RESEARCH GRANTS

'Secretary Snafu' May Cost Researchers, Universities

Many researchers across the country may soon lose federal funding for key staff members who often hold a laboratory together: secretaries. Beginning on 1 July, most research grants will no longer include clerical or administrative support as direct costs. Government auditors say the change is merely part of an effort to standardize the Byzantine world of direct and indirect costs for grants. But to universities, this bookkeeping maneuver threatens to make a painful financial crunch unbearable. And for researchers, who have long complained about the increasing demands on their schedules, the change may leave them even less time to do science.

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—Milton Goldberg

The rule change means secretarial help, except in special circumstances, would have to be billed as indirect costs. The rub here is that many institutions are already receiving the maximum amount allowed in indirect costs for administrative staff. Hence this shift will force some researchers to find money elsewhere or let their secretaries go. Behind the scenes, university policymakers have vehemently opposed the rule change since it was proposed 2 years ago. But few bench researchers were aware of its potential impact until recently. "It was simply ignored by many people," says Milton Goldberg, head of the Washington, D.C.–based Council on Governmental Relations (COGR), a coalition of research universities. "A lot of folks don't react until someone leaves a message on their desk saying, 'You've got to do something about your secretary.' "

Government auditors called for the rule change to make cost-accounting procedures consistent throughout the National Institutes of Health (NIH), the National Science Foundation (NSF), the Office of Naval Research, and the other federal funders and auditors of research. The problem has been that it is difficult to calculate how much time a secretary who works on several projects spends on a specific one. Researchers now list their estimates as direct costs—and the estimates are accepted by some funders but are rejected by others. For the sake of uniformity, the Office of Management and Budget (OMB) proposed in December 1992 that all such support should be indirect costs.

For many schools, the change would amount to a budget cut, because the government had earlier capped indirect cost reimbursements for administrative staff at 26%. Schools that are over the 26% cap have to pick up the difference, and many are anticipating a sharp sting. "To now shift these individuals from direct to indirect costs, especially where such costs are capped, is arbitrary and inequitable," Goldberg's COGR wrote OMB in December 1992.

In its final rule, issued in July 1993, OMB softened the blow, stating that salaries for secretaries on "major projects" could be billed as direct costs, but that ruling has not satisfied universities. For one thing, there is confusion about what constitutes a major project; OMB's discussions with university and agency representatives on this point have yet to result in a clarification. Examples of "major projects" being bandied about include such things as clinical trials, off-campus research, and primate research centers. A 21 October 1993 internal memo from an official of the Department of Health and Human Services (HHS), Frank McCune, specifically states that the RO1 award—the standard investigator-initiated grant from NIH—"is not considered a major project."

"This is an enormous new cost to an already tightly strained financial situation."

—David Korn

Both university officials and those researchers who know about the change are alarmed. "This is an enormous new cost to an already tightly strained financial situation," says David Korn, dean of Stanford University's School of Medicine. Stanford accountants, says Korn, estimate that the change puts the school "at risk" for $9 million a year. Herbert Pardes, dean of Columbia University's College of Physicians and Surgeons, is similarly worried: His school faces a cut of up to $4 million. "It would be helpful for the regulators to be flexible and realize these institutions are struggling," says Pardes.

Marc Kirschner, chair of cell biology at Harvard Medical School, says secretaries today are an essential part of the lab, largely because they must handle the "tremendous increases in bureaucracy" that now accompany research. With fewer secretaries, he says, "scientists themselves will have to spend more time filling out forms and making arrangements within the bureaucracy." And, he adds, "the major problem facing researchers today is the shortage of time."

Goldberg of COGR has been leading a fight against the rule change on behalf of his group's members. From COGR's point of view, if the director of a project, regardless of its size, can justify secretarial support, it should be part of the direct cost of the grant. As Goldberg argued in a February letter to HHS, the principal investigator of a study "better than anyone else is both knowledgeable of project circumstances and work scope and...is motivated to control unnecessary spending in order to achieve results."

Officials at the Federal agencies counter that the rule change may not have a dramatic effect. Geoffrey Grant, the grants policy officer at the NIH, says NIH has "always been concerned" about how much time a secretary listed as a direct cost actually devotes to that project. He says the NIH "institutes' practices have differed quite a bit" on how much administrative help has been allowed as direct costs —from "no support to minimal support." The main effect of the change, he says, is that NIH will now have a policy to guide all its branches. At NSF, the head of contracts, policy, and oversight, Richard Hastings, also has a measured view. "It will have an effect," says Hastings, but he adds that "my suspicions are that a lot of [projects] will be in areas allowed by OMB."

OMB will not comment on the issue, but an official close to the process says a clarification of a "major project" should be issued within a month. Researchers on projects that don't meet the definitions will be forced to ask schools to pay for their secretaries. And if the schools won't pay—or can't afford to—the volume of the complaints is sure to rise.

–Jon Cohen