UNIVERSITY OVERHEAD

Stanford, Navy Resolve Indirect Costs

A bitter, 4-year dispute between Stanford University and the Office of Naval Research (ONR) on overhead for federally funded research has been resolved, with both sides claiming victory. But the chief congressional watchdog on the topic, Representative John Dingell (D–MI), says the settlement is a bad deal for the government; he may hold new hearings next year on the subject.

The Stanford saga erupted in 1990 after federal auditors discovered that university officials had improperly billed the government for such nonresearch expenses as the purchase of flowers for the president's house and depreciation of a yacht. The revelations prompted a wide-ranging federal investigation of hundreds of institutions, including well-publicized hearings by the House Energy and Commerce Committee that Dingell chairs (*Science*, 15 February 1991, p. 734). Stanford repaid the government $2.2 million in 1991, and its president, Donald Kennedy, resigned in the wake of the publicity.

Last week's settlement, under which Stanford agrees to pay the government $1.2 million, hinges on the validity of auditing agreements, called memoranda of understanding (MOUs), between Stanford and ONR, which audits federal research programs at dozens of institutions. The auditors had argued that the MOUs were vague and covered areas not related to research, prompting the Navy to void them. As a result, Stanford's indirect cost rate dropped from 74% to 55% because the Navy would no longer pick up the tab on a host of charges covered by the agreements. (A 55% rate means, broadly, that Stanford gets paid 55 cents to administer each dollar of federally funded research.)

Stanford appealed the Navy's action, arguing that the MOUs were valid legal documents that couldn't be scrapped unilaterally. These "were not casual agreements" but "formal, written documents that were reviewed by government auditors" before being signed by both parties, says Stanford President Gerhard Casper. The Navy determined this summer that canceling those MOUs was illegal, and it decided to seek a settlement rather than risk losing in court. "The depositions were filed, and it was clear we were going to win," one Stanford official said.

In the end, Stanford agreed to pay $1.2 million to cover what Casper calls adjustments in closing the books between 1981 and 1992. The university also agreed to drop its claim for $56 million that it said it had lost when the Navy scrapped the MOUs. Casper said Stanford has already spent $25 million defending itself, and "rather than expending additional money, time, and energy in litigation, we preferred to re-establish a healthy relationship with the government."

The settlement may sound like a good deal for the government, but it galls Dingell, his staff, and Paul Biddle, the former Navy investigator who touched off the dispute. Biddle charged that the MOUs were illegal because they rested on what he says were false statements by the university. He estimated Stanford received more than $100 million in improper indirect cost payments as a result of the MOUs, an analysis that Dingell's staff supports. "In the final analysis, Stanford got $100 million to $200 million that it wasn't entitled to," says a Dingell aide. "And there was nothing the Navy could do to get it back."

Casper noted that the Navy agrees in the settlement that it has no claims on the university for fraud, misrepresentation, or wrongdoing. But Biddle says the Navy was not investigating fraud or false claims, and that it could not do so without the written consent of the Justice Department.

Biddle, who left his Navy job in March 1992, is now pursuing a whistleblower suit that seeks to force Stanford to pay back more than $300 million in indirect costs, the highest figure named by government officials. Although the Justice Department decided last December not to join in the suit, Biddle is pressing ahead on his own. If he wins, the judge could award him up to 35% of the repayment. "We are going to aggressively pursue our options to reopen this issue," he told *Science*. "This [inquiry] should be conducted in the public courts, not in the back rooms." Casper says the suit "is without merit, and we will vigorously defend ourselves against it."

The settlement also closes a painful chapter in the life of Kennedy, who remains a professor of biological sciences at Stanford. "I have been asked whether I feel personally vindicated," Kennedy said in a statement. "I have never felt in need of vindication. But I am glad to have my faith in the government's processes restored."

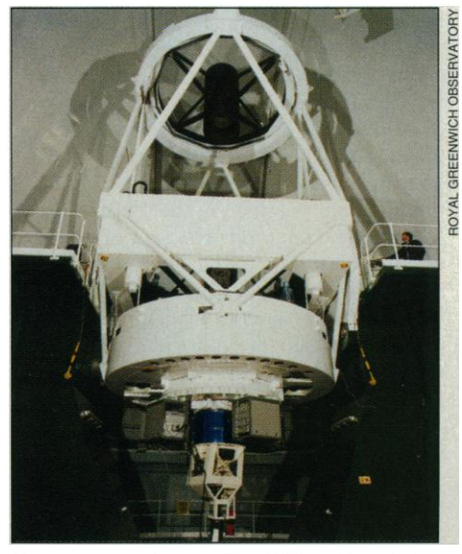
–Andrew Lawler

ASTRONOMY

A Battle Royal Over U.K. Observatories?

Few research institutes can match the proud tradition of Britain's Royal Observatories. Indeed, until Britain's universities began to build up their own astronomy groups in the second half of this century, the two observatories were synonymous with British astronomy. The Royal Greenwich Observatory (RGO), now based in Cambridge, was founded in 1675, while the Royal Observatory, Edinburgh (ROE), can trace its roots back to an observatory formed in the 18th century.

But the Royal Observatories' historic role as the twin hearts of U.K. astronomy may be coming to an end, and the very existence of one or both of the bodies—at least in their present form—may be in jeopardy. A blue-ribbon panel set up by the Particle Physics and Astronomy Research Council (PPARC), which funds and manages the observatories, will soon release a report suggesting that their overseas telescopes, at sites in La Palma, the Canary Islands, and Hawaii, should be run by independent bodies. It will also argue that it's not necessary to have two U.K. observatories to provide these facilities with technical back-up. Instead, a single U.K. technology center—again spun off from PPARC—should support all of Britain's facilities in optical and infrared astronomy. Given the weight of history stacked up behind the Royal Observatories, the proposals are sure to ignite an intense debate. "This is a bit of a hot potato," says astronomer Mike Bode of Liverpool John Moores University.

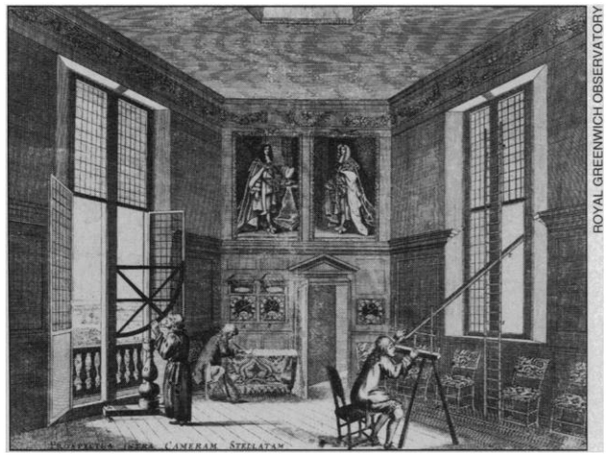


Management change. The William Herschel Telescope and others at La Palma may become independent of the Royal Observatories.

The panel responsible for these radical suggestions, headed by astronomer Jim Hough of the University of Hertfordshire, was asked to chart a future for optical, infrared, and millimeter-wavelength astronomy in the United Kingdom. PPARC is expected to receive its report warmly, especially if the proposed rationalization can save money: Like the U.S. National Science Foundation (*Science*, 21 October, p. 356), PPARC is trying to figure out how to support an expand-

ing astronomical infrastructure—due to participation in the international Gemini project to build twin 8-meter telescopes in Hawaii and Chile—with a stagnant budget. "We have to squeeze a quart from a pint pot," says former ROE director Paul Murdin, who now oversees PPARC's astronomy program from the council's headquarters in Swindon.

Hough, however, points out that his panel's suggestions are not designed just to cut costs. The aim, he says, is to provide the best possible service to the British astronomy community. And that, the Hough panel believes, can be achieved by setting the overseas sites free from their U.K.-based masters. At present, while the Hawaii and La Palma observatories have on-site heads, they report to the director of Royal Observatories, Alec Boksenberg, based at RGO's Cambridge site, who in turn is answerable to PPARC. And that means that decisions must often be referred back to the council for approval, adding layers of red tape.


ROYAL GREENWICH OBSERVATORY

Rich history. Observers using quadrant and telescope at the Royal Greenwich Observatory in the late 17th century.

In proposing that the overseas facilities be managed independently, the Hough panel is taking a cue from the Anglo-Australian Observatory, which runs a telescope at Siding Spring, New South Wales, and has its own governing board. It provides a "wonderful example" of how an observatory should be run, says former RGO director Francis Graham Smith, now at the University of Manchester. But while the idea of mimicking its constitution for La Palma and Hawaii is popular among U.K. astronomers, this leaves a thorny question: What would RGO and ROE be left to do if the overseas sites were independent? Indeed, if there is to be just one U.K. technology center, one or both of the two observatories faces closure, or a major shift of direction.

For staff at the observatories, who have only just emerged from a series of reorganizations, that's a demoralizing prospect. In 1990, for instance, RGO was moved to Cambridge from Herstmonceux Castle in Sussex. And only last year, Boksenberg was appointed to the new post of director of Royal Observatories, with the goal of improving coordination among RGO, ROE, and the two overseas sites. "No sooner has one review been completed and implemented than another group of people come into power and start all over again," complains one RGO staff member.

Nevertheless, Boksenberg says he's open-minded about the new proposals: "One would have to contrast the benefits [of change] ... against the clear benefits of the present, integrated model." As yet, no one has done the detailed analysis needed to make this comparison. And the other key issue—the site of the proposed U.K. technology center—is also unresolved. "It could be either of the two [Royal Observatories], or neither," says Hough.

PPARC deputy chief executive Ian Corbett stresses that the research council has yet to form an opinion on that subject. "There is no hidden agenda," he says. Nevertheless, sources close to PPARC's leadership say that one option would be to transfer some of ROE's technology development work to Cambridge and to develop RGO as the technology center. ROE could then be turned over to the University of Edinburgh and merged with its astronomy department to create a Scottish national astronomy institute. This, the argument goes, might be backed by Scottish members of parliament who would otherwise oppose any attempt to shift work from ROE to Cambridge.

But judging from soundings taken by *Science* last week, that solution would not please a sizable section of the U.K. astronomy community. Many researchers argue that ROE's record for instrument development is second to none. "People would be wary of any proposal that damaged ROE" while seeming to favor RGO, says theorist Bernard Schutz of Cardiff University of Wales, who chairs PPARC's astronomy committee.

That leaves PPARC with a headache: finding a way to cut costs without setting the two Royal Observatories and their supporters against one another. If there's one thing that everyone can agree on, it's that a bloody battle between two of Britain's oldest and best known scientific institutes would be the worst possible outcome.

–Peter Aldhous

FRANCE

Research Agency Tries to Balance Books

PARIS—To French physicist Guy Aubert, the new director-general of the Centre National de la Recherche Scientifique (CNRS), the past 3 months must seem like a nonstop roller coaster ride. Appointed in July with a broad mandate to reorganize France's largest public research agency, Aubert had no sooner settled into his office than he discovered that CNRS was running a deficit (*Science*, 16 September, p. 1653). And when an audit put the shortfall at over $100 million, Aubert was forced to put a tight cap on research spending for the rest of 1994—a move that prompted thousands of scientists to take to the streets all over France, including some 2500 who peacefully protested outside CNRS's Paris headquarters earlier this month.

But now, thanks to a series of bailout measures announced last week by French research minister François Fillon, Aubert may be able to ride out the budget crisis. About $48 million withheld earlier this year as part of an overall freeze on research spending will be restored. And, as *Science* went to press, a meeting of the CNRS administrative council, scheduled for 27 October, was expected to approve a proposal to borrow about $39 million from CNRS's reserve fund. However, because of the intricacies of French budget accounting, apparently not all these funds will be counted against the deficit—which results from what Aubert described to *Science* as a discrepancy between the "dream money" that laboratories are told they can spend and the "real money" they are actually given. The council was therefore also expected to discuss at this week's meeting a proposal to take out a loan to bridge the gap.

"This is clearly a short-term crisis," Aubert says. And the CNRS chief evidently feels his budget troubles have been a distraction from what he was really hired to do: bring greater efficiency and direction to the organization's research efforts. Aubert is reluctant to discuss his blueprint for change before a detailed plan is completed some time next year. But he did acknowledge that a cornerstone of the reorganization will be a shift from the current laissez-faire approach—in which the CNRS's 1350 labs are given a set amount of money and allowed to decide their own research priorities—to one in which a major part of the agency's budget would be dedicated to predetermined research programs. "If we implement this," says Aubert, "it will be a cultural revolution for the CNRS."

–Michael Balter