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

University of Washington
FY 2008 Base Year Negotiation

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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
- **.7 pts** – reduction of FTE in library allocation stat

UW *did not concede*:

- **.9 pts** – 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
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<tbody>
<tr>
<td>On-campus</td>
<td>54% -- FY 2010-2012 54.5% -- FY 2013-2014</td>
<td>55.5% -- FY 2005-2007 56% -- FY 2008-2009</td>
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<tr>
<td>Off-campus</td>
<td>26%</td>
<td>26%</td>
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<tr>
<td>South Lake Union</td>
<td>66% -- FY 2010; 68% FY 2011; 72% -- FY 2012; 73% -- FY 2013; 74% -- FY 2014</td>
<td>66%</td>
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<tr>
<td>Regional Primate Center</td>
<td>42% (A)/ 78% (A+B)/ 83% (A+B+C)</td>
<td>44% (A)/ 75% (A+B)</td>
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<tr>
<td>Applied Physics Lab</td>
<td>17%</td>
<td>17%</td>
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<tr>
<td>Other Sponsored Activity</td>
<td>33.8% (on-campus) 26% (off-campus)</td>
<td>n/a</td>
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<tr>
<td>Vessel</td>
<td>25% (S&amp;W)</td>
<td>25% (S&amp;W)</td>
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<tr>
<td>Instruction</td>
<td>53.0% (on-campus) 26% (off-campus)</td>
<td>58% (on-campus) 26% (off-campus)</td>
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Questions