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Proposed Revisions to OMB Regulations Could Have an Adverse Affect on Federally Funded Scientists

Bethesda, Md. – FASEB President Steven L. Teitelbaum, M.D., has expressed serious concerns about the changes the Office of Management and Budget (OMB) plans to make to three circulars: A-21, “Cost Principles for Educational Institutions;” A-87, “Cost Principles for State and Local Governments;” and A-122, “Cost Principles for Non-Profit Organizations.” The changes are designed to clarify ambiguous language to prevent inconsistent interpretations of similar cost items across the three circulars.

Although the notice posted in the Aug. 12 issue of the *Federal Register* states that OMB does not intend to cause “inadvertent changes in policy,” FASEB feels that “the revisions suggested have serious policy implications that could have a negative impact on federally funded scientists conducting research beneficial to human health,” wrote Dr. Teitelbaum in an Oct. 7 letter to OMB.

The proposed changes to which FASEB objects – which are specifically delineated in the attached letter to OMB – include altering language regarding pre-award costs, foreign travel and publication costs. “While we applaud the efforts of OMB to clarify ambiguous languages in its communications with those who receive federal funding, there must also be recognition that the entities served by Circulars A-21, A-87 and A-122 have different missions and unique constituencies,” Dr. Teitelbaum wrote. “Uniting them under a single set of regulations may be overly simplistic and unrealistic.”

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FASEB is comprised of 21 societies with more than 60,000 members, making it the largest coalition of biomedical research associations in the United States. FASEB’s mission is to enhance the ability of biomedical and life scientists to improve—through their research—the health, well-being and productivity of all people. FASEB serves the interests of these scientists in those areas related to public policy, facilitates coalition activities among Member Societies and disseminates information on biological research through scientific conferences and publications.

October 7, 2002

Mr. Gilbert Tran
Office of Federal Financial Management
Office of Management and Budget
6025 New Executive Office Bldg.
Washington, DC 20503

RE: Cost Principles Revision Comments – OMB Circulars A-21, A-87 and A-122

Dear Mr. Tran:

The Federation of American Societies for Experimental Biology (FASEB), representing more than 60,000 scientists engaged in biomedical research, appreciates the opportunity to comment on the proposed revisions to OMB cost principles. In reviewing the proposed changes to the three circulars, we have identified some areas of concern, particularly in reference to Circular A-21. The notice posted in the Federal Register (August 12, 2002) clearly states that OMB has no interest in causing “inadvertent changes in policy”. However, we strongly feel that the suggested revisions have serious policy implications that could have a negative impact on federally funded scientists conducting research beneficial to human health.

The proposed changes to which we object include altering language regarding pre-award costs, foreign travel and publication costs, and are specifically delineated below. The new wording constitutes a substantial policy change and would add undue administrative burden for faculty and administrators, at both universities and federal awarding agencies.

Proposed Revisions to OMB Circular A-21 to Which FASEB Objects

1. In the area of the regulations titled “48. Travel Costs”, a clause will be added to Circulars A-21 and A-87 stating:

“Direct charges for foreign travel costs are allowable only when travel has received prior approval of the awarding agencies. Each separate foreign trip must be approved...”

2. In a new section to be added to A-21, “41. Publication and Printing Costs”, part c, it will now read:

“ Publication and printing costs are unallowable as direct costs except with the prior approval of the awarding agency.”

3. In a revised section to A-21, “31. Pre-Award Costs”, part b.(2):

“If the entity is subject to OMB Circular A-110 (which applies to universities), prior approval is not required unless required by the Federal

agency through a condition of the Federal award or program regulations. If the costs do not require prior approval, the entity must notify the awarding agency of the costs before the award is made and the costs must be necessary to comply with the proposed delivery schedule or period of performance.”

As scientists, we find the publications cost issue particularly vexing. The publication of research results in peer-reviewed journal is an intrinsic part of the scientific process, and is critical to the advancement of science. It is senseless to fund laboratory research and not the publication of its product which is the event central to evaluation of its worth by peer review and its dissemination to other scientists and the public. Making publication unallowable as a direct cost impacts all federally funded scientists and will seriously hamper progress in biomedical research.

Not only would the above changes increase the regulatory burden on scientists and research institutions, they represent a step backwards in the streamlining of administrative requirements, contradicting the authority given to universities by OMB Circular A-110. While we applaud the efforts of OMB to clarify ambiguous languages in its communications with those who receive federal funding, there must also be recognition that the entities served by Circulars A-21, A-87 and A-122 have different missions and unique constituencies. Uniting them under a single set of regulations may be overly simplistic and unrealistic.

Together with our colleagues at the Council on Governmental Relations, we respectfully urge OMB to withdraw the revisions to Circulars A-21, A-87 and A-122, as currently proposed. Perhaps with further input from the affected federal agencies and award recipient constituencies, this effort can be revisited in the future, allowing OMB to fulfill its mission to comply with P.L.106-107 with less of an adverse impact on research scientists and institutions.

If there is any way in which FASEB could provide assistance to OMB in the course of this process, we would be happy to support your continuing efforts to streamline federal research administration.

Sincerely,

Steven L. Teitelbaum, M.D.
President, FASEB