



COMMITTEE ON
SCIENCE, SPACE, & TECHNOLOGY
Lamar Smith, Chairman

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Statement of Research and Technology Subcommittee Chairwoman Barbara Comstock (R-Va.)

Examining the Overhead Cost of Research

Chairwoman Comstock: The purpose of today's hearing is to examine the overhead costs of research, including how the National Science Foundation and other federal agencies negotiate and monitor these costs, how these funds are used, and to hear recommendations for improving efficiency and transparency.

Last year, this Subcommittee held a hearing on *Academic Research Regulatory Relief*, which looked at recommendations for streamlining federal regulations on academic research.

It has been a pleasure working with Ranking Member Lipinski on this committee to cut the red tape, and I look forward to continuing that bi-partisan relationship.

Through legislation such as the American Innovation and Competitiveness Act, as well as the 21st Century Cures Act, both of which were signed into law in the past six months, we were able to listen to recommendations from universities and students to implement better practices designed to address inefficiencies and increase transparency.

I was proud to sponsor the *Research and Development Efficiency Act*, which was included in the American Innovation and Competitiveness Act.

As we move forward with reforming regulations, it is important to look at whether or not there are opportunities to streamline overhead costs as well, so that more money can go directly into research.

Last year, the National Science Foundation spent \$1.3 billion on overhead or indirect costs – nearly 20 percent of the research budget.

The National Institute of Health spends \$6.3 billion on indirect costs, 27 percent of the \$24 billion extramural research budget.

In a time of tough budgets, when only 1 out of 5 research grant proposals are funded, we must look at whether or not those overhead funds are being spent efficiently.

There is no question that there are legitimate and necessary overhead costs for conducting the best research in the world.

Since World War II, the federal government, Universities, and non-profit research institutions have worked in partnership to conduct research in our nation's interest.

This partnership has served our nation well, spurring innovation to new heights.

Universities and non-profits provide laboratory space, pay the electric bill, buy equipment, and conduct accounting for federally funded research, while the federal government shares the cost by reimbursing certain expenses.

However, over time that system has become more complex and in some cases more expensive, as we will hear from our witnesses today.

Adding to that complexity is that since the 1960's, every institution negotiates its own indirect cost rate directly with the federal government. Today, indirect cost rates for universities and institutions vary widely from less than 1 percent to over 60 percent.

It raises a question of whether or not we have inadvertently created a system of "have and have nots," where wealthy institutions benefit the most.

Last year, Dr. Angel Cabrera, President of George Mason University – a University partially in my district – testified before the Subcommittee on the struggles of leading one of the fastest growing research institutions in the country, trying to break into the top tier while keeping tuition and fees low.

I have a letter I am submitting for the hearing record from George Mason's Vice President for Research, Deborah Crawford on how GMU uses overhead costs. I appreciate GMU's input, and their commitment to transparency and keeping education costs low.

One of my priorities as chair of the Research & Technology Subcommittee is to make sure we are always maximizing the taxpayer's important investment in basic and fundamental research.

It is important we give taxpayers confidence in how that investment is spent, so that we can continue to sustain and grow research funding.

Ultimately, research is about creating good jobs and a secure future, a common goal I know we all share.

And with that, I look forward to hearing the testimonies of our guests.

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