FOR IMMEDIATE RELEASE
November 6, 2007

CONTACT: Barry Toiv
Association of American Universities
202-898-7847, barry_toiv@aau.edu

RESEARCH UNIVERSITIES EXPRESS OPPOSITION TO CAP ON REIMBURSEMENT OF COSTS OF RESEARCH

The House-Senate conference committee on FY08 Defense appropriations today approved a cap on reimbursement to universities of Facilities and Administration, or “indirect,” costs associated with the conduct of federal research. Following is a statement by the Association of American Universities (www.aau.edu), the National Association of State Universities and Land-Grant Colleges (www.nasulgc.org), and the Council on Governmental Relations (www.cogr.edu) on this action.

We strongly oppose the imposition of an arbitrary cap on reimbursement of indirect costs. These are real and necessary costs of conducting research on behalf of the federal government, including construction and maintenance of facilities, administration, and other expenditures. If they are not paid by the government, then universities must find other sources of revenue to pay for them. Moreover, these costs are regularly negotiated and rigorously audited by the federal government. Universities are not being compensated for anything beyond the reimbursement of their actual costs.

An arbitrary cap of this kind creates a disincentive for universities to conduct defense basic research. It needlessly disrupts a relationship that has been extraordinarily productive for the nation for over half a century, producing such technologies as lasers, stealth technology, global positioning systems (GPS), night vision technology, and the Internet. It is our hope that Congress will take the time to study this issue more thoroughly and ultimately reverse this action.

# # # # #