

Guidelines for Managing Apparent Conflicts of Interest Associated with Sponsored Funding from and Paid Outside Activities with the National Bureau of Economic Research (NBER)

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The purpose of this document is to provide Guidelines for disclosure of income-producing outside activities with NBER and for managing conflicts of interest that may arise in the course of academic staff and student relationships with the NBER.

I. NBER Background

The National Bureau of Economic Research is a private, nonprofit, nonpartisan research organization committed to undertaking and disseminating unbiased economic research among public policymakers, business professionals, and the academic community. The NBER is the nation's leading nonprofit economic research organization. Its conferences and working paper series are arguably the most influential in the field of economics. NBER provides a visible channel for facilitating and disseminating research.

In addition, through association with NBER, researchers have the opportunity to analyze datasets that otherwise would be unavailable to them, for example, medical data and social security data that the NBER maintains on secure servers.

For more information, see attached information, provided by Alterra Milone, Office of Research and Grants Management, NBER (begins at p. 6 of this document).

NBER Fellows and Associates: The designation of a faculty member as a Fellow or Associate of the NBER is highly prestigious, a “quality indicator,” and enhances the reputation of the Illinois faculty member.

For Illinois faculty, an affiliation with an NBER research program also provides additional academic activities, research opportunities, and association with many excellent additional colleagues from around the country who specialize in the same field. That collaboration can then improve research and thus benefit the University of Illinois.

NBER Sponsored Funding: The NBER spearheads and administers sponsored grants.

NBER has staff who are experienced in sponsored proposal preparation and submission, grants administration, and handling regulatory requirements for IRB review, PHS disclosure, etc. These services are a benefit to economics researchers who may not have such resources in their local department or college.

Many NBER grants provide for direct payments to faculty investigators through the NBER. Some individuals also engage in other activities, such as grant administration or program administration, which are compensated directly by NBER.

II. University of Illinois *Policy on Conflicts of Commitment and Interest*

The University of Illinois *Policy on Conflicts of Commitment and Interest* (the *Policy*) establishes a framework for disclosure of non-university income producing activities and

financial interests and the management of conflicts of interest. Please see <http://research.uillinois.edu/coci/coci-policy>. The *Policy* recognizes that some non-university income producing activities may contribute to an individual's professional growth, and may be encouraged when they are of benefit to the University.

Under the *Policy*, *Section III. D.4*, "Academic staff must obtain prior approval to engage in non-university income producing activities (with some exceptions, as defined below). Academic staff must also disclose such activities at least annually or whenever a substantial change in such activities occurs, and when required by granting agencies."

Section III.E of the *Policy* recognizes that academic staff may engage in a number of outside activities that are recognized as scholarly activity, and do not constitute conflicts of interest.

Section III.C.2 states that, "Without prior written approval, it is improper for an academic staff member...to divert to external entities or other institutions opportunities for research support that could have been obtained on behalf of the university."

While there are many institutional and individual benefits to affiliation and collaboration with the NBER, there may appear to be conflicts of interest with a researcher's role at Illinois.

Below, we discuss apparent conflicts of interest that may occur in the course of association with the NBER, and provide guidelines for reporting of non-university income producing outside activities with NBER and for conflict management.

III. Apparent Conflicts of Interest that may be Associated with Illinois Faculty or Staff Involvement with NBER

Apparent conflicts of interest include the following.

- A. Any Dean, Director, or UEO who receives direct payments from the NBER has an apparent conflict of interest in reviewing academic staff sponsored activities and income-producing outside activities with the NBER.
- B. There is an apparent conflict of interest when Illinois administrators or faculty who hold leadership or decision-making positions with the NBER have responsibility for allocation of grant funding or other resources to Illinois. Illinois staff should disclose apparent conflicts of interest in this context to NBER.
- C. NBER submits proposals for sponsored projects to federal funding agencies and foundations, which may include funding for Illinois academic staff.
 1. When Illinois faculty who are NBER Associates serve as the PI on sponsored projects submitted by NBER, they may appear to be diverting research funding from the University to the NBER.
 2. Proposals for academic staff serving as the PI on sponsored projects at NBER to subaward funds to themselves at Illinois do not allow for independent oversight and monitoring of subawardees. This presents a conflict of interest with Illinois responsibilities.
- D. NBER sometimes pays Illinois academic staff and students directly for their participation in sponsored research projects led by NBER.

1. There is an apparent conflict of interest when the paid activity is conducted by the academic staff or students while based at Illinois (using an Illinois office, computer, telephone, etc.)
2. NBER sometimes hires faculty on nine-month appointments and students during the summer, paid on the NBER payroll as NBER employees. This creates an apparent conflict of interest if the faculty and students hired use their University offices and telecommunications resources in the completion of their NBER projects, and no indirect costs or benefits are paid to the University of Illinois by NBER.
3. There is an apparent conflict of interest when academic staff receive direct compensation from the NBER while serving as the PI and receiving salary from an NBER sponsored project.

IV. Managing Apparent Conflicts of Interest Associated with NBER Sponsored Awards

The collaborative affiliations and relationships of Illinois academic staff and students with NBER enhance the reputation of both individuals and the institution, and contribute to professional growth. Below we outline best practices to manage apparent conflicts of interest in the context of affiliation and collaboration with NBER.

A. Collaboration on Sponsored Research Projects with the NBER

1. Faculty or staff may collaborate on sponsored research projects with the NBER.
2. Scholarly activity conducted by University faculty using NBER facilities and infrastructure (e.g., computing, staff, etc.) for which faculty are compensated directly by NBER but which involve no more than reasonable and customary use of University resources will not generally require a subaward. However, these activities are subject to the requirements on disclosure, approval and limits on student employment listed below.
3. Scholarly activities conducted by University faculty that involve more than de minimus use of campus resources will generally require a subaward.
 - a. These sponsored projects should transfer funds for payment of students, faculty or staff salary, materials, supplies, travel, etc. to the University via a subaward when research or scholarly activity¹ is conducted at the University (but see paragraph C.2.b below).
 - b. These grants or contracts should be handled according to standard University practices.

¹ For the purposes of this document, “research” is intended to encompass scholarly activity as well as research.

- c. These projects should be conducted in compliance with federal and state regulations and University policy.
 - d. In the course of proposing and negotiating the subaward through OSP, the appropriate indirect cost will be determined, depending on the nature of the work and the funding source.
4. A faculty or staff member may NOT serve as the PI of a sponsored project for NBER and also serve as the PI of a subaward to the University
- a. Subawarding to oneself is inconsistent with sound business practices for handling grants and contracts as it does not allow for independent review and approval of expenditures, effort certification, etc.
 - b. This situation can be addressed by subawarding to another faculty or staff member in the Department or to another faculty or staff member on campus.
 - c. A faculty or staff member who is a co-investigator (*not* the principal investigator) on a federal grant to NBER may serve as the PI of a subaward to Illinois from NBER.
5. Economics research ordinarily does not require the use of dedicated or specialized laboratory facilities. It usually can be conducted anywhere that it is possible to use a workstation and have access to communications networks and computing facilities. In cases where a faculty member is conducting research on a collaborative sponsored project with NBER, the faculty member likely will conduct some of the research using an Illinois office, computing resources, technical and administrative support, and conduct some of the research using NBER facilities, computing resources, technical and administrative support. Such collaborative activity is generally considered to be scholarly activity consistent with the faculty member's primary duties. If the activity also produces income, it should be reported to and approved by the UEO through the RNUA process. See section IV.C below.

Illinois faculty who are investigators or co-investigators on grants where NBER is prime, and who are also compensated on subawards from NBER, should divide their compensated time between the two organizations to the extent that this is appropriate and readily can be done without adversely affecting the research.

An appropriate distribution of effort between Illinois and NBER should be included in the budgets for these sponsored projects. These budgets will be subject to review and approval by unit executive officers and the Vice Chancellor for Research in the course of the submission of proposals.

If the Illinois investigator is PI of the prime award, and also funded through the subaward, then a mitigation plan will be developed to manage this apparent conflict of interest.

B. Categories of Non-University Income Producing Outside Activities with NBER

Income-producing outside activities with NBER are those where NBER directly pays a University academic staff member or student. Direct payments may include salary, consulting payments or lump sum payments.

Income-producing outside activities with NBER fall into two categories:

1. **Administrative:** This includes paid service on advisory boards, leadership of the NBER or its divisions, other administrative and advisory roles. This activity will be considered to be non-research activity. As such, it will be subject to the *Policy's* guidelines for non-university income producing outside activity and subject to UEO approval.
2. **Research:** This includes serving as a principal investigator, co-investigator or collaborator on sponsored research projects of which NBER is the prime institution. It includes paid collaboration with NBER on other research projects. It may also include situations where NBER pays a researcher a lump sum in return for producing a scholarly publication, editing a volume of scholarly publications, etc. This activity will be considered to be research or scholarly activity.

C. Managing Apparent Conflicts of Interest Associated with Direct Payments by NBER to Academic Staff and Students

In order to manage the apparent conflicts of interest associated with direct payments by NBER to academic staff, the following measures will be taken.

1. **Disclosure:** All income-producing outside activities of academic staff with NBER, whether non-research or research in nature, must be disclosed and approval requested by means of an updated *Report of Non-University Activities (RNUA)*. This report is submitted to the UEO, and is intended to allow the UEO to provide oversight of NBER relationships and ensure that non-research activities are identified and reviewed.
 - a. Student involvement in income-producing outside activities should be disclosed in the RNUA.
 - b. Any use of University resources in the course of income-producing outside activities should be disclosed in the RNUA in detail (See C.2.b below).
2. **Approval:** The UEO may choose to approve the income-producing outside activity, whether a research/scholarly activity or a non-research activity, provided that it does not create an unmanageable conflict of commitment or interest.
 - a. **Student Oversight:** Departmental oversight will be implemented when students are directly compensated by NBER or otherwise involved in projects where faculty are compensated directly by NBER.
 - b. **Approval of Use of University Resources:** In recognition of the benefit of working with the NBER to produce reports, studies, etc., the UEO may approve

the use of reasonable and customary University resources when NBER is paying an academic staff member or student directly to participate in research. In this context, reasonable and customary resources will include use of University email, telecommunications, University desktop or laptop computer, and University office space. Such approval should be explicit and made in response to disclosure of the income-producing outside activity in the individual's *Report of Non-University Activities*.

NBER will be expected to cover the cost of departmental resources on NBER-funded projects beyond what is "reasonable and customary."

3. **Recusal:** Academic staff members who receive direct payments from NBER should recuse themselves from the review of grants and contracts involving NBER, as well as the review of disclosures of non-university income producing outside activities with NBER.
4. **Limits on Student Employment:** University of Illinois students who are compensated directly by NBER are subject to any limitations placed by the University on student outside employment.
5. **Tuition Waivers:** Tuition waivers will not automatically be generated for students who are compensated directly by the NBER. Tuition waivers may be granted to these students at the discretion of the academic unit, subject to University policy.

NBER Background and Activities Information provided by Alterra Milone.

Founded in 1920, the National Bureau of Economic Research is a private, nonprofit, nonpartisan research organization dedicated to promoting a greater understanding of how the economy works. The NBER is committed to undertaking and disseminating unbiased economic research among public policymakers, business professionals, and the academic community.

The NBER is the nation's leading nonprofit economic research organization. Eighteen of the 33 American Nobel Prize winners in Economics and six of the past Chairmen of the President's Council of Economic Advisers have been researchers at the NBER. The more than 1,100 professors of economics and business now teaching at colleges and universities in North America who are NBER researchers are the leading scholars in their fields. These Bureau associates concentrate on four types of empirical research: developing new statistical measurements, estimating quantitative models of economic behavior, assessing the economic effects of public policies, and projecting the effects of alternative policy proposals.

The NBER's research activities are mostly identified by 19 research programs on different subjects and 14 working groups. The research programs are: Aging, Asset Pricing, Children, Corporate Finance, Development of the American Economy, Economics of Education, Economics of Fluctuation Growth, Energy and the Environment, Health Care, Health Economics, Industrial Organization, International Finance and Macroeconomics, International Trade and Investment, Labor Studies, Law and Economics, Monetary Economics, Political Economy, Productivity, and Public Economics.

An invitation to become an associate of the NBER is a prestigious distinction. NBER associates are selected through a vigorous nomination process. Nominations for Faculty Research Fellows, typically junior faculty, are solicited from current family members and the department heads of the top research universities. Candidates are nominated for inclusion in a particular program, whose Program Director, may select up to three candidates per year for addition to the NBER “family.” The Program Directors selections are reviewed and approved by the NBER’s President. Nominations for Research Associates, senior level academics, come from current NBER members and must be further approved by the Board of Directors. Research Associates are appointed to the NBER as long as they are affiliated with a North American academic institution.

Membership in the NBER offers a number of benefits to academic economists. Primarily, it offers them access to a group of top researchers in their field of interest. This is particularly beneficial to those academics from smaller colleges and universities who may have only one or two colleagues in their field to interact with on a daily basis. Other benefits include:

Program Meetings

Each program meets two to three times annually, including once at the NBER’s Summer Institute. At these meetings program members present and discuss their current research. Associates are able to present their work in progress to the top academic economists in their field and are exposed to cutting edge research and methods.

Summer Institute

The National Bureau of Economic Research has held a Summer Institute since 1979. This academic meeting brings together economists from universities, government agencies, and international organizations for interaction ranging from one or two days to several weeks of seminars, workshops, conferences, and cooperative research.

The Summer Institute provides a unique opportunity for economists to meet and work closely with others in their field, and particularly in their focused area of specialization. Many annual conferences that permit researchers a few hours in which to exchange ideas, but NBER’s Summer Institute goes beyond that. The sessions last long enough to allow serious collaboration, or to plant the seeds for collaboration, among economists from many different institutions. In addition to the more formal interactions among participants at the many Summer Institute sessions, there are also opportunities for cross-fertilization of ideas through distribution of research papers, advertising of meetings to interested researchers in other fields of economics, and provision of an atmosphere that is conducive to research. While there are many presentations of work that is nearly completed, the Summer Institute emphasizes a “workshop” atmosphere where new ideas and considerations are raised, preliminary research agendas are developed, and plans for joint or coordinated research are established.

In recent years, the NBER has opened attendance to the Summer Institute to graduate students nominated by the faculty advisors. This is a highly coveted opportunity for graduate students to gain access to cutting edge research and to see their profession in practice.

The NBER offers a “Methods” lecture series during the Summer Institute. The series was inaugurated during the 2007 Summer Institute, with a three-day mini-course titled “What’s New in Econometrics.” The course was intended to update researchers on the latest techniques in econometrics, and it focused on cross-section and panel data methods. In subsequent years, the series has included time –series econometrics, an introduction to field experiments and financial econometrics. Attendance at the lectures is open to NBER associates and their graduate students.

Data Resources and IT Services

The NBER maintains an extensive collection of machine readable data, much of which is available through our web site at www.nber.org/data. Of particular note are historical CPS, SIPP, patent and vital statistics data, which are not widely available, but there are many other files as well. Some data files are not available for sharing on the web site, but are available to those with an account on our internal Unix system. The NBER has a full-time data librarian to assist associates with finding data and using data with SAS, SPSS, UNIX, or Perl, etc. Associates research assistants are also given access to these resources for joint projects or thesis work.

The NBER has the capability to manage confidential data for its researchers and their students. The Census Bureau’s Boston Research Data Center is housed at the NBER office in Cambridge. The NBER maintains a unique set of CMS data and has been approved by both TransUnion and Equifax to receive their data for research purposes. The NBER Research management team and IT services work with associates and their students to review and/or negotiate confidential data agreements, develop plans for compliance with data providers specific wishes, manage access to confidential data and track the data through the life of a project.

Associates may also post data sets they create through NBER sponsored or other research projects on the NBER web site. This can satisfy the requirements of many funding agencies that data created from sponsored projects be publicly available.

The NBER has a dedicated air conditioned server room in which there is a secured network of servers. A cluster of SUN Sparc servers running on 64-bit Solaris operating system and multi-processor PCs with up to 56GB RAM running on 64-bit Linux operating system are dedicated for research and computing. Servers running on FreeBSD are set up for web, email, DNS, DHCP, services. In addition there are centralized disk storage servers, including NetApp NAS appliances with many TeraBytes of storage space. NBER also provides software for statistical computing, such as stata, sas, gauss, and matlab. There is a facility for onsite and offsite backups. All program investigators have continual access to these facilities, either directly at the NBER offices, or through networked communications at remote university locations. Their research assistants are also given access to the system.

Research Projects

The NBER offers associates specialized sponsored research project support. All associates are eligible for principal investigator status at the NBER. The NBER has a team of grants administrators to support research projects from proposal development through close-out. The NBER maintains an Institutional Review Board for projects involving human subjects.

Most associates support their graduate student research assistants with grant funds at the NBER. Their students work alongside the associates much as they would at their home institution. Working as a research assistant enhances the educational experience of the student, helping them to apply the skills they learn in the classroom. Most colleges and universities expect or even require their students to participate in faculty research projects.

Many associates also employ post-baccalaureate research assistants full-time to work on their research projects. Research assistants conduct literature reviews, statistical programming or analysis or draft research papers and reports. Research assistants have access to all of the NBER's resources.

Grant funded research projects result in the creation of data sets and the writing of academic papers that further economic research and inform public policy makers, and the business and academic communities.

Working Papers

NBER affiliates may submit unpublished papers to the NBER's renowned Working Paper Series. All working papers are also included in the NBER's "New This Week" announcement. Working papers are transmitted to all of the Research Associates and Faculty Research Fellows in the authors' program as well as to our more than 1300 subscribers. Associates may post their papers on their own websites or include them in their department or university's working paper series.

Office space is available to all NBER associates for short- or long-term visits. Carrel space is also available to associates' research assistants.