F&A and the Uniform Guidance

COGR Meeting
March 5, 2015
Base Issues - NIH (PHS) Salary

Definition of Instruction under section Appendix III - A.1.a.(3).

1. Major functions of an institution ...
   a. Instruction means teaching and training activities of an institution ... Also considered part of this major function are departmental research, and, where agreed to, university research.
      (1) Sponsored instruction and training means ...
      (2) Departmental research means ...
      (3) Only mandatory cost sharing or cost sharing specifically committed in the project budget must be included in the organized research base for computing the indirect (F&A) cost rate or reflected in any allocation of indirect costs. Salary costs above statutory limits are not considered cost sharing.
Base Issues - Participant Support Costs

- New exclusion from the base
- How are institutions implementing?
  - New definitions
  - New sub accounts
  - Consistent across sponsors?
Base Issue - New Standard Definition for CAS Rate Agreements???

“Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs”
DS-2 - Latest Response - February 13, 2015

- COGR has provided data that the DS-2 is not a critical compliance document
  - In the COGR survey, 87% of federal audits did not request the DS-2
- It is inappropriate that only IHEs are subject to the DS-2 requirements
- If it is not going away - something has to be done with regards to the approval process...
  - Overwhelmed federal reviewers
  - Universities left in the lurch
    - Comply with Uniform Guidance or comply with approved DS-2?
    - Necessary accounting changes held hostage
DS-2 - COGR Proposed Section 200.419(b)(1)

(1) The DS-2 must be submitted to the cognizant agency for indirect costs with a copy to the IHE’s cognizant agency for audit. The initial DS-2 and revisions to the DS-2 must be submitted in coordination with the IHE’s F&A rate proposal, unless an earlier submission is requested by the cognizant agency for indirect costs. IHEs with CAS-covered contracts or subcontracts meeting the dollar threshold in 48 CFR 9903.202-1(f) must submit their initial DS-2 or revisions no later than prior to the award of a CAS-covered contract or subcontract.

Proposed to codify FAQ .110-3 into the Uniform Guidance
DS-2 - FAQ .110-3 Timing of DS-2 Submission

- Submit immediately if
  - Meet criteria for CAS-covered contracts
  - There are non-UG related changes that need to be implemented in 6 months
- If only making UG-related changes submit when either
  - Your cognizant agency requests the change or
  - With your next F&A proposal
DS-2 -Revised Form

- OMB had originally promised a revised form by mid-February
- Once it is available, it will be issued under “emergency review” process
  - Effective immediately for 180 days
  - Public comment period after 180 days
- IHEs will have 60 days to submit the revised form to their cognizant agency
(2) An IHE is responsible for maintaining an accurate DS-2 and complying with disclosed cost accounting practices. An IHE must file amendments to the DS-2 to the cognizant agency for indirect costs six months in advance of a disclosed practice being changed to comply with a new or modified standard, or when a practice is changed for other reasons. An IHE may proceed with implementing the change only if it has not been notified by the Federal cognizant agency for indirect costs that either a longer period will be needed for review or there are concerns with the potential change within the six months period. Amendments of a DS-2 may be submitted at any time. Resubmission of a complete, updated DS-2 is discouraged except when there are extensive changes to disclosed practices.

Changes to cost accounting practices that comply with the Uniform Guidance do not require approval of the cognizant agency for indirect costs. Only those cost accounting changes that deviate from the Uniform Guidance require approval by the cognizant agency for indirect costs, in accordance with 200.102(b).
Institutions can implement changes that are allowed in the UG immediately without the need for approval by their cognizant agency.

Removes the need to get prior approval for changes if they are compliant cost accounting practices.

- Removes the 6 month advance notice requirement and cognizant agency ability to extend that indefinitely.
Fringe Benefit - Tuition Remission 200.431(j)

(j)(1) For IHEs only. Fringe benefits in the form of tuition or remission of tuition for individual employees are allowable, provided such benefits are granted in accordance with established non-Federal entity policies, and are distributed to all non-Federal entity activities on an equitable basis. Tuition benefits for family members other than the employee are unallowable.

(The above (j)(1) was not a change from A-21. The below (j)(3) was an addition)

(3) IHEs may offer employees tuition waivers or tuition reductions for undergraduate education under IRC Section 117(d) as amended, provided that the benefit does not discriminate in favor of highly compensated employees. Federal reimbursement of tuition or remission of tuition is also limited to the institution for which the employee works.
Extensions - Data Requests

- What has happened to your base(s) since the last proposal?
- What has happened to your space since the last proposal?
  - New buildings
  - Retired space
  - Significant changes in usage
Extensions - University Experiences

- Feedback so far is varying between ONR/CAS and between CAS regions
- Any feedback is appreciated!