

Costing Policies Outlook for 2012:
Will Implementation of A-21 Policy Changes
Carry the Year?

***Direct Charging of Costs Associated with
Project Management Activities***

COUNCIL ON GOVERNMENTAL RELATIONS
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Agenda

- COGR's Position
 - Group A: Clarification or Modification of Existing Regulations to Enhance Faculty Productivity and Administrative Efficiency
 - *A2) Allow the direct charging of costs associated with Project Management Activities when those activities can be specifically identified with an individual project.*
- Duke University Response
- Next Steps

COGR's Position

- **Recommendation A2): Allow the direct charging of costs associated with Project Management Activities when those activities can be specifically identified to an individual project.**
 - **Proposed Actions:**
 - 1) OMB should write a “Memorandum to Agency Heads, Representatives from the Regulatory and Audit Community, and Research Universities and Institutions” that states project management activities are allowable as direct costs on sponsored programs, effective October 1, 2011.
 - 2) OMB and other applicable Federal agencies should work with Research Universities and institutions to implement the proposed changes to Section F.6.b and other related sections of Circular A-21.
 - 3) The audit and the F&A rate negotiation communities should be directed by OMB to utilize the proposed changes to section F.6.b and the other related sections of Circular A-21 as the sole basis for determining institutional compliance with the federal costing principles

COGR's Position - Rationale

- Current Methodology is Outdated
 - Guidance related to clerical and administrative charging was developed over two decades ago and was generally focused on “secretarial activities” that supported multiple institutional activities and could not readily be allocated to a specific project.
 - Often interpreted to prohibit the direct charge of other allocable compliance and project administration activities that have grown exponentially over the past twenty years.
- Recommendation Recognizes Regulatory Environment Change
 - Recognize the nature of research activities in the 21st century and acknowledge that investigators require project management support to successfully navigate those rules, regulations, & reporting requirements that were not required when Circular A-21 was written.
 - These “project management activities” can be specifically identified to individual projects, are allocable to projects based on proportional benefit, and should be allowed as a direct charge.
 - Activities include: Project-specific protocol and compliance support, purchasing activities, recruitment and hiring of staff, travel arrangements, etc.
- Burden Relief
 - Addresses the “Burden” identified in the 2007 FDP Burden Survey
 - 42% of Federal research activity was devoted to pre and post-award administrative activities
- Outcome
 - There would be a favorable net impact on research for faculty who now spend significant portions of their time conducting administrative requirements.

The proposed changes would acknowledge the expansion of these project-specific activities and would result in a significant contribution to the reduction of faculty administrative burden.

COGR's Position

Proposed Deletions and Additions to Circular A-21

- Goals of the proposed changes are
 1. Enhance faculty productivity and reduce the administrative burden on faculty by allowing the direct charging of costs associated with Project Management Activities,
 2. Maintain the important accountability standard of treating “like costs” in a consistent manner,
 3. Recognize that the criteria and administrative systems used to account for “like costs” are unique to each institution, and consequently, methodologies for recovering F&A costs should not be prescriptive,
 4. Eliminate references to specific items of cost and to eliminate terminology that is overly prescriptive, and
 5. Make other changes that clarify the allowability and allocability of costs related to project activities.

Emphasizes Rationale

Recognizes Consistency

Emphasizes Need For Flexibility

COGR's Position

Proposed Deletions and Additions to Circular A-21

- J.10.a. General.
 - ...include reasonable amounts for...developing and maintaining compliance activities, assurances, and protocols (e.g., humans, animals, substances/chemicals, stem cells, etc.), project specific data and image management and security, ...
- F.6.b and Exhibit C.
 - For example, salaries of technical staff, project management support activities, laboratory supplies... shall be treated as direct cost wherever identifiable to a particular cost objective....
- F.6.b(2)
 - Removed “Major Project” and “explicitly budget” reference
 - Changed “admin and clerical staff” to “admin and clerical activities”
- Exhibit C
 - Removed “Major Project” reference

Duke University Response

- Proposed Action:
 - Communicate to the grant community that project management support activities are an allowable direct expense when those activities can be specifically identified to an individual project.
- Rationale:
 - Acknowledge the changing dynamic of project support function.
 - New profession of research support staff
 - Individuals with professional credentials, standards and body of knowledge
 - Relieve faculty of burdensome compliance and financial management duties
 - Classify project management activities as a direct costs, when specifically identified to a project
 - Allowable activities are often currently performed by researchers, or possibly by students and post doctoral fellows, pulling these research personnel away from their research responsibilities.
- Burden / Cost:
 - President Brodhead: “The School of Medicine has calculated that its costs for research compliance and quality assurance have increased approximately \$10 million over the past 10 years. This expense adds to the larger institutional burden for research support – estimated at close to \$100 million for Duke University in total.”

Next Steps

- ~~When~~ If Approved, Next Steps
 - Create clear job titles and competencies for “Project Management Support” (not required)
 - Develop policy/procedure/guidelines/examples/training to
 - Differentiate Project Mngt Support vs. typical clerical and admin vs. Technical
 - Address consistency issues in other cost pools (e.g. Instruction)
 - Develop proposal and documentation standards
 - Tied to aims
 - In budget (?)
 - Evaluate Options
 - Direct Charge (or Service Center?)
 - Consider Implementation Issues:
 - Needs to be specifically identifiable
 - PI pushback related to budget
 - Tracking and allocating small levels of effort
 - Technical activity vs. Project Mngt Support vs. Clerical/Admin
 - “Significantly greater than the routine level”

- Key Issue: Policy and Auditor Alignment

Questions

End of Presentation

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