

Indirect Costs of Library Services Under U. S. Research Agreements

BY RICHARD H. LOGSDON

IN RECENT YEARS the United States government has turned increasingly to colleges and universities for help in the research and development activities necessary to the accomplishment of various government programs. From a level of approximately \$221,000,000¹ in 1951-52 funds for government-financed research on college and university campuses reached \$846,000,000 in 1960.² This sum of money is large in relation to the total expenditures of the principal recipients³, but when considered in relation to the total of new funds becoming available for research, the proportion from the federal government shows up even more dramatically.

Librarians, sensitive to the increasing demands generated by this government-financed research, have properly become concerned with the amount and distribution of these funds within their institutions, and especially with the methods of calculating overhead costs for reimbursement by the government. They have watched departmental research activities grow while their own budgets tended barely to keep up with inflation. They have experienced the pressure of additional readers' specialized demands on library services, sometimes even to the point of forcing a lowering of quality of service to the more traditional

Dr. Logsdon is Director of Libraries, Columbia University. This report is based on discussions at two conferences sponsored by the Association of Research Libraries on a grant from the Council on Library Resources, and was prepared by Dr. Logsdon for the Drafting Committee of the conferences.

programs. They have been generally aware of the inclusion of library costs in the calculation of the amount of reimbursement to the institution for all overhead costs, but have not found satisfactory answers to several questions, including the following:

- (1) Do government procedures give proper recognition to the role of the library in serving government-sponsored research?
- (2) Are library costs properly represented in institutional negotiations with the government?
- (3) Is the institution receiving adequate payment for services performed?
- (4) Are libraries receiving the financial support needed to provide adequate service to government-sponsored research?

To the end of getting better answers to these and related questions, the Association of Research Libraries sought and received a grant from the Council on Library Resources to sponsor discussions with institutional officers responsible for negotiating government contracts and overhead reimbursements. The objective of these three-way discussions—involving librarians, finance officers, and offi-

¹ U. S. Office of Education, *Biennial Survey of Education in the United States, 1950-52*, chapter 4, section II (Washington: Government Printing Office, 1955).

² U. S. National Science Foundation, *Federal Funds for Research and Development IX* (Washington: Government Printing Office, 1960).

³ In several universities, federal grants for research and development programs account for more than one-third of the budget.

cers in charge of government contracts—was to develop recommendations which, if adopted by the U. S. government, would provide the basis for calculating library costs on a practicable and equitable basis.

Representatives of nine institutions met at Princeton University on May 30, 1960, and again at Columbia University on November 18, 1960. Discussions served to clarify many aspects of the government-institutional relationship, and produced a number of specific recommendations. These will be mentioned here, together with certain background information not readily available in printed sources. In the consideration of this material in relation to individual institutions, librarians will want to distinguish between research and development contracts or agreements, on the one hand, and grants to institutions from government agencies, on the other, inasmuch as the present method of reimbursement is different. Grants tend to include a percentage for indirect costs varying in amount with different agencies, whereas the reimbursement for indirect costs related to research agreements is negotiated annually by each institution. It is to be hoped, of course, that procedures will be worked out eventually to provide full reimbursement for indirect costs regardless of whether the monies come in the form of grants or under research agreements.

Library service is only one of the costs for which institutions are reimbursed through the overhead allowance under research agreements. Other services include departmental administration, research administration, general administration and general expenses, and operation and maintenance of physical plant. In addition to the cost of these services, other indirect costs include use allowances for equipment and buildings and, at some institutions, employee benefits. The amount of institutional reimbursement is determined annually on

the basis of those indirect costs that are deemed pertinent to the research projects. This may require negotiation between representatives of the government and the individual institution. The government auditor or auditors may be attached to the U. S. Navy Department, the U. S. Army Department, the U. S. Air Force, the Atomic Energy Commission, or other branches of the government. These auditors are guided by provisions of the so-called "Blue Book"⁴ and Circular No. A-21.⁵

These documents in themselves provide a certain latitude designed to meet and to accommodate the wide differences in institutional practices. Reports from the several institutions presented at the Princeton session made it quite evident that differing local circumstances had led to a considerable variation in interpretation of regulations. Of particular concern to the conference group was the failure in practice to allow for the substantially higher costs of library service for research than for instruction. The tendency has been to view costs more on a per-capita basis, counting even undergraduate students as comparable to persons engaged in full-time research.

A number of institutions have been successful in the past in gaining acceptance of various weighting systems, including those based on the standards developed by the American Library Association.⁶ While generally pointing in the right direction, by allowing higher costs for services to research and hence a larger reimbursement for research services under government contracts, the systems were viewed as falling short of

⁴ U. S. War Department—U. S. Navy Department, *Explanation of Principles for Determination of Costs under Government Research and Development Contracts with Educational Institutions* (August 1947) 14 p.

⁵ U. S. Bureau of the Budget, Circular No. A-21, *Principles for Costing Research and Development under Grants and Contracts with Educational Institutions*. Cover letter, 2 p. Attachment A, 10 p. Attachment B, 10 p.

⁶ American Library Association, *Classification and Pay Plans for Libraries in Institutions of Higher Education*, 2nd ed. (Chicago: American Library Association, 1948) p. xxiii.

achieving an equitable division of costs. Furthermore, several institutions reported an unwillingness on the part of government auditors to accept a weighting system without having more evidence of its validity.

Between the May 30 and November 18 sessions of the group, several institutions prepared studies designed to separate library costs for undergraduate instruction from costs for graduate instruction and research. The costs for graduate instruction and research were found to be substantially higher than those for undergraduate instruction: the ratios reported were from 2.5 to 1, up to 5 to 1.

These studies and the resulting discussions indicated the reasonableness of: 1) separating costs attributable to undergraduate instruction and size of groups served in arriving at an equitable figure for indirect costs; 2) accepting differing figures for different institutions; 3) using relatively simple methods of estimating such costs, as simple analyses are likely to produce results comparable to those of more elaborate ones.

The group, while not unanimous on the point, believed that library service to graduate instruction is so interrelated with service to research as to make it impracticable to calculate costs separately. It was suggested, however, that the possibility of separate calculations be kept open for further study inasmuch as use and costs for research purposes would almost certainly exceed those for graduate instruction. The group agreed that more objective methods for calculating library costs and use relating to sponsored research were needed, and that the government should be concerned not only with such costs in negotiating agreements, but also with the adequacy of library service to contract personnel.

Another topic of concern was the method of reimbursing institutions for expenditures for books and journals. Government regulations provide for a

use charge not to exceed eight cents per volume, this to be applied to the total holdings of the library. Annual expenditures for books, periodicals, and binding are accordingly excluded from the calculations. Discussion of this provision led to agreement with the American Council on Education Special Committee on Sponsored Research, which concluded that, "it is not practicable to determine the useful life of books for depreciation purposes, a realistic average cost or value per book, or in fact, the number of volumes in a library having many periodicals both bound and unbound, and materials in microtext form." The group further agreed that expenditures for books, periodicals, and the like should be treated as annual expenses of the library.

If adopted, this proposal would achieve reimbursement for that portion of current expenditures attributable to government research presumably as a substitute for the present "use" charge. Accordingly, there would be no compensation from the government for the institution's previous investment in the book collection. On the other hand, the institution would have the continuing use of materials which were, in a sense, paid for by the government.

The conference group agreed on three recommendations:

- (1) That revision of Circular A-21 provide for a separation of library costs for undergraduate instruction from those for graduate study and research in calculating the amount subject to allocation. Such a revision should permit individual institutions to develop simplified methods of calculating such costs, including the use of sampling techniques, the use of judgments of informed members of the staff, and the application of formulae derived in a particular year to later years.

- (2) That paragraph "I D i.d." of Attachment A of Circular 21 which provides for a use allowance not to exceed eight cents per volume be revised to read: "Library expenses are those incurred for the

direct operation of the library, including the cost of books purchased, binding, and related costs."

(3) That the National Science Foundation encourage or undertake studies not only of the adequacy of service to contract personnel, but of cost factors involved. Such studies, the group believes, would provide independent evidence that the library costs of servicing research are considerably higher than for servicing undergraduate students. Such studies might also lend support to the various methods used by institutions in arriving at library costs allocable to United States research agreements.

Representatives of the conference group plan to continue discussions and

to seek opportunities to discuss the recommendations with government agencies and other interested groups. Certainly government funds will in the future represent an increasing proportion of the research budgets of institutions of higher education and will no doubt involve an increasing number of institutions.

The Council of Library Resources has been instrumental in stimulating this first step toward a better understanding of the problems involved. It is to be hoped that further progress will be possible through continued consultation of librarians, finance officers, and persons responsible for government contracts.

"Non-Academic" Library Programs

AT ITS first meeting of the academic year, earlier this month [October], the faculty Senate of the University of Kansas unanimously voted to admit professional librarians to membership in the Senate on the same basis as the teaching staff. The first reading of this constitutional change was presented last spring with a favorable report from the Senate's Advisory Committee, together with endorsement by the Senate Library Committee and by the Chancellor of the university. The enlightened decision climaxes a sequence of developments at Kansas over the past few years whereby the faculty and administration have been welcoming the university's librarians into full participation in the academic enterprise. A tenure statement was adopted a few years ago, and sabbatical leaves are now granted, as well as research grants and the like. Such a generous and forward-looking attitude has aided in attracting and retaining a corps of extremely able librarians, and this in turn has enriched the library program.

"Comparable moves under way at the state universities of Iowa and Colorado now leave the University of California in an increasingly limited company of institutions which

profess to want enlightened library programs but which patently fail to admit librarians into the genuine fellowship of academic life or into full partnership in the academic program. The University of Illinois Library has been a pioneer in the newer personnel arrangements. Within the last few years Harvard University has moved in the same direction by granting 'corporation appointments' to its librarians.

"It is not insignificant that both Illinois and Harvard have the kind of vigorous and well-supported library program that is the envy of all other universities, including this one. In my honest judgment these matters go hand in hand. I think it fair, on the basis of experience, to say that any university at any time in its history actually has the kind of library program that it deserves. In these terms both Illinois and Harvard deserve the library programs they have, because both the administration and the faculty have given full and genuine support to the librarians as well as to the library programs. One can only wonder how significant it is that the University of California labels its library program 'non-academic.'"—Robert Vosper, in *UCLA Librarian*, October 27, 1961.