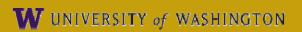


An Example of a Good and Healthy F&A Rate Negotiation

University of Washington FY 2008 Base Year Negotiation

Susan D. Camber
Associate Vice President

Financial Management University of Washington



Some Background

Last base year:

FY 2008

Last rate negotiation:

Fall 2010

Cognizant Office/Lead Negotiator:

DCA – San Francisco/Janet Turner

On-campus OR Rate:

- Avg Proposed = 55.8% (including projections)
- Actual Negotiation:
 - FY 2010-2012 = 54.0%
 - FY 2013-2014 = 54.5%

Summary of DCA's Proposed Adjustments

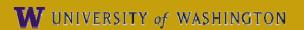
UW *conceded* or partially conceded:

- .4 pts library depreciation on books and journals
- <u>.7 pts</u> reduction of FTE in library allocation stat

UW <u>did not concede</u>:

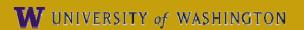
 <u>.9 pts</u> – challenged reasonableness of building component useful lives.

Note: No space adjustment!



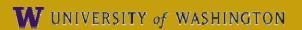
Success Factors – UW's Contribution

- Thorough planning and implementation throughout the entire process
- Carefully managed interactions and communications with DCA throughout
 - Initial planning and extension requests
 - Proposal package -- follow the standard package!
 - Data requests and space reviews
- Maintained good working relationships with DCA San Francisco
- Most importantly, submitted a strong, defensible proposal!



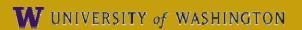
Success Factors – DCA's Contribution

- Very seasoned, experienced senior negotiator with authority to make key decisions
- Maintained open dialogue throughout the negotiation process
- Maintained good working relationships with UW staff
- Negotiation process was transparent
- Most importantly, based their offer on our numbers -no arbitrary adjustments



Improving the Process: What Would Make This Better for UW?

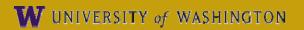
- Consistent approach across all DCA offices on key proposal methodologies (e.g., component useful lives)
- Negotiate within 6 months of proposal submission
- Provide proposed adjustments in advance of negotiation and in a standard format with appropriate documentation



Improving the Process – What Would Make This Better for Everyone?

- Strong central leadership at DCA to resolve differences:
 - Among DCA regions
 - During individual negotiations
- Clear and realistic appeal process
- Periodic consultation with DCA, ONR, OMB, and the university community

Organized Research Rate:	New Negotiated Rates (FY 2010-2014)	Previously Negotiated Rates (FY 2005-2009)
On-campus	54% FY 2010-2012 54.5% FY 2013-2014	55.5% FY 2005-2007 56% FY 2008-2009
Off-campus	26%	26%
South Lake Union	66% FY 2010; 68% FY 2011; 72% FY 2012; 73% FY 2013; 74% FY 2014	66%
Regional Primate Center	42% (A)/ 78% (A+B)/ 83% (A+B+C)	44% (A)/ 75% (A+B)
Applied Physics Lab	17%	17%
Other Sponsored Activity	33.8% (on-campus) 26% (off-campus)	n/a
Vessel	25% (S&W)	25% (S&W)
Instruction	53.0% (on-campus) 26% (off-campus)	58% (on-campus) 26% (off-campus)



Questions