

Report on Research Compliance Volume 17, Number 6. May 21, 2020 RRC E-Alerts: May 14, 2020

By Theresa Defino

Penn State, Rice University Settle False Claims Act Allegations

Pennsylvania State University (PSU) agreed to pay the federal government \$151,000 to settle allegations that it violated the False Claims Act (FCA) by making “mischarges to various grants and contracts from the National Science Foundation [NSF], the Department of the Navy, the National Aeronautics and Space Administration, and the Air Force,” the U.S. Attorney’s Office for the Middle District of Pennsylvania announced May 11. “The grants and contracts were awarded to Penn State in 2012–2017 and the isolated alleged mischarges identified occurred in 2013–2016,” the office said. PSU did not admit liability and cooperated with the investigation, and “implemented policy changes to prevent mischarges in the future.”

The government’s announcement contained no other details, such as what the alleged mischarges were for or how the repayment amount was calculated. PSU would not answer any questions from RRC, but provided a statement repeating the gist of the government’s announcement. “We are committed to being careful stewards of government funding in managing our grants and contracts processes,” the PSU statement also said.

PSU’s agreement comes on the heels of a recent \$3.75 million FCA settlement involving Rice University that included more specifics. The U.S. Attorney’s Office for the Southern District of Texas alleged Rice “budgeted for graduate student stipends in its research grant proposals but then used a portion of the money to pay the students to perform teaching duties unrelated to the NSF awards.” According to the government, from November 2006 through September 2018, “Rice knowingly engaged in a pattern and practice of improperly charging graduate students’ stipends, tuition remission and related facilities and administrative charges to NSF awards. These charges were actually used in part for time the graduate students spent performing teaching duties unrelated to Rice’s NSF research and development awards.” The payment of \$3,754,186 is “double the loss to the United States,” the government alleged. However, Rice said in a statement to RRC that it “strongly believes it complied with the law” and agreed to the settlement “to avoid the delay, uncertainty, inconvenience and expense of protracted litigation with the federal government.” Like PSU, Rice officials would not comment beyond their statement.

[Link to PSU settlement announcement](#)

[Link to Rice University settlement announcement](#)

This document is only available to subscribers. Please log in or purchase access.

[Purchase Login](#)