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# Costing Policies Committee Update – F&A

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COGR MEETING

JUNE 4, 2015



# Recent Developments on F&A Related Issues under UG

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- Utility Cost Adjustment
  - Timeline
  - UCA Factor Currently at 2.0
  - One Approach to Support the UCA
- Disclosure Statement (DS-2)
- Treatment of Tuition Benefits for Employees

# Utility Cost Adjustment

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## ■ Timeline

- For IHE's currently receiving the 1.3% UCA under OMB Circular A-21:
  - Retain the 1.3% for FY2014 and FY2015 F&A rate proposals
  - Must propose the UCA using the new methodology beginning in FY2016 and beyond
  
- For IHE's NOT currently receiving the 1.3% UCA under OMB Circular A-21:
  - May begin proposing the UCA for F&A rate proposals beginning with FY2014 and beyond

# Utility Cost Adjustment

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- UCA Factor/Index Currently at 2.0

- Appendix III, B.4.c.A-B provides a description of the calculation of the factor or index:

- A. *This index is the ratio of a laboratory energy use index (lab EUI) to the corresponding index for overall average college or university space (college EUI).*
    - B. *In July 2012, values for these two indices (taken respectively from the Lawrence Berkeley Laboratory “Labs for the 21st Century” benchmarking tool <http://labs21benchmarking.lbl.gov/CompareData.php> and the US Department of Energy “Buildings Energy Databook” and <http://buildingsdatabook.eren.doe.gov/CBECS.aspx>) were 310 kBtu/sq ft-yr. and 155 kBtu/sq ft-yr., so that the adjustment ratio is 2.0 by this methodology. To retain currency, OMB will adjust the EUI numbers from time to time (no more often than annually nor less often than every 5 years), using reliable and publicly disclosed data. Current values of both the EUIs and the REUI will be posted on the OMB Web site.*

- COGR has begun an assessment to validate the calculation of the factor

- Very preliminary indications reflect the factor should be around 3.0, but more work to be done

- Engineering Perspective
    - Institutional Perspective

# Utility Cost Adjustment

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- One approach to support the UCA
  - Focus group developed based on a few models
  - PRO: Hope would be to get government buy in for acceptance in negotiations
  - CON: Potential loss of flexibility
  - Open discussion – Is this of value to the membership?

# Disclosure Statement (DS-2)

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- COGR is pursuing a clarification that states:
  - *“Changes to a cost accounting practice that comply with the Uniform Guidance do not require approval.”*
- Timeline
  - CASB has not yet finalized and published the DS-2 form. Until then, an IHE that is required to file a DS-2 according to the triggers in FAQ .110-3 can either:
    - Complete the current DS-2 form, but annotate those sections of the DS-2 that are changed (mark as “See continuation sheet”) and describe the change in the Continuation Sheet
    - Describe the changed accounting practices in the cover letter or separate document in the F&A proposal package identifying the affected sections of the DS-2
  - Once the revised DS-2 form has been published, any IHE that has completed such filings according to the triggers in FAQ .110-3 shall complete and file a revised DS-2 within 90 days.

# Treatment of Tuition Benefits for Employees

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- 200.431(j)(3) added the following language in the UG

*(3) IHEs may offer employees tuition waivers or tuition reductions for undergraduate education under IRC Section 117(d) as amended, provided that the benefit does not discriminate in favor of highly compensated employees. **Federal reimbursement of tuition or remission of tuition is also limited to the institution for which the employee works.** See §200.466 Scholarships and student aid costs, for treatment of tuition remission provided to students.*
- Proposed Uniform Guidance (February 1, 2013) did not include this text, so IHE's could not provide a formal comment on this issue
- COGR pushing for correction/clarification to § 200.431(j) that tuition reductions or waivers are allowable to employees for both undergraduate and graduate education, without a restriction on the institution where the employee uses these tuition reductions or waivers.



# F&A Negotiation Experience

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- We need your feedback!
- Form is being developed
  - Data gathered includes specific questions related to F&A negotiation or extension experiences
  - Your comments/feedback are welcome