.

In summary, considering these recommendations at the proposal/application phase of the funding cycle for basic and applied research will also connect to the research business model goals associated with improving accountability and reflecting responsible use of public resources.