OPENING STATEMENT
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Committee on Science, Space & Technology
Subcommittee on Oversight
Subcommittee on Research & Technology
"Examining the Overhead Cost of Research"
May 24, 2017

Thank you to the chairs and ranking members of the Research and Technology and Oversight Subcommittees for holding this hearing on the overhead costs of federally funded research.

The Trump Administration has proposed an 18 percent cut to the National Institutes of Health (NIH), with Secretary Price indicating that those savings can be found entirely by cutting NIH's indirect cost expenditures. The Administration has also proposed an 11 percent cut to the National Science Foundation (NSF). I wouldn't be surprised to hear a similar defense of the NSF cuts. This Administration is assuming they can cut indirect cost reimbursements without doing any harm to our nation's great research universities or to U.S. leadership in science and technology. The evidence simply does not support that assumption.

Both GAO and *Nature* magazine have reported that the reimbursed rates for indirect costs are substantially lower than the negotiated rates – as much as 20 points lower on average. In addition, the data clearly demonstrates universities' willingness to share substantially in the costs of doing cutting-edge science.

Given these facts, it is baffling to me that anyone would assert that universities are profiting from indirect costs. Some of us may be fooled by attention-grabbing talking points about bloated bureaucracies and high negotiated rates, maybe because the system is opaque to us. Some point to international comparisons, highlighting lower indirect cost rates in some other countries. However, without knowing the details for each country, the comparisons of the top lines are meaningless. Likewise, comparisons to philanthropic funding for research are pointless without understanding the details.

Having said that, we can all agree that universities must continue to look for ways to be more efficient, including in their regulatory compliance work. Likewise, Federal agencies must continue to work to streamline their regulations to reduce the unnecessary burden on universities and costs to the taxpayer. And all of us should continue to have discussions about the health and nature of the partnership between the Federal government and the performers of federally funded research, including on policy issues on which we might disagree. But let us be sure that our positions and our arguments are grounded in data based on substantiated and legitimate findings rather than supposition or false equivalencies.

There are always a few bad actors, and oversight remains essential. However, our greatest challenge here is not universities trying to profit from the taxpayers. Our greatest challenge is in achieving transparency about the total costs of doing research and honesty in what is required to maintain U.S. leadership in science and technology. Federally funded scientific research has been a key driver of innovation and economic expansion. We cannot afford to undermine the very institutions that will keep us prosperous into the future.

Before I conclude, I want to comment specifically about public universities. There used to be a cost-sharing compact between state and federal governments for public universities, in which states invested heavily in research facilities to attract more top scientists and federal research dollars. Too many states have been backing away from their end of the deal, and alarms are being raised that student tuition is now being used to subsidize research. This is not sustainable. States must get back to supporting their own institutions. In the meantime, any proposals to cut federal support for indirect costs would do immediate and lasting damage to the research programs at our nation's great public institutions. That would be both a short-term tragedy and a long-term loss for us all.

I thank the witnesses for being here today and I look forward to the testimony and discussion.

I yield back.