COGR

Council On Governmental Relations

Costing and Financial Compliance FAQs
May 28, 2020 VERSION (Release 3)

NOTE: These Costing FAQs are current as of May 28, 2020. FAQs 1 thru 10 were released on April 9. FAQs 11 thru 20 were released on May 1. FAQs 21 thru 26 were released on May 28. These will be updated, as needed, on a regular basis.

***Costing FAQ 1:* What does the OMB guidance provide?**

The OMB guidance sets the stage for temporary administrative relief to recipients and applicants of federal financial assistance (grants and cooperative agreements), during the Novel Coronavirus (COVID-19). The guidance is included in OMB Memorandums M-20-11 (March 9, 2020) and M-20-17 (March 19, 2020). The M-20-17 is an extension of M-20-11 and covers 13 topical areas applicable to grants administration.

The guidance is addressed to Agency Heads and asks the agencies to provide agency guidance addressing the temporary administrative relief specified in the 13 topical areas, which then is extended to grantees. These flexibilities are in accordance with 2 CFR 200.102 of the Uniform Guidance ("exceptions … permitted only in unusual circumstances") and OMB will reassess the exceptions 90 days from March 19, 2020 (i.e., June 17th). The guidance is applicable to federal financial assistance, but it is not applicable to contracts. OMB guidance on contracts is included in M-20-18, though does not contain the same flexibilities as it does for grants and cooperative agreements. At this point, COGR recommends each contract to be approached on a case-by-case basis with the applicable contracting officer.

Note that OMB guidance authorizes and encourages federal agencies to avail themselves of the various flexibilities outlined in the Memoranda, but does not compel the agencies to do so. COGR will share timely updates on applicability after the 90 days (i.e., June 17th).

***Costing FAQ 2:* How does Agency guidance relate to the OMB guidance?**

Agencies should provide specific agency guidance, consistent with the OMB guidance. COGR has an inventory of all the available Agency guidance. For agencies that have not posted guidance, COGR is trying to obtain this information. If guidance for a particular agency is not available, we encourage you to contact a program officer at the agency in question and request if you can follow the OMB guidance for that particular program/agency (otherwise, existing terms and conditions would apply). Also contact COGR and we can assist.

Costing FAQ 3: ***What is the specific OMB guidance for charging costs to grants during the COVID-19 crisis?***

OMB guidance items 6 and 7 contain the specific guidance related to charging grants (yellow highlight, COGR emphasis):

> **6. Allowability of salaries and other project activities.** (2 CFR § 200.403, 2 CFR § 200.404, 2 CFR § 200.405) Awarding agencies may allow recipients to continue to charge salaries and benefits to currently active Federal awards consistent with the recipients' policy of paying salaries (under unexpected or extraordinary circumstances) from all funding sources, Federal and non-Federal. Awarding agencies may allow other costs to be charged to Federal awards necessary to resume activities supported by the award, consistent with applicable Federal cost principles and the benefit to the project. Awarding agencies may also evaluate the grantee's ability to resume the project activity in the future and the appropriateness of future funding, as done under normal circumstances based on subsequent progress reports and other communications with the grantee. Awarding agencies must require recipients to maintain appropriate records and cost documentation as required by 2 CFR § 200.302 - Financial management and 2 CFR § 200.333 - Retention requirement of records to substantiate the charging of any salaries and other project activities costs related to interruption of operations or services.
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> **7. Allowability of Costs not Normally Chargeable to Awards.** (2 CFR § 200.403, 2 CFR § 200.404, 2 CFR § 200.405) Awarding agencies may allow recipients who incur costs related to the cancellation of events, travel, or other activities necessary and reasonable for the performance of the award, or the pausing and restarting of grant funded activities due to the public health emergency, to charge these costs to their award without regard to 2 CFR § 200.403, Factors affecting allowability of costs, 2 CFR § 200.404, Reasonable costs, and 2 CFR § 200.405, Allocable costs. Awarding agencies may allow recipients to charge full cost of cancellation when the event, travel, or other activities are conducted under the auspices of the grant. Awarding agencies must advise recipients that they should not assume additional funds will be available should the charging of cancellation or other fees result in a shortage of funds to eventually carry out the event or travel. Awarding agencies must require recipients to maintain appropriate records and cost documentation as required by 2 CFR § 200.302 - Financial management and 2 CFR § 200.333 - Retention requirement of records, to substantiate the charging of any cancellation or other fees related to interruption of operations or services. As appropriate, awarding agencies may list additional guidance on specific types of costs on their websites and/or provide a point of contact for an agency program official.

Many agencies have implemented the guidance above. As specified in ***Costing FAQ 2***, COGR has an inventory of all available Agency guidance.

Costing FAQ 4: ***What are COGR's recommendations for charging compensation to grants during the Novel Coronavirus over the next several months?***

By now, most institutions have established and/or modified their compensation/leave policies covering the immediate time period (i.e., through the end of April or May, through the end of the Spring semester, or similar). Below are helpful links describing institutional policies for charging compensation to grants.

> Case Western Reserve University – Personnel Compensation and Benefits During National Disasters or Other Emergencies
>
> Washington University in St. Louis – Notice Regarding Alternate Operations, Performance of Work and Special Paid Time Off
>
> University of Illinois at Urbana-Champaign – COVID-19 Pandemic Pay and Benefit Continuity Policy

As the foregoing policies demonstrate, institutions have taken various approaches to format and approach of their policies. In terms of format, some institutions have issued formal policies, while others have issued guidance documents or notifications. Further, some of the policies speak generally to the issue of compensation, while others approach the issue in terms of special leave categories. OMB was not prescriptive regarding to policy content except to state that any action taken with regard to charging salaries and benefits to current Federal awards must be "consistent with the [institution's] policy of paying salaries (under unexpected or extraordinary circumstances) from all funding sources, Federal and non-Federal."

The primary principle adhered to by institutions has been the consistent treatment across each class of employees. For example, the compensation for a technician must be treated consistently across federal and non-federal funds (***also see Costing FAQ 5, "Consistency principle"***). We caution that all institutional policies are fluid and we expect they could be updated as we get closer to the Summer (***see Costing FAQ 9***).

In it important to note that in its March 31, 2020 Webinar *Implementation of The GREAT Act Of 2019 & Administrative Relief for Recipients and Applicants Impacted by the Novel Coronavirus (OMB Memorandum M-20-11, M-20-17)*, OMB specified that the policy did not need to be in place prior to the time of the current public health emergency, but could be developed as the policy unfolded. Further, OMB also stated in this webinar that the guidance applies to awards that were active at the time that the guidance was issued – not past or future awards. Finally, the OMB memorandum states (and the OMB webinar confirmed) that institutions must keep appropriate records and cost documentation as required by 2 CFR Sections 200.302 and 200.333 (***see Costing FAQ 6, Documentation***).

***<u>Costing FAQ 5:</u>* What about compliance with the "cost principles"—specifically as compliance relates to 2 CFR 200 (the Uniform Guidance)? How does my institution reconcile "compliance" with "flexibilities"?**

First, make sure you have well-defined institutional policies applicable to the Novel Coronavirus (COVID-19) – ***see Costing FAQ 4*** above for examples.

Second, revisit 2 CFR 200; and specifically, 200.403, Factors affecting allowability of costs; 200.404, Reasonable costs; and 200.405, Allocable costs. While the OMB flexibilities provide just that, flexibility, acknowledgment that the institution continues to scrutinize and document costs (***see Costing FAQ 6, Documentation***) is important. In other words, a recognition that the institution continues to comply with these cost principles, in consideration of the OMB and agency guidance, should be incorporated into your institutional policies, practices, and internal control structure.

And third, pay close attention to the "Consistency principle," 200.403(c), which requires federal and non-federal funds to be treated consistently. In other words, a "like" cost (e.g., the compensation for a technician) must be treated consistently across federal and non-federal funds. So if your institution continues to pay individuals charged to federal awards, "like" individuals also must continue to be paid from non-federal funds.

Under these early months of the Novel Coronavirus, and assuming your institution is continuing to pay all individuals, then compliance with the "Consistency principle" should not be in question. However, COGR will address this in more detail as we move into the Spring months and institutions consider Summer operations, and beyond (***see Costing FAQ 9***).

***<u>Costing FAQ 6:</u>* What about Documentation? For example, Payroll Certification, Effort Reporting, etc.?**

Some COGR members have suggested "business as usual," with the additional emphasis on the concepts addressed in ***Costing FAQ 5 above***. Some COGR members have established new earnings codes/accounting codes to distinguish COVID-19 related transactions.

As to payroll certification and effort reporting, a "business as usual" approach seems to be the common approach, at least for the immediate term (e.g., confirmations for the quarter ending March 31, 2020). In some cases, a modified confirmation statement could be considered, though to-date, this is just being explored (e.g., "I certify the compensation charged to this project for the quarter ending March 31 is consistent with university policy and reasonably reflects both work performed and emergency excused absences …"). COGR expects to address this topic in more detail as we move into the Spring months and institutions consider summer operations, and beyond (***see Costing FAQ 9***).

OMB M-20-17 requires recipients to maintain appropriate records and cost documentation as required under [2 CFR 200.302](), Financial management, and [200.333](), Retention of records. While in most cases federal guidance has been clear, there may be situations where institutions need to make informed, best judgment decisions.

Therefore, the most important message as it relates to a documentation trail is to be intentional and focused on how you initiate and maintain the documentation. It will be critical for your institution to easily be able to refer back to this, possibly several years from now, and show your justification and basis for institutional policies and practices that were implemented during the Novel Coronavirus (***see Costing FAQ 7 below***). Further, determining to what extent FEMA disaster reimbursement will be applicable is an important consideration, and documentation of certain type of costs is critical (***see Costing FAQ 10, FEMA***).

Finally, in addition to following usual documentation practices regarding costs, institutions should take care to preserve documentation of any temporary institutional policies or guidance documents that were issued with regard to COVID exigencies when formal policy-making processes could not be followed due to time constraints, as well as documentation of any state or local orders placing restrictions on businesses as a result of COVID. Such documentation may be important is establishing justification for actions taken by institutions in response to the pandemic.

Costing FAQ 7: ***What about the Single Audit?***

COGR has met with representatives from audits firms actively engaged in the single audits. We are pursuing several issues around single audit, in addition to what is included in OMB M-20-17 (item 13), and will report on this in a future version of the FAQs.

Costing FAQ 8: ***What about the F&A rate proposals and negotiations, Fringe Benefit rate proposals, and other related issues concerning reporting, deadlines, etc.?***

COGR is pursuing a variety of these issues, in addition to items 10, 11, and 12 per OMB M-20-17, and will report on this in a future version of the FAQs.

Costing FAQ 9: ***What about the Summer operations? For example, treatment of summer salary and how we continue to pay various classes of employees?***

This is a top priority for our community and COGR will report on this in a future version of the FAQs.

Costing FAQ 10: ***Will any of our costs incurred during the Novel Coronavirus period be eligible for FEMA reimbursement?***

Possibly. COGR will report on this in a future version of the FAQs. In the meantime, it is important to maintain documentation on all of the unique and above-and-beyond costs incurred during the Novel Coronavirus period.

May 1, 2020 – Release 2

Costing FAQ 11: ***Please provide an update on OMB guidance, administrative flexibilities, and agency implementation.***

To date, the following have been released by OMB. The M-20-17 has been the primary OMB Memo, implemented by most Federal agencies, and used by COGR membership to support institutional policies during the COVID-19 crisis (***see Costing FAQs 1, 2, and 3***).

- M-20-11: Administrative Relief for Recipients and Applicants of Federal Financial Assistance Directly Impacted by the Novel Coronavirus (COVID-19) (3/9/20)
    - Initial flexibilities provided only to grant recipients performing essential research and services necessary to carry out COVID emergency response.

- M-20-17: Administrative Relief for Recipients and Applicants of Federal Financial Assistance Directly Impacted by the Novel Coronavirus (COVID-19) due to Loss of Operations (3/19/20)
    - Overarching flexibilities provided to federal agencies for use with grantees whose operations were affected by COVID-19.

- M-20-18: Managing Federal Contract Performance Issues Associated with the Novel Coronavirus (COVID-19) (3/20/20)
    - Authorizes agencies to provide some flexibilities for contractors.

- M-20-20: Repurposing Existing Federal Financial Assistance Programs and Awards to Support the Emergency Response to the Novel Coronavirus (COVID-19) (4/9/20)
    - Authorizes agencies to allow donation of PPE and other supplies and re-assignment of personnel paid for with grant funding to emergency response efforts.

- M-20-21: Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease 2019 (COVID-19) (4/10/20)
    - Emphasizes three core principles for agency operations during the COVID-19 crisis: Mission achievement, Expediency, and Transparency and accountability.
    - Note, While M-20-21 does not add specific reporting requirements to grantees, issues of documentation, reporting, and audit will need to be closely considered.

Note, M-20-17 includes the following: "*These exceptions are time limited and will be reassessed by OMB within 90 days of this Memo*." ***This means before June 17, we would expect to learn of the status and/or updates to M-20-17.*** COGR is engaged and will keep the Membership updated in all developments.

<u>Costing FAQ 12:</u> The M-20-17 provides administrative flexibilities for submitting financial, performance, other reporting, and closeout (items 10, 12). What are the issues? Have agencies been receptive to the extending these deadlines?

By all accounts, the agencies have been flexible. Though to date, feedback from a sample of COGR member institutions is that there has not been a significant need to take advantage of these deadline flexibilities. Also note COGR's Federal Agency Guidance Matrix, which provides agency-by-agency responses to specific grants administration topics. As we get closer to the expiration of M-20-17 (approximately June 17), this administrative flexibility may become more important due to possible challenges around closeout and related issues—COGR will engage, accordingly.

<u>Costing FAQ 13:</u> Under 2 CFR 200.313(d)(2), institutions are required to do an Equipment/Property Inventory at least every two years. For institutions that are scheduled to do an inventory this year, how should they approach?

While not directly addressed under OMB Memorandum M-20-17, this activity should be considered as an activity where administrative flexibility is necessary. COGR is engaged with auditors and federal officials to address this issue and will report on this in a future version of the FAQs. In the meantime, for those COGR members where this issue is time sensitive, we encourage you to reach out to COGR to discuss the status on advancing this issue with auditors and federal officials.

<u>Costing FAQ 14:</u> OMB released M-20-20 on April 9, 2020. The memo addresses flexibilities for repurposing of medical equipment, supplies, PPE, etc., purchased on federal awards, to hospitals and other health-care entities. How should the accounting for these donations be handled?

Institutions were encouraged by OMB, NIH, and other federal officials as early as March to donate these life-saving materials to hospitals and other health-care entities. M-20-20 confirms allowability of these donations. While every agency has not provided specific guidance, when available, this guidance should be followed. Institutions that made these donations in response to the national emergency should have internal records that document the donations. It should be understood in the life-saving, national emergency framework that documentation might be decentralized. It also should be understood that formal policy-making processes may not have been possible, due to time constraints, when the COVID crisis first emerged. As such, as your institution starts to transition to a "ramp-up" mode of operations, this would be the time to start to accumulate and summarize all documentation related to donations and to refine your institutional policy to reflect the approach taken by your institution during the national emergency (***also see Costing FAQs 5 and 6*** for additional guidance on documentation).

<u>Costing FAQ 15:</u> Can research labs (including government owned/funded equipment, space, materials) be used to support clinical mission?

This has not been uniformly addressed in OMB or agency guidance, to date. However, NIH has provided guidance (see [NIH Specific FAQs] on the COGR Resources web page) that institutions may donate PPE and other lab supplies in support of efforts related to COVID. According to NIH, institutions must provide assurances that the donated supplies are not being used for personal use and the fact that the donation(s) will be documented for single audits and if NIH funding ICs request additional information. For example, if a donation such as a large ventilator is made to a clinical facility, the institution should have documentation to show it is returned.

Short of specific OMB or agency guidance, this practice could be implied as allowable under OMB Memorandum M-20-20. Still, we recommend close scrutiny around your institutional policies. Whenever this practice has been used or is being contemplated, we encourage institutions to follow documentation practices described in these FAQs (e.g., see ***Costing FAQs 5, 6, and 14)***, and when feasible, reach out to federal officials for additional guidance.

<u>Costing FAQ 16:</u> How should research Ramp-down and Ramp-up costs be treated? Are institutions documenting these costs?

First, we encourage institutions to follow documentation practices described in these FAQs (e.g., see ***Costing FAQs 5 and 6)***. Second, this issue is a top priority for our community as institutions begin to unfold institutional ramp-up plans—COGR will report on this in a future version of the FAQs.

<u>Costing FAQ 17:</u> Preparing a Fringe Benefit Rate proposal based on FY2020 will have challenges due to the financial disruption from the COVID-19 crisis. What are the issues and how should institutions approach their Cognizant Agency (e.g., CAS, ONR)?

In short, both the numerator (a fringe benefit costs including leave, retirement, health care, etc.) and the denominator (salary base for various classes of employees) could be significantly affected for FY2020. This could result in a FY2020 calculation that is not representative of a typical year, which could result in an unusual "carry-forward" amount to establish rates for subsequent years. Institutions should determine what would be the most appropriate methodology to establish subsequent year fringe benefit rates, and incorporate these assumptions into their fringe benefit rate proposal. We also encourage institutions to reach-out to their Cognizant Agency to propose the approach that would be the most appropriate for the institution, and at the same time, reasonable and fair to both the institution and the federal government. If there are concerns, we encourage you to reach out to COGR to discuss the status on advancing this issue with auditors and federal officials.

<u>Costing FAQ 18:</u> Preparing an F&A rate proposal based on FY2020 costs (or FY2021 costs) will be difficult due to the financial disruption from the COVID-19 crisis. What are the issues and how should institutions approach their Cognizant Agency (e.g., CAS, ONR)?

OMB Memorandum M-20-17 (item 11) allows institutions with an FY2020 base year to request an additional year for their negotiated F&A rates, without submission of an indirect cost rate proposal. A one-year extension should not preclude the institution from seeking an additional 4-year extension (assuming the institution was eligible to do so), as allowed under 2 CFR 200.414(g). Institutions that have a FY2021 base year may require the same flexibility, though to-date, this has not been addressed by OMB. COGR expects to engage with OMB and other federal officials on this issue and will provide updates, accordingly.

Institutions that have established "fixed with carry-forward F&A rates" (e.g., ONR cognizance) are subject to a FY2020 calculation to determine the "carry-forward" amount. This could result in a FY2020 calculation that is not representative of a typical year, which could result in an unusual "carry-forward" amount to determine rates for subsequent years. Institutions should determine what would be the most appropriate methodology to establish subsequent year F&A rates. We also encourage institutions to reach-out to their Cognizant Agency (e.g., ONR) to propose the approach that would be the most appropriate for the institution, and at the same time, reasonable and fair to both the institution and the federal government. If there are concerns, we encourage you to reach out to COGR to discuss the status on advancing this issue with auditors and federal officials.

<u>Costing FAQ 19:</u> Calculating Service (Core) Center rates (e.g., animals, data, etc.) for internal charging purposes, based on FY2020 costs, will be difficult due to the financial disruption from the COVID-19 crisis. What are the issues and how should institutions approach establishing these internal rates?

The disruption of research during the COVID-19 crisis has dramatically altered the operations and finances of Service (Core) Centers. As these internal centers have lost significant revenue due to the shutdown of research, re-establishing reasonable rates in consideration of their lost revenue requires careful consideration. Many institutions may decide to subsidize these internal centers and document the subsidy as a financial loss. In the bigger picture of possible future relief under a future version of the CARES Act, it is possible that these financial losses could be considered for recovery. In the meantime, institutions should document losses of their service (core) centers and determine the appropriate institutional policies to support these service (core) centers as institutions begin to unfold institutional ramp-up plans.

<u>Costing FAQ 20:</u> The OMB guidance and agency implementation of the guidance has been helpful, but issues still arise where my institution is not clear on how to proceed. What should we do in these situations?

COGR has four suggestions:

1) Contact OMB by sending an email to: GrantsTeam@omb.eop.gov. While response time may not be immediate, it will get your question into the queue.

2) Contact an agency official at the applicable agency, if the question is agency and/or grant specific.

3) Make the "best judgement call" possible using the context of "national emergency." And whatever that "best judgment call" is, make sure you document how you arrived at the decision. As we describe in ***Costing FAQ 6***, the most important message as it relates to a documentation trail is to be intentional and focused on how you initiate and maintain the documentation. It will be critical for your institution to easily be able to refer back to this, possibly several years from now, and show your justification and basis for institutional policies and practices that were implemented during the Novel Coronavirus. Further, in addition to following usual documentation practices regarding costs, institutions should take care to preserve documentation of any temporary institutional policies or guidance documents that were issued with regard to COVID exigencies when formal policy-making processes could not be followed due to time constraints, as well as documentation of any state or local orders placing restrictions on businesses as a result of COVID. Such documentation may be important in establishing justification for actions taken by institutions in response to the pandemic.

4) Reach out to COGR. The FAQs and other resources we are providing are not meant to be prescriptive, nor official guidance to follow. However, they are meant to help you think through various situations around administration and compliance. And in the most vexing situations, we encourage you to reach out to COGR to discuss the status on advancing this issue with auditors and federal officials.

NOTE: IN THE NEXT ISSUANCE OF FAQS, COGR EXPECTS TO ADDRESS COMPENSATION TOPICS, INCLUDING SUMMER OPERATIONS, IN ADDITIONAL DETAIL.

May 28, 2020 – Release 3

***Costing FAQ 21:* In Release 1 of the Costing FAQs (April 9, 2020, and see Costing FAQ 4), COGR provided recommendations for charging compensation to grants during the Novel Coronavirus. Does COGR have updated recommendations?**

We do not have updates at this time. As of this writing (May 28, 2020), the OMB administrative flexibilities described in OMB Memorandum M-20-17 remain effective. Per M-20-17, item 6 (and implemented by most federal agencies): "*Awarding agencies may allow recipients to continue to charge salaries and benefits to currently active Federal awards consistent with the recipients' policy of paying salaries (under unexpected or extraordinary circumstances) from all funding sources, Federal and non-Federal.*"

Further, M-20-17 states: "*These exceptions are time limited and will be reassessed by OMB within 90 days of this Memo*" (June 17th). As of this writing, COGR is uncertain if the administrative flexibilities will be extended. COGR will keep the Membership posted as we learn of new developments.

***Costing FAQ 22:* According to M-20-17, item 6, institutions are required to be consistent in how they charge salaries between Federal and non-Federal funds. Can COGR elaborate?**

In the context of M-20-17, consistent treatment across all Federal and non-Federal funding sources is most significant when considering federal and institutional funds. As described in ***Costing FAQ 5***, this means institutions must pay close attention to the "Consistency principle." As described in 2 CFR 200.403(c), this requires federal and non-federal (institutional) funds to be treated consistently. In other words, a "like" cost (e.g., the compensation for a lab technician) must be treated consistently across federal and non-federal (institutional) funds. So if your institution continues to pay individuals charged to federal awards, "like" individuals also must continue to be paid from non-federal funds (institutional) funds.

Consistent treatment across other non-federal sponsors, such as industry, nonprofit funders/foundations, state/local, etc. should be considered, as well. However, if, for example, a foundation does not allow salaries to be charged, the institution would have no recourse. Fortunately, in this situation, there is no financial "harm" to the federal government, and the position of federal officials, historically, has been to consider this a technical costing violation only. Consequently, institutions should be most focused on consistent treatment between federal and institutional funds.

***Costing FAQ 23:* Institutions now are considering cost-cutting measures, such as furloughs, lay-offs, salary freezes, and other measures. What should an institution consider as it relates to charging compensation and salaries to federal awards?**

These are unprecedented times and institutions are being confronted with difficult decisions. Cost cutting measures are being considered across all functions of the institution and institutional decisions rest on institutional policies and federal and state guidance/statutes, which were not written to address the severity of the COVID-19 pandemic and, therefore, may be incomplete. At the same time, in the interest of institutional survival, preserving revenue generating functions (e.g., clinical operations, research revenue, etc.) must enter into the decision-making process. And finally, public perception and real and important ethical concerns (i.e., inequities as some employees are impacted and others are not) must be considered.

In October 2009, COGR published *Furlough Programs and Implications for Financial Research Compliance*. In May 2020, COGR updated *Furlough Programs and Implications for Financial Research Compliance* to incorporate new citations from 2 CFR Part 200. The analysis in the paper is designed to help institutions think through the important considerations associated with furlough programs as they relate to the federal cost principles (2 CFR 200, Subpart E). Neither the COGR paper, nor the analysis in this FAQ, however, should be construed as a definitive guide of acceptable policies and practices, or legal advice. As institutions contemplate cost cutting measures, the advice of a legal counsel and/or other professionals should be obtained. Still, the considerations addressed in the COGR paper and in this FAQ can be a helpful resource as institutions consider issues associated with cost-cutting measures.

In addition, the guidance described in OMB Memorandum M-20-17 must be considered. When institutions were contemplating cost cutting measures in 2009, the concept of paying "idled" employees was not applicable. This is not the case, now. M-20-17 (currently effective through June 17) allows "idled" employees to be paid from federal funds, and most institutions have implemented policies to allow "idled" employees paid from federal funds to continue to be paid. Furthermore, M-20-17 has been interpreted by many to mean that if institutions continue to pay "idled" employees from federal funds, this same policy must be applicable to "idled" employees paid from institutional funds.

The severity of COVID-19 going forward will heavily influence the status of all operations at all institutions. As this is unpredictable, institutions will continue to take appropriate care when arriving at decisions affecting all operational aspects of the institution, including decisions applicable to cost-cutting measures. COGR will continue to pay attention to these issues and report to the Membership on developments.

***Costing FAQ 24:* What about Summer Salary?**

Many institutions are beginning to ramp up their research operations for the summer, which includes payments for summer salary. Summer salaries can be charged to awards when it is possible for the faculty member and staff to perform the activities outlined in the scope of work of the project and in accordance with the Terms and Conditions of the applicable award(s). In some situations, there may be a "business-as-usual" element as those faculty that have funding for the summer should be able to engage in their research activities. The more significant issues may be the issues of public safety, the challenges of restarting research in a fair and orderly manner, and other issues around "ramp-up." COGR will continue to pay attention to these issues and report to the Membership on developments.

***Costing FAQ 25:* Are institutions required to financially account for the "Research Disrupted" due to the Novel Coronavirus?**

Not necessarily, though some agencies may request this information and some institutions may want to document the financial impact for internal purposes. Research Performance Progress Reports (RPPRs) will be used by agencies to understand the "Research Disrupted" due to the Novel Coronavirus. Reporting of the financial impact on an award-by-award basis may vary from PI to PI. At the same time, due to the unprecedented circumstances and administrative challenges during the national emergency, official financial metrics to document the disruption may not be available in the formal accounting and payroll systems of the institution. Some institutions may determine it is important to financially account for the "Research Disrupted" at an institution-wide level, as well as at an award-by-award level. If so, this may require a survey or other mechanism to estimate the financial magnitude. Incorporating official financial metrics into the RPPR is not a normal operating practice, nor required. However, some institutions may consider establishing a communication channel between the relevant academic and financial offices of the institution to address research disruption and financial impact in a coordinated manner.

***Costing FAQ 26:* How are institutions treating costs that are new and unique to the Novel Coronavirus?**

The primary guidance comes from 2 CFR 200, Subpart E – Cost Principles (also see ***Costing FAQ 5***). Specifically, see 200.403, Factors affecting allowability of costs (and consistency); 200.404, Reasonable costs; and 200.405, Allocable costs.

In the course of "ramp-down," costs that were in accordance with the Cost Principles could be charged to the award. As institutions transition to "ramp-up," a whole range of new and unique cost items are emerging: monitoring personnel (both physical building monitoring and health care monitoring), contact tracers, sanitization and safety inside the lab, above and beyond PPE and related supplies, etc.). While the 2 CFR 200, Subpart E – Cost Principles address specific cost items, these new and unique costs are not specifically addressed.

Some institutions are crafting institutional policies around these new and unique cost items, using allowability, consistency, reasonableness, and allocability as the standards. Below is a helpful link describing institutional policies for charging PPE to grants.

University of Minnesota – Charging PPE to Sponsored Projects

As these new and unique costs associated with the Novel Coronavirus continue to emerge, institutions will need to take care around institutional policies and determining which costs are allowable as direct, and which are more appropriate as F&A. As these polices are further developed, COGR will provide additional resources and guidance.