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ABSTRACT

The policies of most research-oriented universities with regard to reimbursement for faculty time from grants and contracts can probably be summed up in a single sentence: "Let's get as much as we can." Several areas of concern arise from this situation: (1) the university's ability to plan its future, develop real goals and objectives, govern and control itself, and determine a balance of activities are threatened; (2) money granted on a year-to-year basis creates instability; (3) federal regulation threatens the institutions; (4) federal control of areas of research performed by the universities endangers the principles of research; (5) inconsistency in institutional policy on faculty reimbursement creates inequity between universities; (6) occasional abuses of the grant system damage the entire academic and research community; and (7) some universities and faculty members have come to resemble other pressure groups, occasionally becoming arrogant in the process. (Author/MSE)

SALARY REIMBURSEMENT - BENEFITS AND COSTS

by

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"Ethical and Economic Issues - University Policies for Consulting, Overload Instructional Activities and Intellectual Property"

SALARY REIMBURSEMENT - BENEFITS AND COSTS

by

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The title of this session and the subtitle of the conference both place emphasis on the word "policy", referring to university policies. As best as I have been able to judge, the policies of most research-oriented universities, with regard to reimbursement for faculty time from grants and contracts, can probably be summed up in a single sentence: "Lets get as much as we can". Although the stated policies may vary somewhat, this sentence appears to express the general guiding principle. Whatever else it may or may not be, it is at least expedient.

If certain problems for the universities have arisen from such policies, it could be that they asked for them. In thinking about this matter, I recalled that more than twenty years ago Don Price wrote a fine little book entitled "Government and Science". In describing the attitudes of universities toward government, their then new patron, he compared them to the principal character of an old limerick which, some of you will recall, went like this:

There was a young lady from Kent
Who said that she knew what it meant
When men took her to dine
Gave her cocktails and wine
She knew what it meant---but she went.

One can only comment that during the intervening two decades such mores of young ladies and of universities have become even more commonplace.

The practice of obtaining reimbursement for faculty time stems historically from the days of OSRD, the Office of Scientific Research and Development of World War II. In the age of relative innocence before that time, when outside

support for research was available only from one or two philanthropic foundations, there was little or no reimbursement for faculty salaries. Only when government became involved did the practice begin to flourish. It is, of course, a direct carry-over from the customs of governmental dealings with industrial contractors, i.e., payment of all costs pertaining to the contractual work. After the war, the military agencies and the newly created Atomic Energy Commission rather willingly continued to pay for faculty time and, little by little, most other Federal agencies followed along.

It seems clear that the practice of salary reimbursement grew and flourished because there was something--namely, money--in it for the universities as well as for their individual faculty members. The leading universities and their faculty members wanted to conduct research for all the obvious reasons that you already know. There was, of course, the fact that this is one of the principal functions of a university and the contribution it makes to society. Also, the more research, the greater the prestige, the more attractiveness to graduate students, post-doctorals, and prospective faculty and, hopefully, the easier to raise additional money from donors of all sorts. The lesser, or developing, institutions followed suit, hoping to emulate the leaders and to join their ranks. Initially, based on the reasoning that research is a normal and usual part of the job of university faculty, some agencies were willing to provide salary reimbursement only for that portion of time which was "released" from the teaching the faculty member would otherwise be doing. This meant that someone else, usually a more junior and less experienced person, had to be hired to replace the professor for those courses from which he was now "released" These junior people themselves were allowed time for research and they developed into permanent faculty and principal investigators on their own. As the research effort grew, additional faculty were hired for they, too, could

contribute to the research program and to the incoming flow of grant money. Thus, faculties grew larger, more laboratories were built and equipped, individual teaching loads decreased to 6, 3, and, not infrequently, zero contact hours per week. The total payroll rose spectacularly and these increases were further exacerbated by rising salary scales, in part the result of inflation but also, in part, due to competitive bidding for the best faculty members, i.e., those most capable in research and most able to elicit generous grant support. Institutional management had to work even harder to raise its share of the mounting costs of the expanding enterprise.

Soon the University representatives were at the doors of the granting agencies demanding greater generosity in reimbursement of salaries for time devoted to research. At the same time, there developed the continuous running battle about the level of payment for indirect costs, the so-called overhead. It was frequently amusing--and also sad--to observe university administrators lobbying in one office in attempts to get additional grants while simultaneously arguing in another office that they were being impoverished by what they liked to term "the research we are doing for the government" and that therefore the salary reimbursement and indirect cost policies had to be made more generous. So we arrived at the general practices of today: payment of summer salaries, normally simply for the asking, and reimbursement for academic-year salary supposedly commensurate with the proportion of time the investigator devotes to the project.

That the system offers economic incentive to the university is obvious. Confronted by relatively enlarged faculties, and, more recently, by declining or static enrollment, struggling with greatly inflated payrolls and other costs in consequence of expansion and inflation, unable to retrench because tenure has been granted to large proportions of the faculty, the university has to scramble for every dollar. And each dollar brought in as reimbursement for

faculty salary, accompanied as it is by an additional 50 or 60 or 80 cents for indirect costs, relieves that much of the need to raise money elsewhere. The advantage to the institution is self evident.

The faculty member also has a clear interest in eliciting reimbursement for part or all of his salary. Initially, however, many faculties strongly resisted the notion of including portions of their academic year salaries in their grant requests. They were concerned that the size of the request was being increased inordinately and that therefore the proposed grant might be less attractive to the agency. Likewise, some institutions, particularly those not yet among the leaders, also had trepidations about this aspect and frequently decided to ask only partial reimbursement, or even none at all, in the hope of being more sure of getting approval of the grant. But the major institutions usually had no such hestiancy. An alternate concern of faculty members was that if the amount awarded was less than that requested, the salary portion might remain constant and therefore there would be less available for the other direct costs of the research. In short, faculty were interested in getting money for their own purposes rather than in recovering money for the institution. Also, faculty initially appeared to have an innate dislike for asking for a portion of their own academic year salaries though I have yet to encounter one who had similar qualms about asking for summer or or leave salary. Worst of all from the faculty point of view, and probably with some justification, was the concern about what would happen if, for some reason, the grant was not renewed. Would the university then be willing and able to restore the portion of salary previously derived from the grant? As you know, when times later became a little tough, there were indeed some problems of this kind.

The initial resistance on the part of faculty members was certainly understandable. But as the system became more prevalent, and agency money more plentiful and grants larger, faculty members adapted and, indeed, even found some positive attributes in it. They soon learned that significant salary reimbursement was an effective economic and psychological tool for accomplishing a number of advantageous gains. Reduction of teaching load and, conversely, gain of more time for research, consulting, and other pursuits is certainly easier to achieve. Because the pay-off is usually based on research rather than on teaching and academic committee work, this represents a real incentive for the faculty member. In most instances it also tends to lead to expansion of the research effort, more grant money, more graduate students, post-doctorals, technicians, etc., i.e., a bigger "show". All this creates a favorable psychological climate for seeking and getting promotion, tenure, salary increases--obviously important incentives. Greater independence of action is gained not only because the teaching is reduced in quantity and downgraded relative to research ~~but also the individual~~ feels more like an independent entrepreneur, running his own show, dealing with agencies, consulting, coming and going as he deems appropriate. He is his own master, operating a semi-private enterprise which happens to be housed and sheltered at a university. Not infrequently the enterprise is not even locate on campus but rather in rented quarters elsewhere or in a building specially constructed for the purpose. It is not difficult to understand that a situation such as this is satisfying to most faculty members.

Agencies have generally had no problems in justifying to themselves the practice of payment for faculty time. They see their principal mission as the stimulation and support of research. Research costs money and it does not

seem far-fetched to reimburse the university for faculty time as well as for other costs. In this sense, the old "grant-in-aid" concept has been replaced by "purchase and payment for services". Also, in every agency, there was always some feeling that it should support higher education, the locus of most of our basic research and the source of training of future researchers. Thus, regardless of whether the agency charter included such a mission, payment of faculty salaries was regarded as a worthwhile subvention aiding the university in its general operations, helping it to improve itself and to do its work more easily. This kind of thinking even led, for a period of time until about 1970, to programs in a number of agencies specifically for providing grants for general support, improvement, development and expansion of programs; purchase of equipment, construction of academic buildings, and so on.

The practice of payment for faculty time also fitted the personal psychological needs of many of the people operating the agency programs. It is necessary to understand that a program director derives much of his (or her) job satisfaction in a vicarious way. Instead of doing research themselves, they help others to do it. The better the researchers perform, the greater the satisfaction and pride of the program operative. And the more his "stable" of researchers is dependent on the program director, the greater the feeling of effectiveness as a protector, manager, father figure, or what have you. If the grant provides a portion of the very livelihood of the researchers as well as the other usual costs of their work, they are obviously that much more dependent on the program person. And this, in turn, leads to a greater feeling of responsibility, an improved self-image, and more job satisfaction.

If all the participants are benefiting from the system and are happy with it, it is reasonable to ask why there should be misgivings about it. Evidently there is some apprehension--else why are we here today? It seems

to me that there are indeed a number of major areas of concern which stem in a significant way from Federal support and which are considerably exacerbated by the practice of reimbursement for faculty salaries. Let me mention them briefly. You may wish to challenge some or to add others.

1) It seems to me that as these practices have grown and developed, they and their sequela have begun to threaten the very integrity and organization of the university as an institution, I have in mind the university's ability to plan its future, to develop its real goals and objectives, to govern and control itself, to determine its balance between research, teaching, and community service, and even to cope with its choice between being an integrated educational institution or a loose business conglomerate composed of a group of entrepreneurs acting as semi-private contractors. Signs and portents of such disintegration may be seen in the continually decreasing half-life times of university presidents, the general down-grading of the positions of deans, department chairmen, and other officials, the increase in proportion of instruction by teaching assistants and similar inexperienced personnel, and so on.

2) A second significant area of concern, one that itself is partially responsible for the first, is that of the relative economic instability created by operation on the basis of a large proportion of so-called soft money granted on a year-by-year basis. In this instance, the portion used to pay faculty salaries is indeed the real villain. Largely on the basis of this kind of income, the universities have over-expanded, have enlarged the proportion of tenured faculty, and have increased payrolls and other operating costs beyond their

capabilities based on non-federal sources. Being dependent on continuation of Federal grants and contracts, any threatened withdrawal or diminution of these portends catastrophe. As you know, some institutions have already experienced some of this trauma in recent years when Federal research appropriations didn't grow as much as had been expected.

3) Another serious issue relates to the increased federalization of university control through imposed laws, rules and regulations. Not all of these are directly related to Federal support of research or of faculty salaries. But it is the witholding of these grant and contract funds that is threatened if the rules and regulations, whatever they may be, are not followed. This growing threat of Federal control of university activity is becoming a source of considerable uneasiness among officials of some of our major institutions.

4) A fourth, and related, area of concern is that stemming from the ease with which the Federal agencies can force research to move from basic to applied, from fundamental to problem-oriented, from one field to another. This is readily accomplished simply by appropriating and awarding funds for one purpose rather than another. No doubt this is justifiable in some instances. Nevertheless, in the large sense, it is the Federal government that controls and, in this sense, neither the university nor the individual researcher are any longer masters of their own purposes.

5) A problem to which I have already alluded briefly is that of inequities resulting from differential practices relating to reimbursement for faculty salaries. Generally the foremost universities have not hesitated to ask for salary reimbursement and, in most instances, have obtained

it more easily and to a greater extent than have the institutions of lesser stature. This was not the result of discriminatory agency policies but rather a consequence of inequitable practices followed by some Federal program managers, sometimes with the advice and active backing of their academic advisory groups. Also, not infrequently, the lesser institutions, in their eagerness not to jeopardize the award of the grant, have been more timid about demanding reimbursement for faculty time. Quite obviously, the cumulative result of such practices is a clear economic handicap for the institution that does not receive this support while its competitor does.

The system has also produced intra-institutional inequities. Generally, those investigators bringing in large grants and significant salary reimbursement are in a more favorable position to receive salary increases, promotion, tenure, and other perquisites than are their colleagues who produce lesser amounts of support. Also, in many institutions there have developed considerable discrepancies, in terms of pay scales, promotion, tenure, teaching loads, etc., between areas which bring in large amounts and those that don't or can't, e.g., the natural sciences as compared to the humanities. Such imbalances create neither satisfaction nor a well-proportioned university.

6) An ethical problem of real significance is that of abuses of the system. Certainly it has been subject to abuse and certainly abuses have occurred. It is really not surprising that this happens because, contrary to what many people think, faculty members, university officials, and agency administrators are all quite human. I need not go into detail here about the specifics of such abuses. I am sure you have all heard of some and perhaps have even experienced them. The significance of the

problem is not only that people allow their ethics to be corrupted or that the long-suffering taxpayer takes a beating, (these are certainly bad enough), but also of importance is the fact that only a few such incidents, when they become known, besmirch the entire system and all its participants. The end result can be irreparable damage to the entire academic and research community as well as to the nation as a whole.

7) Finally I come to a somewhat ephemeral--but to my mind very significant - issue relating to the image our universities and their faculties are creating for themselves in the larger society. Not so long ago, the average citizen regarded the universities and their faculties as being on a higher plane than most other segments of our society. They were considered to be ethical, scholarly, interested in learning and knowledge and truth for their own sakes and thus different from other sectors of society which were regarded as mundane and self-seeking. In more recent times, however, our universities and many of their faculty members have begun to resemble other pressure groups which want something from the public till--self-interested, lobbying for appropriations, pushing for their own fields, departments, and institutions, seeking more grants and more money, more perquisites, and sometimes being quite arrogant about it. When this is coupled with possible conflicts of interest, self-enrichment, sometimes dubious or unseemly practices or outright abuse of the system, how can we expect to remain on the high pedestal where we once stood? To my mind this represents a great loss for an institution which for a very long time has been considered one of the most honorable and highly regarded pillars of our civilization,

as a trustworthy critic of the past and the present and as a reliable leader in pointing the way toward a higher and better future.

If what I have described reflects the system and some of the problems related to it, it is a fair question to ask what can be done about it. And what, specifically, can a conference such as this contribute? I regret that I must quickly admit that I have no magic panacea to offer. And I am not terribly sanguine about any major near-term improvement. At the root of the matter is the peculiar and sometimes atrocious arrangement we have for providing support for higher education and for the functions we expect it to excerise. Our universities have been brought to precarious economic circumstances, partly because of conditions beyond their control but also partly because of their own doing. However this situation came about, I do not foresee the universities suddenly becoming able or willing to forgo the Federal subvention which, though it comes in bits and pieces and for special and particular purposes, nevertheless represents income for which there is now no other source. Nor do I believe that faculty members, having achieved significant economic improvement, greater independence, and other perquisites which, I am sure, they think were too long in coming, are apt to give these up willingly. One might hope that the Federal government will suddenly see the light and change from the present salary reimbursement mechanism to a forthright system of lump sum subventions for faculty salaries or even for total university operations, But with the current state of the Federal exchequer being what it is and with the demands on it from other societal sectors, this doesn't appear to be a realistic hope for the near future. Accordingly, any progress is likely to be slow and painful.

It can be imagined that the individual institution, its administration, faculty, students, and regents, might decide to examine itself carefully and realistically, its goals and aspirations, its role within its particular community as well as nationally and in relation to its likely clientele, resources and competition. And it might take a hard look at its ethical standards. Out of all this could come adjustment and changes commensurate with what might be termed "a reasonable level of expectation". Some institutions have tried this and even with some measure of success. It is not easy. It must be borne in mind that all those who usually participate in such exercises suffer from built-in biases and actual conflicts of interest and that the attempt can easily degenerate into a series of intra-mural confrontations between the various clusters of participants. Not infrequently the outcome is an even more ambitious plan with an even higher budget, more unrealistic aspirations, and an unrealizable dream of more for everyone. Perhaps such examinations might turn out better more often if outsiders, alert, knowledgeable and dedicated but without personal axes to grind, were brought into the process.

What can this conference contribute? It seems to me that the best service we can hope to render is to point out specific problems, pitfalls, and costs and to suggest plans, policies and mechanisms for dealing with these. And we can point out ethical issues which are sometimes forgotten or ignored. We cannot expect all, or even many, institutions to convert overnight to our way of thinking. But hopefully, if we make some really good points, some institutions and some faculty members and some Federal agencies will see fit to adopt some of the policies and principles we suggest. If so, some progress will have been made.