

Stanford Scandal

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As of late, the War in the Gulf has been the center for most media attention. However, other crisis throughout the world continue in their normal flow. One example of these continuing worldly struggles deals directly with colleges and even more specifically with Stanford University, located near San Francisco. It appears that the university has misused federal moneys specifically designed to fund research projects.

After World War I, the US Government established new rules which turned it into America's primary sponsor of university research. Under these regulations the government foots the bills for, and many of the overhead costs of, doing research. The problem found with Stanford's research program was in the poor distribution of this federal money. A designed catch for distributed moneys is that the government is allowed to audit a university's overhead charges every two or three years. The Office of Naval Research, in charge of Stanford's auditing, did not perform adequate checks for fiscal years 1983 through 1988, and did not audit 1981-82 at all.

In 1988, Paul Biddle, an Office of Naval Research accountant was assigned Stanford University as his project for overhead-rate negotiations. Biddle found some surprising results. He

concluded that the overhead at Stanford charged to the government may have been improperly set and monitored. He also discovered that the university charged a higher percentage of library expenses than can legitimately be assigned to research and that Stanford's negotiators padded cost formulas. When Stanford learned of Biddle's findings, they went directly to superiors at the Office of Naval Research who assured them they would restrict his role if necessary. From the eventual publication of Biddle's memos, two other investigations were triggered. One by the Office of Naval Research itself and another by a congressional investigative committee headed by John Dingel.

What the congressional investigation found was quite alarming. The depreciation of Stanford's \$1.2 - million yacht, the *Victoria*, was charged to overhead cost. The government had also paid 20% of such expenses as \$2500 to repair a grand piano, \$3000 for a cedar-lined closet, and \$2000 a month for flower arrangements at the home of Stanford President Donald Kennedy. In addition, research money was also spent on faculty discounts on tickets to athletic events; bed-sheets, tablecloths, and antiques also for the president's house.

When the rumors of investigations began, the institution agreed to refund

\$500,000 in government money used to maintain three university owned houses (including the president's) and pay back more than \$180,000 on the yacht. Originally, Larry Horton, a spokesman for the university, assured the investigations that none of the yachts cost were charged to the government but just one month later he was forced to swallow his words. To justify the cost allotted to the president's house, Horton said that some functions held there are research related, such as dinners associated with science policy conferences. Janet Sweet, Stanford's assistant controller said, "It was a mistake..."

The US Government pays Stanford University .74¢ for each dollar it spends on research, with the college spending approximately \$400 million on research annually. If a pre-investigation request by Stanford for a four cent increase for the 1990-91 fiscal year had been granted, the university could have claimed the highest rate of any US research university. Both John Hopkins and Cor-

nell follow close behind. A 1990 study by *Physics Today Magazine*, showed that the US far exceeded any other world countries for academic budgeted research with \$9,893,000,000 as its grand total. The closest competitor was Japan, who spent only \$888,000,000.

Defenders for university research argue that private industries charge overhead rates well over 100%, making university-based projects a relative bargain. Others say that these universities have become dependent on the research money for regular function.

How does this affect you and I? Though Montreat-Anderson College is not affected directly, if you are considering transferring to a larger university you should be concerned. Soon other universities' research programs are to be investigated. Results could mean fewer funds given to these larger schools. This could mean a raise in student cost.

"Note: Several issues of Science Magazine, as well as one issue of Time were used as sources for this article."

The M-AC History Department plans to offer a one-day tour of the Cowpen Revolutionary War Battlegrounds on Saturday, April 6th. The trip will depart from the cafeteria parking lot at 9am, sharp, then proceed to the Cowpens Battlefield Monument. Arrival back in Montreat will be around 5pm.

A sign-up sheet will be posted soon. Cost will be \$3 per person. (Additional expenses will be borne by the History Department.) See Dr. Crawford for more details.