

## **Facilities and Administrative Costs and Research Regulatory Reform**

- Research institutions and academic medical centers appreciate the administration's efforts to reduce ineffective federal regulations and requirements and look forward to working with federal agencies to ensure efficient use of research funds. It is important to note that reducing research regulatory burden cannot be tied to short-term reductions in facilities and administrative (F&A) costs on grants. First, it would take several years for reform efforts to make their way through the regulatory and implementation process and for associated reductions in workload and cost to be realized. Second, with few exceptions, research universities have exceeded the 26% cap on administrative costs implemented in 1991, some by as much as 5-6 percentage points, and a number of regulations and policies that have not yet reached their effective date are expected to introduce additional administrative burden and unreimbursed costs. Lastly, administrative burden on faculty, the focus of most reports, does not necessarily track with costs. A significant driver of costs is the need to track expenditures on individual federal awards to the penny. Absent major changes to grants management that largely eliminate financial tracking in favor of research outcomes, cost reduction is likely to be limited.
- Concerns about the growth and impact of federal research regulations and reporting requirements have been raised in a number of reports over the years, among them, the 1999 [NIH Initiative to Reduce Regulatory Burden](#); 2005 and 2012 Federal Demonstration Partnership [Faculty Workload Survey Reports](#); the 2012 National Academies report [Research Universities and the Future of America](#); the 2014 National Science Board report [Reducing Investigators' Administrative Workload for Federally Funded Research](#); the 2016 National Academies report [Optimizing the Nation's Investment in Academic Research](#); and the 2016 Government Accountability Office report [Federal Research Grants: Opportunities Remain for Agencies to Streamline Administrative Requirements](#). Several of these reports were requested by Congress, but to date few if any of the recommendations contained in these reports have been implemented and the number of new federal regulations, policies and reporting requirements continues to [grow](#).
- Recent legislation, including section 2034 of the [21st Century Cures Act](#) (Cures Act), *Reducing Administrative Burden for Researchers*, which incorporates a number of recommendations from the National Academies and other reports, and section 201 of the [American Innovation and Competitiveness Act](#), *Interagency Working Group on Research Regulation*, may provide opportunities for reform. The Cures Act establishes a Research Policy Board charged with coordinating and improving federal regulations and policies and conducting an ongoing assessment of regulatory burden. Prompt implementation of the Research Policy Board, with active participation from research-intensive universities and a commitment to address all aspects of regulatory burden, could have an impact on the cost of research infrastructure at institutions. Regulatory reform efforts under Executive Orders 13771 and 13777 could also have an impact.
- By implementing recommended reforms, federal agencies would reduce the amount of time investigators, and agency and university staff, spend on administration, increasing efficiencies in the use of federal research dollars and focusing investigators' time on the conduct of research. Further, if a very aggressive regulatory reform effort were to take place that would dramatically alter how federal research awards are managed and monitored, with a focus on outcomes rather than administrative metrics and complex reporting requirements, negotiated F&A rates, which are based on actual costs, may have the potential to decline over a period of several years. Research institutions and academic medical centers would welcome further discussion on reimagining grants administration.