

October 3, 2003

Mr. Michael J. Holland
Office of Science and Technology Policy
1650 Pennsylvania Avenue, N.W.
Washington, D.C. 20502

Dear Mr. Holland:

The University of Kentucky is a Research I university with over \$222 million of external funding in FY 2003. UK is a complex university, encompassing 17 colleges including agriculture, liberal arts, business and economics, medicine, pharmacy, engineering and others. As such, the research activities are funded by virtually every federal agency as well as the state of Kentucky and private entities. The OSTP activity is welcomed as it signals a willingness to review existing policies, procedures and practices that affect the complex and important activities that reflect government and university interactions. We welcome the opportunity to comment and hope to be able to stay engaged in this process. It is unlikely that there are simple answers to any of the questions posed. There is a need for continued dialogue. Having just moved from the government to the university, I have a renewed appreciation for the differences between them, the constraints each faces, and the importance of finding effective and efficient ways of achieving our shared goals.

Given my deep appreciation for the willingness to set this process in motion, let me begin with two concerns I have about the fundamental process. The first is the decision to have the committee comprised of just federal employees and to bring in the institutional viewpoint through comments and "town meetings". The relationship between the universities and the government really is a partnership and that partnership would be furthered if the ongoing committee reflects both of the key sectors involved. While I understand the constraints OSTP was under in establishing this committee, I do feel that it represents a missed opportunity to have both sides of the partnership better appreciate the needs, concerns and constraints the other faces. When different parties sit across the table from each other and must thrash out issues together it creates valuable dynamics.

Second, the charge to the committee and the community is to review the "business practices". While there is clearly a business element to the interactions between the federal agencies and the universities, this relationship is not primarily one of a business nature. For the most part, federal agencies are not "purchasing" a commodity, but are in a partnership with universities to support shared goals such as the furtherance of research. There are excellent concepts from business that can help both the universities and the federal agencies work better, but that is not the same as construing the relationship as a business relationship. The fundamental nature of the relationship is key to assessing specific activities and I urge attention be given to that before drilling into specific issues.

Certainly the comment period should not devolve to a list of “complaints” and so I will try to present examples of issues that constitute problems but which illustrate fundamental concerns. In all organizations one of the big challenges is to align goals and incentives. It is quite common to espouse one goal but allow practices to frankly work against that goal. A simple example, easily fixed, would be the practice of capping direct costs on grant applications that are seeking to support complex interdisciplinary activities. Such activities frequently involve partners in different sectors and their costs – direct and indirect – are embedded in the applicant’s direct costs. This means that the indirect costs on a sub-award are now part of the applicant’s direct costs and are constrained by the cap on the direct costs. This would seem to work against a desire to see applicants build collaborations! This can be easily addressed by human intervention...no special forms, no redefinition of what is a direct or indirect cost, no new guidance from OMB. All the agency has to do is either not cap direct costs (cap total costs or do not apply a cap) or exert human intervention to back out the indirects when deciding if an application is eligible. I would suggest that new policies should be developed as a last resort; the first step should be to see that existing policies are used effectively to achieve stated goals. Complex awards raise other issues when the primary awardee does not include indirects for the subawardees. The awardee may be a university or a state agency, but when the actual work is done by a subawardee restrictions on F and A create burdens.

In the same vein, there is a concern about how “credit” is given to those receiving funding. Both NIH and NSF have data systems that allow anyone to see what they are funding. These data systems are highly valued by the community and the committee might want to consider exhorting all agencies to make similar data available. The NIH system is more flexible and rich, but there is one addition that would be valuable. As research becomes more complex there are frequently teams of researchers even on R01s. It would be helpful to the community if in searching CRISP, they could see how different individuals were involved in research projects. I understand that there are plans to add other key personnel to the CRISP records and make such information available. This excellent plan could be sidetracked if the universities insist that NIH make the determination of whether an individual should be so listed. There is an elegant solution to this problem that could be effected simply and quickly, if the institutions take responsibility for identifying key personnel. This puts the burden on them to define the roles and to make changes if individuals either move or change roles. This is a specific case of a general issue; how can the OSTP committee serve as a broker between the agencies and the universities?

Perhaps it would be beneficial if the activities of the committee focused on clarifying grant, cooperative agreement and contract. It seems that over the years some agencies have allowed procurement “behavior” to slip into assistance mechanisms and that such blurring may create tensions in the oversight of awards. This could help agencies clearly stake out areas that are assistance and mechanism and then disengage from some of the detailed reporting (either in application, progress or final reports) with a clear understanding that the goal is to support the science and the outcome of interest is the science. The institution itself will adhere to typical financial oversight, but it will not be central to the agency oversight. If the perception – and the reality – is that the funding agencies are overly focused on administrative overview it will erode their role of partner in the ultimate purpose of the support, the advancement of the science. When their oversight is duplicative of the institutional oversight it risks being an activity with very low return for the agency. A different aspect of this would be the expectations regarding

oversight of subawardees. Grantees who have subawards to institutions that are A133 compliant could probably be relieved of the need to oversee their fiscal accountability (other than items directly part of their subaward). On the other hand, subawardees who are not covered under A133 audits might deserve greater scrutiny. The committee could help identify – and sanction – activities that could have *less* regulation because it is difficult for individual institutions or agencies to make those determinations. OSTP could lead any such changes with OMB, representing both multiple agencies and institutions.

Over the past decade there has been considerable growth in support for research, for which universities are very grateful. There has been far less attention to the process for ensuring that there are adequate facilities in which to conduct that research. Despite NSF surveys that show the need for research space, direct funding levels are low and recovery through F/A is retrospective and limited. Of course, institutions are continuing to build and their ability to compete is in many ways tied to their ability to construct laboratories that are appropriate for contemporary research. Since the ability to obtain funding is influenced by the nature of the university – public vs. private, wealthy vs. struggling – there will be increasing disparities in institutional ability to compete for research dollars. Left unchecked, this could lead to greater disparity between institutions and concentration of research activity. Such a concentration would not be good for the overall research enterprise because students are widely dispersed. One of the strengths of the US model for research funding is the close linkage between research and graduate education. I urge the committee to revisit the issue of how funding for research facilities influences the overall research enterprise and to consider new models for such support.

While I have raised some concerns about how this activity has been structured, that does not detract from my overall support for the committee and its goals. Locating this activity in OSTP is critically important because difficulties arise from well-intentioned actions of individual agencies. Institutions are constantly dealing with guidance from one agency that is not in harmony with guidance from another agency. This creates additional effort on the part of institutions and is not “value added”. The location of this activity in the OSTP, the involvement of multiple agencies and the high level attention being accorded this activity are critically important and should be applauded.

Sincerely,

A handwritten signature in cursive script, appearing to read "Wendy Baldwin".

Wendy Baldwin
Executive Vice President for Research