

Executive Summary

A reliable F&A reimbursement process—which both the federal government and research institutions can trust—will help to minimize disruptions to the research enterprise caused by the COVID-19 pandemic.

COGR has released a paper, [*F&A Cost Rates and Reimbursement Pressures Under COVID-19: Maintaining a Fair and Reliable System*](#). This is a timely paper as research institutions have been at the forefront in addressing many of these challenges, doing breakthrough research to develop COVID-19 vaccines, while ensuring workplace safety and good health practices. Since the beginning of the COVID-19 pandemic, the Council on Governmental Relations (COGR) has provided [information and resources](#) to our membership and [written to and advocated for](#) policies and practices recognizing the pivotal role research institutions are playing in the nation’s recovery.

Like so many other facets of the research enterprise, processes relevant to F&A have been disrupted by the COVID-19 pandemic. While F&A cost reimbursement has held relatively steady throughout the pandemic, the process of developing an F&A cost rate proposal has been impacted.

Current and prospective issues related to F&A cost rates and resulting reimbursement are subject to ongoing change. Although many of the issues and discussions included in this paper are subject to significant uncertainty, key takeaways (shown below) can still be identified and serve as a starting point for ensuring that the F&A cost reimbursement process remains fair and equitable for both research institutions and the federal government. Collaboration is the hallmark of the longstanding Federal Government–

Research Institution Partnership, which ensures the U.S. research enterprise thrives, and the nation and the entire global community benefit.

- ***Institutions must be savvy in understanding the impacts of COVID-19 on FY21 or FY22 F&A cost rate calculations.*** In fact, completion of a F&A cost rate proposal trial run may be the most important step in assessing how these impacts will affect an institution’s F&A cost rates.
- ***Separate the issues specific to an FY21 or FY22 cost rate calculation from prospective considerations, to the extent possible, during negotiations.*** An FY21 or FY22 calculation is a “point-in-time” metric used to determine F&A cost rates for FY23, FY24, FY25, and beyond. Prospective considerations are complicated by the many unknowns. When engaging in F&A cost rate negotiations, the experts at the institution are the most knowledgeable about the prospective considerations and this expertise should be leveraged when engaging with F&A cost rate negotiators from the cognizant agency.

This paper focuses on a specific, important component of the U.S. research enterprise – current and prospective issues related to Facilities and Administrative (F&A) cost rates and corresponding F&A cost reimbursement.

- ***Be aware of faculty considerations.*** Institutions may feel pressure to more widely use lower, off-campus F&A cost rates; however, doing so may not be appropriate when lab space remains functional and assigned to a PI. Unless a PI has officially relinquished research space and the research is being conducted in a remote location, use of the full on-campus F&A cost rate is likely most appropriate. Appendix A further discusses issues around space utilization metrics and space sharing.
- ***Continue advocacy for a fair and equitable F&A reimbursement process.*** Research institutions should do the hard work necessary to understand all factors that drive and could potentially impact F&A cost reimbursement—e.g., cost structure, space usage, technology infrastructure, library costs, interest rates, new compliance regulations, and other factors—and formulate transparent and equitable institutional policies to ensure that F&A cost reimbursement appropriately supports the costs of the institution’s research enterprise.
- ***Maintain and nurture good relationships with your cognizant agency (DHHS-CAS, ONR).*** As institutions move forward with strategic decisions on potential F&A cost rate extensions, use of provisional F&A cost rates, or other related decisions, it is imperative to be in regular communication with your cognizant agency.

COGR encourages all stakeholders—senior leadership at research institutions, those responsible for developing and negotiating F&A cost rates, cognizant agency leadership, and other key federal government leaders—to stay engaged in important discussions around F&A cost rates and F&A cost reimbursement.

A special “*Thank You*” goes to the COGR Workgroup who researched and wrote this paper. The list of ***Contributors*** is available [here](#).

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The Council on Governmental Relations (COGR), established in 1948, is an association of 190 leading universities and research institutions and is nationally recognized as the technical expert on a wide range of research policy issues, including how the research funding model works in the United States. Member institutions conduct more than \$70 billion in research and development activities each year and play a major role in performing basic research on behalf of the federal government. COGR brings a unique perspective to research regulatory and issues and focuses on the influence of federal regulations, policies, and practices on the performance of research and other sponsored activities.