

Haskins Update: May 11, 2023

Philip Rubin, Susan Brady, and Vince Gracco

Haskins Laboratories is presently in a unique transition period. Much has happened during the past year: at this juncture, we want to share information about what has occurred and where we are now. Fortunately, we can say that the research efforts of the lab scientists have continued throughout this period and that the future is much more secure than when this saga began.

Over the last seven years, it has been increasingly clear that the financial model that Haskins has relied upon since the 1970s was becoming unsustainable. That model depended, in the main, on Haskins' operating income coming from the *Facilities & Administration (F&A) funds* associated with federal grants. These funds provide lab and office space for the research staff, the overhead associated with research administration, as well as any other expenses necessary for the research operation of the organization. For most of the last 50 years, the operating funds were obtained through awards from NIH and NSF. In more recent years, recognizing the potential drawbacks of relying solely on federal funding, Haskins diversified its research portfolio to include research contracts and awards from non-governmental agencies and private foundations, despite the reality that the associated F&A funds are generally less than those provided by federal agencies. Moreover, with a fixed footprint of research space at 300 George Street, yearly fluctuations in grant overhead placed undue pressure on our ability to cover our facility expenses.

However, even with this diversification, the ability to grow or even maintain the research activities at Haskins was being challenged by multiple factors. For decades, most Haskins scientists have had their primary academic appointments at other institutions, yet many of their grants were submitted through Haskins, with the operating funds going to Haskins to support the shared infrastructure. Increasingly, university administrators maintained that their institutions, not Haskins, should receive the operating funds. Cost sharing between the institutions was tried for a while, but the writing was on the wall -- income to support operating expenses was not sufficient to sustain the current level of research activities, nor to bring new researchers to Haskins. Other factors contributed to a bleak monetary forecast, including the diminishing funding rate at NIH, shifts in the types of grants available (from program projects to individual R01s), increasing rent and other operating costs, as well as a very limited endowment. A further concern was a graying scientific workforce that could not easily be replaced because tenure, startup funds, and bridge funds could not be directly provided by Haskins to incoming researchers. Over time, these problems had led to staff reductions along with serious discussions about the need to establish stronger connections with various universities.

The impact of Covid, starting in March 2020, compounded the issues because it significantly impaired the ability to conduct research at Haskins for an extended period of time. As for many universities and health centers around the country, bottom lines were negatively affected. Yet, even prior to the effects of Covid, the Haskins team had begun discussions with Linda Mayes, Director of the Child Study Center (CSC) at the Yale School of Medicine, about the possibility of researchers at Haskins becoming a part of the CSC. Throughout Covid, conversations continued about potential academic, financial, and human resource options.

Early in 2022, the situation changed drastically. The Board, President and Director of Research Ken Pugh, and senior lab leadership found out that our financial picture was worse than had been reported to them, despite annual audits required by our 501(c)(3) non-profit status. The Board

then hired a law firm and had a forensic audit conducted to determine how this apparently sudden turn of events could have been missed by standard financial practices. The conclusion was that no criminal activity had occurred and that the reports by the auditors had been accurate. However, it also was discovered that sobering results of the audits from a number of recent years had not been relayed accurately to the Board, Ken Pugh, or senior lab leaders. Further, some grant funds had been tapped inappropriately, necessitating a detailed reconciliation process. In brief, our financial position was in dire straits, and it became clear that Haskins could not continue with 'business as usual'. The budgetary problems were so extensive that our viability as an organization was at risk. There would have to be a marked change for scientists to be able to maintain the world-class research that has been the hallmark of Haskins for the last 80 years.

A working team comprising Sheila Blumstein (then Chair of the Board), Michael Almond (then Treasurer of the Board), and Vince Gracco (the VP of Scientific Operations) strove to stabilize and mitigate the budget issues, assumed the day-to-day business management of the Laboratories, and kept the Board informed on a weekly basis. In addition, along with Ken Pugh and Richard Aslin (Senior Advisor), the dialogue with Yale was continued regarding the potential of our becoming a part of the larger Yale community. To deal with the shortfall, we needed to further reduce staff and to use most of our limited endowment to secure our financial situation. We were fortunate to recruit an interim CFO, working pro bono for a month during the spring of 2022, to help with the administrative aspects of the operation. The remaining staff members, Lisa Fresa (Financial Assistant) and Tammy Ursini (Office Manager), doubled up on their efforts to substantially offset the loss of staff and provided invaluable assistance to the daily operations during 2022 and into 2023. During this time, the monetary problems were further reduced by a short-term fundraising campaign led by Board member Philip Rubin that, thanks to the wonderful generosity of many on the Board and in the broader Haskins community, raised over \$220,000. These various efforts resulted in a more manageable budgetary picture in the short-term. Nonetheless, the critical need for Haskins to change its financial model going forward was apparent because the projected expenses exceeded our incoming overhead from grants.

On January 1, 2023, Sheila Blumstein's and Michael Almond's terms on the Board ended. Philip Rubin took over as Chair of the Board, Susan Brady became Treasurer of the Board, and Vince Gracco remained on the team to oversee next steps for Haskins. These three have met regularly since then to review and guide both financial and administrative matters. As of now, some things have changed, and some remain the same. All principal investigators, their RAs, and postdocs have received appointments elsewhere and their grants have been transferred with them. Most are now at the Yale Child Study Center; additional Haskins people are either in other departments at Yale, still have full-time faculty appointments at the University of Connecticut (UConn) or are at other universities. As noted, their research has carried on and those who have been at 300 George Street, Suite 900 will remain there, with Yale University now holding the lease for the space. Thus, when visitors come to this location, they will not see much change: the research teams will be there along with their special laboratory facilities such as the anechoic chamber and recording studios, the EEG and physiology lab suites, and the child language laboratory rooms. In addition, the pattern playback speech synthesizer remains in its specially vented room.

As we look to the future, there are additional developments and initiatives that are under discussion including:

- a) The internal organization of the old Haskins team now a part of the Child Study Center, tentatively to be called the *Yale Child Study Center Language Sciences Consortium* (informally: “the Haskins Group”).
- b) Development of joint research ventures between Yale and UConn, such as the *Global Literacy Hub Initiative*.
- c) Future partnerships with UConn (“*Haskins Collaboratories*”), where many scientists remain, as well as with other scientists all over the world; and
- d) The possibilities of several new initiatives, including establishing an independent *Haskins Society of Scholars* as well as a *Haskins Legacy* web presence.

It is expected that within the year the entity Haskins Laboratories, Inc. will be legally dissolved, at which point the current Board will cease to function. As part of the formal dissolution process, Haskins’ restricted funds must be transferred to one or more other 501(c)(3) organizations including *The Haskins Rebecca L. Sandak Young Investigator Award*, *The Haskins Liberman Fund*, and *The Haskins Cathe Browman Fund for Exploration*. Arrangements are in progress to transfer these funds to the *Society for the Scientific Study of Reading* (SSSR). In addition, notices and distributions regarding benefits programs for former employees are being finalized. The status of lab affiliates and emeriti individuals is under discussion, and we will follow up with information/recommendations about this before the lab formally dissolves.

In summary: *The work of Haskins Labs has continued; everyone has landed well – new appointments have been made and all grants have been transferred. The future now is more secure and the opportunities for growth are numerous.*

Philip Rubin, Chair of the Board, and CEO Emeritus, Haskins Laboratories

Susan Brady, Treasurer of the Board, Haskins Laboratories and Professor Emerita of Psychology, University of Rhode Island

Vincent Gracco, Vice President of Scientific Operations, Haskins Laboratories and Assistant Professor Adjunct in the Child Study Center, Yale School of Medicine