

The COGR F&A Paper

October 2018 COGR Meeting
Washington Marriott, Washington, DC

October 25, 2018

COGR

Council On Governmental Relations

An association of research universities

Chapter Leaders & Panel

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Why this Paper and Why Now?

COGR was founded in 1948 as a “Committee” under NACUBO. One of the primary functions was to advocate for fair F&A reimbursement.

AND FAST FORWARD 70 YEARS ...

The paper will be a compendium of the various F&A issue discussions; the hope is that the paper will be a longstanding resource to the research community, as well as an advocacy-piece that can be used when F&A (inevitably) comes under scrutiny (again) in the future.

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CONCLUSION

Appendices under development: COGR F&A Survey, Managing Regulatory Burden, Technical-Average Costs, Transparency Case Study, Specific Improvements

Goal of this Paper

This paper is meant to provide a basis for productive discussion so that research funding debates are no longer diverted by nonproductive disagreements over caps on F&A cost reimbursement and misunderstandings about what is included in the F&A cost rate. It addresses equitable reimbursement of F&A costs, how the F&A cost rate works, misunderstandings and myths, and other related topics. The paper makes clear that a reliable F&A cost reimbursement policy is critical to the continued success of the research enterprise of the United States, in part through providing a strong educational foundation for understanding how the current system works and exploring potential improvements.

F&A for the “Non-Accountant”

Talking F&A in a simpler way!

- Oil Change case study
- The Federal Dollar (MIT Dollar) and the University Contribution
- User-friendly graphics

F&A “Nuts & Bolts”

Talking F&A in really technical way!

- Examples of “F” and “A” costs, MTDC, and examples of unallowables
- Pools, Allocation Basis and the Calculation
- On and Off rates, other types of rates

Audit and Oversight

F&A cost rates are tightly regulated!

- HHS (CAS) and ONR
- IGs, Agency Grant Reviews
- Single Audit

Policy and Special Topics

Related topics that should be addressed

- Reimbursement and Unrestricted funds
- Integral Distribution
- The Tuition relationship
- Industry and Foundations and F&A cost rates
- Other Countries (UK, EU, Australia, Canada)

Facts Over Myths

Start with the Facts!

- F&A are real costs
- No profit
- 50% rate is not 50 cents to F&A
- Flat rates will create major disruption
- Faculty benefits from F&A reimbursement
- F&A does not incentive building new buildings
- We are enthusiastic contributors
- We do not subsidize Foundations
- Reducing burden is good, but rate impact NA

The Cap and Burden

“Relatively” objective analysis on the 26% cap

- History of the 26% cap
- Admin efficiency and the 2000 RAND study
- Considering regulatory burden
- Administrative and compliance burden and shifting costs to universities

Why the System Works

Current system not perfect, but ...

- Rates help ensure compliance with federal regulations
- Premised on actual institutional costs
- “Averaging” approach is efficient
- Don’t forget jobs and the economic engine
- U.S. system maximizes creativity and research excellence

Alternative Systems

Discussion is good; alternatives may not be?

- Flat rates
- Absolute direct charging
- Rates by type of science
- Fixed price model
- Separate billing and drawdown of F&A

Improving the System

Five Recommendations

- Better Language – More Transparency
(e.g., F&A cost rate)
- More flexibility around direct charging
- Meaningful reduction in regulatory burden
- Leverage the Uniform Guidance
(2014 improvements, and let's keep going)
- Convene Annual Roundtable
(Us, Funding agencies, Cognizants, OMB)

Schedule

Feedback to COGR, send to dkennedy@cogr.edu
(by early November)

Final version

(late December, and release on Jan. 2, 2019)

E-versions for sure, Hard copies to be determined