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Arbitrary Agency Policies

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COUNCIL ON GOVERNMENTAL RELATIONS

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September 8, 2011

Mr. Gilbert Tran
Office of Federal Financial Management
Office of Management and Budget
725 17th Street, NW
Washington, D.C. 20503

Dear Mr. Tran,

Thank you for your ongoing commitment to addressing the financial and regulatory concerns of the research community. The Council on Governmental Relations (COGR) looks forward to working with OMB and the A-21 Task Force as you tackle the recommendations made in response to the RFI: Input on Reduction of Cost and Burden Associated with Federal Cost Principles for Educational Institutions (OMB Circular A-21).

We are optimistic that these two COGR Recommendations will be addressed:

> Recommendation B1): The Negotiated F&A Rate should be reimbursed by all Federal funding agencies on all Federally-sponsored research, service and educational programs, unless statutorily prohibited.
>
> Recommendation B3): Prohibit Voluntary Committed Cost Sharing on all Federally-sponsored research, service, and educational programs.

To support these Recommendations, we have accumulated examples where agencies have either capped F&A reimbursement, provided "vague" requests for cost sharing, or have promoted voluntary cost sharing that effectively creates financial challenges for colleges and universities. In a number of correspondences that we have had with you, you have requested that we share examples. The list below represents new examples from just this Summer, alone.

- NSF – Innovation Corps (I-Corps). F&A capped at 10%.
- HUD, Office of Sustainable Housing and Communities – FY2011 Community Challenge Planning Grant Program. Additional points awarded for additional cost sharing.
- USDA, National Institute of Food and Agriculture – People's Garden Grant Program. Institutions are encouraged to cost share by limiting F&A to 10%.
- NASA – New (Early Career) Investigator Program in Earth Science. NASA strongly encourages, but does not require, that the submitting institution contribute to the cost of the project.

- NIH – Director's Early Independence Awards. F&A costs to be determined at the time of the award.

- DHHS, Administration for Children and Families – Early Head Start University Partnership Grants. The applicant institution is encouraged to waive indirect costs.

- CDC, National Center for Injury Prevention and Control – Grants for Injury Control Research Centers. This FOA does not require cost sharing; however, cost sharing is encouraged.

- EPA – Cooperative Training Partnership in Environmental Sciences Research Awards. Institutional cost sharing is not required; however, if voluntary cost sharing is proposed, it should be added to the budget justification.

- Department of Education, International and Foreign Language Education – International Research and Studies Program. Letter to institution requesting that a lower F&A rate be negotiated.

- USDA, Rural Development – Energy Audit and Renewable Energy Assistance Program. Additional points awarded for additional cost sharing.

- USDA, Rural Utilities Service – Rural Energy for America Program. F&A capped at 5% and additional points awarded if entire F&A amount is waived.

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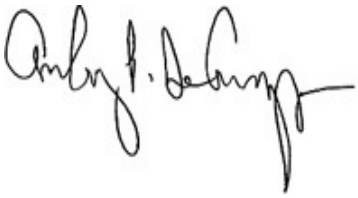
We will continue to forward similar examples to you. However, we are most interested in an OMB plan that would implement the Recommendations proposed by COGR. Thank you again for your consideration, and we look forward to working with you on this issue.

Sincerely,



Anthony P. DeCrappeo
President, COGR

Cc: Danny Werfel, Controller, Office of Federal Financial Management