

COGR

Advancing Effective Research Policy

F&A SURVEY CAPSTONE: COST REIMBURSEMENT RATES, ACTUAL REIMBURSEMENT, AND GROWING REGULATORY COST BURDEN

*Results of the
COGR 2023 F&A Survey*

DECEMBER 2024

INTRODUCTION AND SUMMARY OF FINDINGS

The *F&A Survey Capstone: Cost Reimbursement Rates, Actual Reimbursement, and Growing Regulatory Cost Burden (F&A Capstone)* is based on the COGR F&A Survey completed in 2023 and reviewed and analyzed throughout 2024. In total, 120 institutions responded to the COGR survey.

As described in [Breaking Down the Costs of Federal Research at Universities](#), F&A costs (Facilities and Administrative or Indirect Costs) are shared expenses incurred by universities, “leading up to and while conducting federal research projects. F&A cost reimbursements cover a portion of the university’s infrastructure and operational expenses necessary to conduct federally-funded research.”

The *F&A Capstone* provides findings and observations on several of the most notable results of the COGR F&A survey along with relevant official federal government data¹. Findings and observations are presented within the context of the longstanding Federal Government–Research Institution research partnership that for over eight decades has made extraordinary contributions to the nation’s security, health, and economic prosperity. Research institutions are committed partners, and a sound, consistent, and reliable research funding model is critical to maintaining the nation’s status as the global leader in research and innovation. Such a model must fairly cover the cost of this important research, including fair F&A cost reimbursement.¹

All stakeholders want a U.S. research enterprise that advances science, creates breakthroughs to cure devastating disease, and enhances the economic and national security. A necessary foundation is an F&A cost reimbursement system that accounts for the increasing institutional costs associated with new and growing federal regulations and the costs associated with securing the latest research capabilities to remain globally competitive.

OBSERVATIONS AND FINDINGS

1. Universities are prohibited by regulation from requesting reimbursement for the full cost of conducting federally funded research and are paying an ever-increasing share of that cost.
2. Using the size of their federally funded research portfolios to compare research universities, those with less federal funding pay a disproportionate share of the cost of research, which may be a barrier to entry for emerging

¹ For an illustration of the costs of federally funded research, see “Costs of Federal Research Infographic” at: <https://www.cogr.edu/fa-cost-reimbursement-educational-materials>

research institutions and limit the breadth and capacity of the U.S. research enterprise.

3. F&A cost reimbursement rates have increased minimally and actual reimbursements, as a percentage of the direct cost of research, have not increased, resulting in increasing institutional cost burden.
4. The federally mandated 26% cap on reimbursement of university administrative costs prevents universities from charging federal awards their proportionate share of the cost burden associated with the extensive growth in federal regulations since enactment of the cap in 1991.

Federal and institutional efforts to reduce regulatory and policy burden are needed and appreciated because unnecessary and duplicative requirements distract from researcher performance and significantly increase the cost of the U.S. research enterprise. Recent COGR studies on the “Cost of Compliance” demonstrate that new regulations associated with research security and data management can add millions of dollars to an institution’s administrative infrastructure.² Further, some of this regulatory burden is shared by the faculty and other investigators who conduct the research, which puts an added strain on the U.S. research enterprise.ⁱⁱ

This report addresses this with its findings and observations.

SURVEY OVERVIEW

COGR members were sent the F&A survey in January 2023 and surveys were completed by April 2023. Survey respondents (120) addressed questions related to institutional demographics, F&A cost reimbursement rates, rate negotiations, effective reimbursement rates (actual reimbursement), and institutional resources associated with managing the F&A cost reimbursement process.

A summary of the Survey Demographics is included in [Appendix 1](#).

Throughout 2023 and 2024, the results of the survey were reviewed and analyzed by COGR staff and members of COGR’s Costing and Financial Compliance (CFC) Committee. An important part of the review was quality assessment. In cases of data questions and/or outliers, COGR staff contacted the institution to confirm the data in question. As appropriate, the survey was updated.

² COGR published [Research Security and the Cost of Compliance](#) in November 2022 and [Data Management and Sharing \(DMS\) and the Cost of Compliance](#) in May 2023. In addition, COGR maintains a compilation of federal regulations impacting research institutions since 1991 – the year the 26% administrative cap was imposed on colleges and universities.

This report is the culmination of three published reports for COGR's membership in 2023 and 2024:ⁱⁱⁱ

- F&A Cost Rates (and other demographics) by Institution
- Off-Campus / Modified Total Direct Cost (MTDC) Definitions by Institution
- [Summary of Responses to Selected Survey Questions](#)

Additionally, a preview of this F&A Capstone was presented by the CFC Committee at the October 2024 COGR meeting.^{iv}

COGR appreciates the enthusiastic participation of the membership in completing this survey. If you have any questions, contact MemberServices@cogr.edu.



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FINDINGS & OBSERVATIONS

1. Institutional funding of research conducted by Institutions of Higher Education (IHEs) has grown over time (2010 compared to 2023) as the federal share has decreased.

Funding Sources for R&D Expenditures within IHEs in the U.S.	% of IHE R&D Funding		Change in %	2023 \$s	2023 \$s at 2010%
	2010	2023		(in millions)	
Federal Government	61.2%	54.8%	-6.4%	\$59,679	\$66,610
State & Local Government	6.3%	5.0%	-1.3%	\$5,447	\$6,857
Business & Other	13.0%	14.7%	+1.7%	\$16,012	\$14,149
Institutional	19.5%	25.5%	+6.0%	\$27,702	\$21,224
TOTAL	100%	100%		\$108,840	\$108,840

Figure 1. Funding Sources for R&D Expenditures within IHEs in the U.S.

Figure 1 demonstrates the shift between institutional and federal funding of the IHE research enterprise.^v Although federal funding increased in total from \$39.5 billion to \$59.7 billion, if federal sponsors had paid in 2023 the same share of the cost that they did in 2010, they would have paid an additional \$6.9 billion of the \$41.7 billion increase in the cost of university performed research (2013 \$67.1 billion and 2023 \$108.8 billion).

Not captured in this data is the amount universities pay to support federally funded research that is, by regulation, not reimbursable. Unique to IHEs is the administrative cap, which limits reimbursement of otherwise allowable administrative costs to 26% of direct costs³. The NSF survey that produces the data

³ See [2 CFR 200, Appendix III](#) (section C.8.a.). More accurately, as with the F&A cost reimbursement rate as a whole, the 26% is applied only to a subset of direct costs, Modified Total Direct Costs (MTDC).

All research institutions provide significant cost sharing - sometimes in the form of direct contributions, but also when an institution is not reimbursed for F&A costs at its full, negotiated rate.

in Figure 1 instructs participants not to include this portion of institutional cost sharing in their responses. All research institutions provide significant cost sharing – sometimes in the form of direct contributions (e.g. unreimbursed researcher time) but also when an institution is not reimbursed for F&A costs at its full, negotiated rate.

This may occur because a federal agency further restricts the F&A cost reimbursement allowed on an award, beyond the 26% cap. Cost sharing may be required by the sponsor (i.e. mandatory) or may be volunteered by the institution. Figure 1 above captures this type of cost sharing as well as university funded research projects. These are often seed projects that develop data and advance ideas, leading to high-quality research proposals for federal support. These institutional research expenditures further benefit federally funded research projects because they grow and strengthen the research environment.

Over this same period of increasing institutional contribution, 2010 to 2023, the volume of federal regulations [grew significantly](#). **Because cost reimbursement is capped for administrative costs, most IHEs must bear the compliance costs of every new federal regulation.**

2. The burden of unreimbursed cost is most significant for emerging research institutions.

Figure 2 divides the 664 Institutions of Higher Education (IHEs) that completed the NSF 2023 HERD survey into cohorts based on federal research expenditures. The smaller the institution's federal research portfolio, the more its research funding source is disproportionately institutional. In effect, emerging research institutions (ERIs)^{vi} make a proportionately larger contribution to the funding of their research enterprises.

Federal Expenditures	# of Institutions	Total	Federal Funding	State & Local Funding	Business & Other Funding	IHE Funding	% IHE to Federal
<\$1M	102	\$285,879	\$54,163	\$57,633	\$52,234	\$121,849	225%
\$1-\$50M	389	\$8,475,451	\$3,861,798	\$671,619	\$1,066,060	\$2,875,974	74%
\$50M-\$100M	39	\$6,036,508	\$2,764,404	\$582,514	\$561,934	\$2,127,656	77%
\$100M- \$200M	47	\$13,392,287	\$6,737,505	\$716,796	\$1,728,112	\$4,209,874	62%
\$200M- \$400M	39	\$20,289,288	\$10,715,488	\$1,419,977	\$2,987,300	\$5,166,523	48%
>\$400M	48	\$60,201,595	\$35,470,635	\$1,989,027	\$9,588,980	\$13,152,953	37%
Total	664	\$108,681,008	\$59,603,993	\$5,437,566	\$15,984,620	\$27,654,829	46%
Sum under \$100M	530	\$14,797,838	\$6,680,365	\$1,311,766	\$1,680,228	\$5,125,479	77%
% under \$100M	80%	14%	11%	24%	11%	19%	
Sum over \$100M	134	\$93,883,170	\$52,923,628	\$4,125,800	\$14,304,392	\$22,529,350	43%
% over \$100M	20%	86%	89%	76%	89%	81%	
Sum under \$50M	491	\$8,761,330	\$3,915,961	\$729,252	\$1,118,294	\$2,997,823	77%
% under \$50M	74%	8%	7%	13%	7%	11%	

Figure 2. Comparison of Funding Sources for IHE Research (in millions of \$).

Figure 3 uses COGR F&A Survey data to capture the disproportionate cost burden on Emerging Research Institutions (ERIs) due to the 26% administrative cap. The administrative portion of the F&A cost rate comprises the general administration (GA), departmental administration (DA), and sponsored projects administration

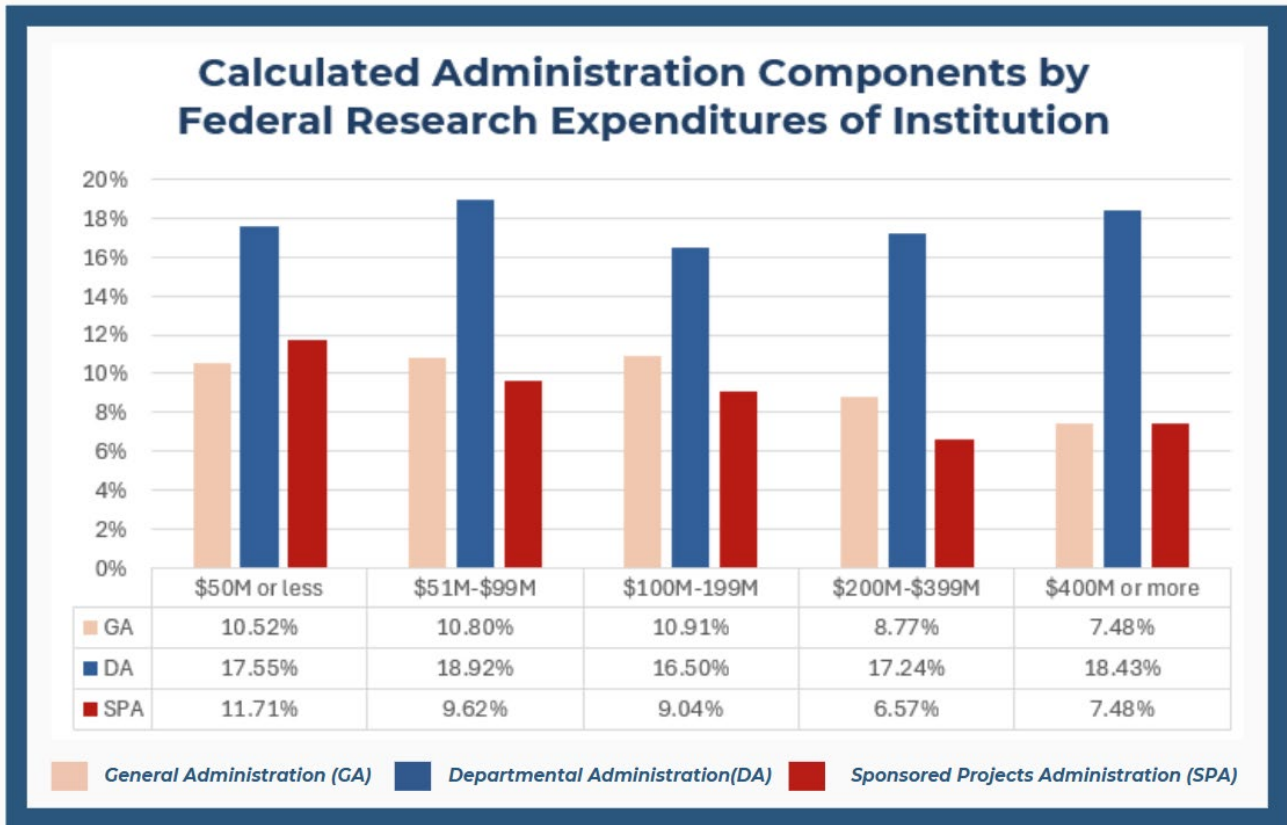


Figure 3. Administration Components by Federal Research Expenditures of Institution.

(SPA) rate components.⁴ Institutions are categorized into five cohorts based on their annual volume of federal research.

The data shows the average actual GA + DA + SPA components for institutions with \$50 million or less of annual federal research funding is 39.8% – almost 14 percentage points *above* the 26% cap on administrative costs. For those in the greater than \$400 million cohort, the average is 33.4%. The average for all institutions combined is approximately 35%, or 9 percentage points above the 26% cap. While all colleges and universities are subject to the 26% cap on administrative costs, it is clear that ERIs and other institutions with relatively small federal research portfolios, are disproportionately penalized by it. It appears that higher research expenditures result in lower central support components, GA and SPA, but that local support, DA, is less impacted by economies of scale.

If institutions were able to recover their actual administrative and compliance related costs, these reimbursements could be used accordingly to fund the administrative and compliance infrastructure. However, this not being the case, ERIs and other institutions with comparatively small federal research portfolios

⁴ The F&A cost reimbursement rate process, while both effective and efficient, is complex. Additional resource references, including to a Primer, can be found in [Appendix 2](#).

often have a less developed compliance infrastructure than institutions with large amounts of federal research funding. Consequently, the regulatory burden and the corresponding high cost of compliance pose a serious, and perhaps insurmountable, barrier to entry for such institutions that are early in building their research enterprise. This is a disincentive for participating in the research ecosystem.

ERIs and other institutions with comparatively small federal research portfolios typically fall into the following categories:

- 1) minority serving institutions (MSIs),
- 2) historically black colleges and universities (HBCUs),
- 3) small private institutions, or
- 4) public institutions other than the state flagship institution.

The potential additional contributions these institutions can make to the nation’s research ecosystem are significant, and the prospect of excluding these institutions from greater research participation undermines efforts to bolster our nation’s research capacity and long-term global competitiveness in science and technology.

3. F&A cost rates and reimbursements have been remarkably stable over time.

Negotiated On-Campus Research Rate	Survey Year		Percent Change Over 15 Years	Annualized Percent Change
	FY 2008	FY 2023		
Average/Median	52.3%	57.0%	+9.0%	+0.60%
Mean	51.5%	56.5%	+9.7%	+0.64%

Figure 4. Average & Median Rates by Survey Year with Percentage Change^{vii}.

Figure 4 shows that negotiated on-campus research rates have grown at an annualized rate of just over 1/2% per year. The minimal growth in rates over the past 15 years (FY 2008 to FY 2023) is attributable to an increase in the complexity

of science and the extensive physical and technical infrastructure required to support it. IHEs invest in scientific capacity to be prepared to host the cutting-edge research federal and other research funders demand. F&A cost rates and reimbursements have been remarkably stable over time given the extent to which costs have increased. As noted in the previous findings, the minimal growth in rates still has not caught up with actual expenditures and, for IHEs, does not include any increase in administrative costs over the 26% cap. Institutions are making up the difference to the detriment of greater participation in research activities, and for some ERIs and other institutions with comparatively small federal research portfolios, this is a barrier to entry.

Another way to illustrate this is Figure 5 showing a comparison between the average negotiated F&A cost reimbursement rate and the average “effective” reimbursement rate (the actual rate of reimbursement) for the 120 institutions that completed the 2023 COGR Survey. For each cohort, the average effective F&A cost rate is significantly lower than the average negotiated rate. This is due to F&A cost rate restrictions agencies place on some programs and situations where institutions cost share F&A cost reimbursement, in lieu of charging the negotiated F&A cost reimbursement rate.

Federal R&D in 2021 NSF HERD (self-reported)	Avg. Negotiated Research F&A Cost Rate	Avg. Effective Federal Research Reimbursement Rate	Difference
\$50M or Less	54.1%	40.9%	-13.3%
\$51M-\$99M	55.6%	44.8%	-10.9%
\$100M-\$199M	55.4%	39.3%	-16.0%
\$200M-\$299M	60.2%	48.0%	-12.2%
\$300-\$399M	58.2%	44.9%	-13.3%
\$400M-\$499M	58.6%	49.7%	-8.9%
\$500M+	58.9%	48.0%	-10.8%
Grand Total	56.9%	44.3%	-12.7%

Figure 5. Comparison between the average negotiated F&A cost reimbursement rate and the average “effective” reimbursement rate (the actual rate of reimbursement)^{viii}.

The stability of federal F&A cost reimbursement is reinforced by Figure 6. As reported annually by the National Institutes of Health (NIH), from FY2008 to FY2023 there has been **no change** in the distribution of direct and F&A costs awarded to research institutions (Figure 6). The consistent 72/28 distribution between direct and F&A costs is in line with the previous observation that F&A cost rates and reimbursements have been remarkably stable over time.⁵

Fiscal Year	Direct Awarded (billions)	F&A Awarded (billions)	Total Awarded (billions)	Direct as Percent of Total	F&A as Percent of Total
FY 2008	\$15.3	\$5.9	\$21.2	72.2%	27.8%
FY 2023	\$24.6	\$9.5	\$34.1	72.2%	27.8%

Figure 6. FY08-FY23 Distribution of Direct and F&A Costs Awarded to Research Institutions.^{ix}

4. The extensive growth in federal regulations is driving the increase in administrative costs that cannot be recovered due to the 26% cap.

The 26% cap on administrative costs was instituted in 1991. Over the past three decades, more and more colleges and universities have reached and exceeded the cap in their F&A cost rate calculations.

This increase in cost is due in significant part to the extensive growth in federal regulations applicable to conducting federally sponsored research. As research-specific regulations grow, so does the administrative portion of the F&A cost rate calculation. While almost every college and university calculates that its administrative portion is above the 26% cap, these costs cannot be included in the negotiated (and capped) F&A cost reimbursement rate.

Figure 7 shows the extensive growth in federal regulations (see blue line) starting in 1991, and through 2024. Each point on the blue line represents the cumulative number of new and significantly changed federal regulations instituted since 1991. And as shown earlier, this has taken place within the context of stable F&A cost

⁵ NIH represents the largest funder to research institutions. Other agencies, such as NSF and DOD, also are significant funders of research. While data for other agencies is not available, the NIH data serves as a representative example for the distribution of federal funding between direct and F&A expenditures.

reimbursement rates that do not fully reimburse the actual costs of federal research performed by universities.

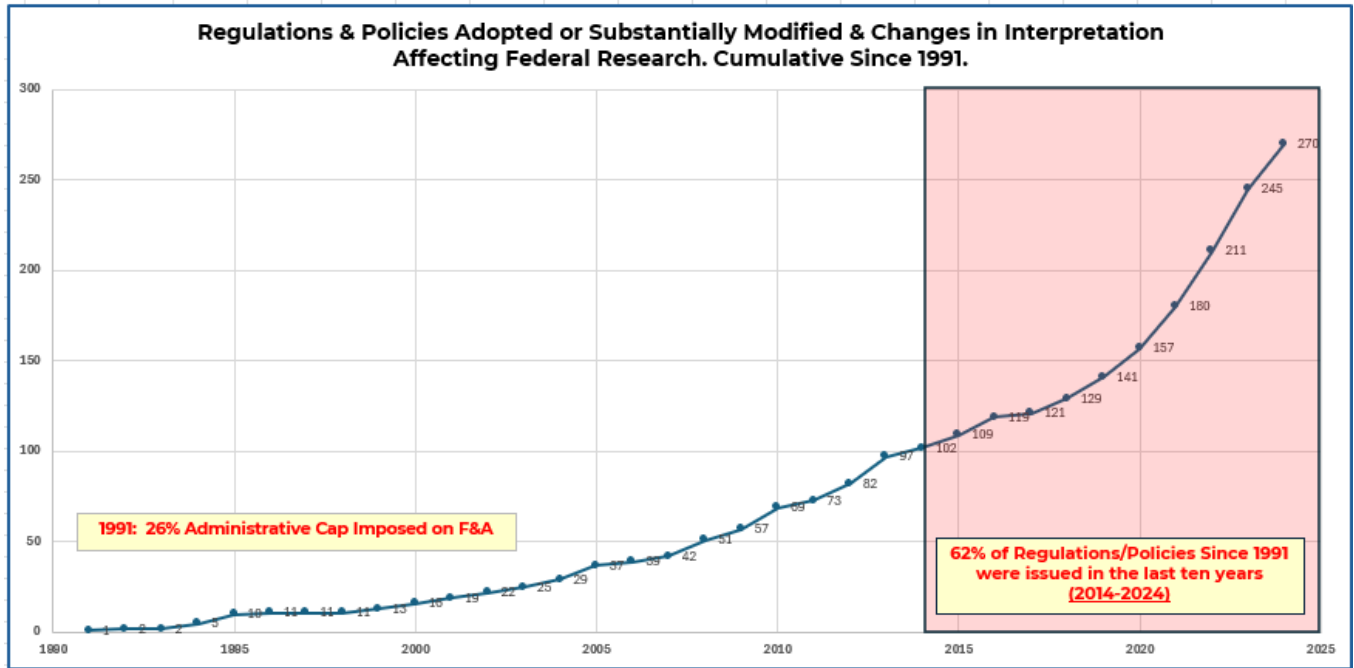


Figure 7. Regulations & Policies Adopted or Substantially Modified & Changes in Interpretation Affecting Federal Research. Cumulative Since 1991.

For the Federal Government–Research Institution partnership to thrive, F&A cost reimbursement must reflect the real cost of performing research and the increasing regulatory burden incurred by research institutions, particularly the disproportionate impact on emerging research institutions.

CONCLUSION

As described in COGR’s 2019 paper [Excellence in Research: The Funding Model, F&A Reimbursement, and Why the System Works](#), “The current system for determining indirect cost reimbursement is based on longstanding principles developed by the Office of Management and Budget (OMB). The foundation of the system has withstood the test of time, is remarkably efficient and effective, and protects federal funds and taxpayers.”

This is not to suggest the current system is perfect. Rather, while the funding model and F&A reimbursement works, it is clear from this report’s findings and observations that some F&A cost reimbursement policies and processes create barriers that are counter to increasing the nation’s research capacity at small and large institutions, alike. Research institutions pay a large, and increasing, share of the cost of the research they perform and are not fully reimbursed for the cost of performing research on behalf of the federal government.

The increasing compliance costs and inefficiency of federal regulations affecting research are ongoing challenges to the nation’s research enterprise. Effectively addressing these challenges is important to strengthening the nation’s research capacity and position as the global science and technology leader. It is, however, also essential to recognize that increased efficiency will not fully address the growing, unsustainable subsidization of the federal research enterprise by research institutions. Additional limitations on reimbursement of research institutions’ costs would damage the longstanding Federal Government–Research Institution partnership that has produced cutting-edge science, advanced medical breakthroughs, and enhanced the economic and national security of the United States.

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APPENDIX 1: SURVEY DEMOGRAPHICS

Total Responses: N = 120

Note: N may not always equal 120 due to cases where an institution did not respond, or when it was appropriate to provide more than one response.

PUBLIC / PRIVATE	PERCENT	COUNT
Public	69.2%	83
Private	30.8%	37
OTHER DEMOGRAPHICS	PERCENT	COUNT
Land-grant	21.7%	26
Medical School	30.0%	36
Hospital (or owns Hospital)	10.8%	13
Affiliated with Hospital(s)	11.7%	14
Nonprofit Research Institution	7.5%	9
Other - Write In *	4.2%	5

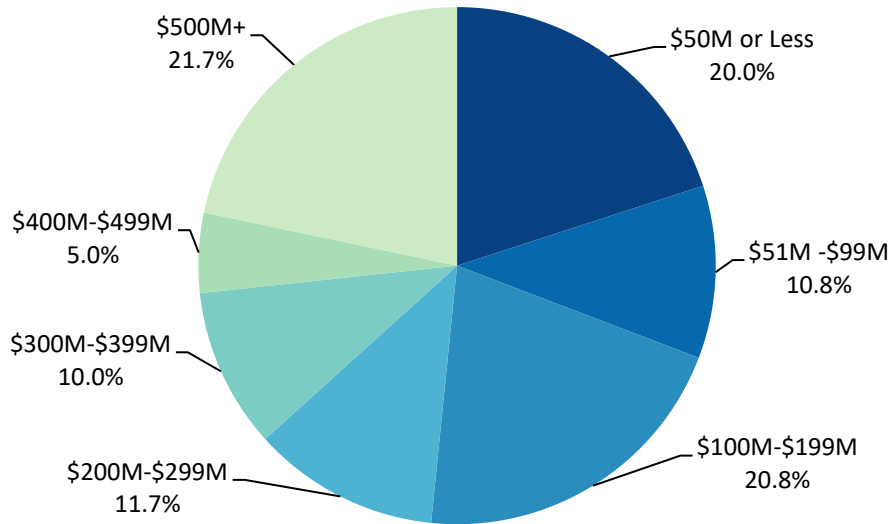
* **Write-in responses:** 1) and 2) Institution of Higher Education (IHE). 3) We own the hospital, but they have their own F&A rates. 4) Public state-controlled IHE. 5) No response.

Which regulations are applicable to your institution?

REGULATION	COUNT
2 CFR 200, Appendix III (Institutions of Higher Education)	116
2 CFR Part 200, Appendix IV (Nonprofit Organizations)	6
45 CFR Part 75, Appendix IX (Hospitals)	3

Note: N = 125, some institutions indicated that more than one set of regulations were applicable (e.g., an IHE may also have an affiliated Hospital)

FEDERAL ONLY R&D Expenditures as reported in the 2021 NSF HERD (Table 24) report (or for nonprofit organizations, report your federal expenditures for FY 2021 based on other available sources).



FEDERAL R&D	PERCENT	COUNT
\$50M or Less	20.0%	24
\$51M - \$99M	10.8%	13
\$100M - \$199M	20.8%	25
\$200M - \$299M	11.7%	14
\$300M - \$399M	10.0%	12
\$400M - \$499M	5.0%	6
\$500M+	21.7%	26
	100.0%	120

Federal Cognizant Agency/Region for Indirect Cost:

COGNIZANCE	PERCENT	COUNT
HHS-NY	22.5%	27
HHS-Mid-Atlantic	19.2%	23
HHS-Dallas	25.8%	31
HHS-SF	16.7%	20
ONR	15.0%	18
HHS (not identified)	0.8%	1
	100.0%	120

Note: One institution reported that due to resource issues at HHS-SF our proposal is being transferred to HHS-DC.

Geographical Region (see <https://education.nationalgeographic.org/resource/united-states-region>)

REGION	PERCENT	COUNT
Northeast	30.8%	37
Southeast	20.0%	24
Midwest	21.7%	26
Southwest	7.5%	9
West	20.0%	24
	100.0%	120

APPENDIX 2: F&A COST REIMBURSEMENT RESOURCES

For a detailed look at the F&A cost rate process, see the November 2019 COGR publication titled [Excellence in Research: The Funding Model, F&A Reimbursement, and Why the System Works](#).

The following sections serve as a Primer on F&A Costs:

Chapter 2. F&A FOR THE NON-ACCOUNTANT

Chapter 3. F&A NUTS AND BOLTS

The paper also includes historical information that is helpful for understanding how the F&A cost reimbursement process developed and why it is still in place:

CHAPTER 1: BRIEF HISTORY

This report was preceded by reports and other materials available to the COGR membership. Of note, the Summary of Responses to Selected F&A Survey Questions includes:

- Survey / Institution Demographics
- F&A Base Year, Rate Type, Extensions
- F&A Cost Rates, Components, Rate Agreement Definitions
- Selected Elements of the F&A Proposal, Negotiation Experiences
- Institutional Resources & Other Topics of Special Interest

Other F&A cost reimbursement resources are located on COGR's [F&A Cost Reimbursement Educational Materials](#) website, including:

- Costs of Federal Research Infographic (Updated December 2024)
- Frequently asked questions about F&A costs of federally sponsored university research
- Breaking down the costs of federal research at universities
- Comparing foundations to federal government research support
- Finances of Research Universities (June 2014)
- Additional Materials on F&A and the Cost of Research

Acknowledgements

We would like to acknowledge the following individuals for their time and expertise in the development of the F&A survey and analysis of results, drafting of this report, and the many F&A presentations and discussions they have participated in for the COGR community (and beyond).

Sarah Axelrod, *Assistant Vice President, Office of Sponsored Programs, Harvard University (COGR Board of Directors and Costing and Financial Compliance (CFC) Committee)*

Jeremy Forsberg, *Associate Vice President for Research and Innovation, University of Texas at Arlington (COGR Board of Directors and CFC Committee)*

Mike Legrand, *Director of Costing Policy & Analysis, University of California Davis (CFC Committee)*

Maria Soliman, *Grant Accounting Office Director, University of Iowa (CFC Committee)*

David Kennedy, *Senior Policy Fellow, COGR*

Cindy Hope, *Director, Costing & Financial Compliance, COGR*

About COGR

COGR is the national authority on federal policies and regulations affecting U.S. research institutions. We provide a unified voice for over 220 research universities and affiliated academic medical centers and research institutes. Our work strengthens the research partnership between the federal government and research institutions and furthers the frontiers of science, technology, and knowledge. We advocate for effective and efficient research policies and regulations that maximize and safeguard research investments and minimize administrative and cost burdens. Learn more about COGR on our [website here](#).

Endnotes

ⁱ The F&A Capstone serves as the final installment of the reports COGR has published covering the results of the COGR F&A Survey. Other reports are available on the [F&A Survey Report page](#) (log in required).

ⁱⁱ [The Federal Demonstration Partnership \(FDP\)](#) conducts periodic surveys on faculty administrative burden, the most recent study was published in 2018.

ⁱⁱⁱ See [F&A Survey Report page](#) (log in required).

^{iv} Presentations from past COGR meetings are available at www.cogr.edu.

^v See NSF, National Center for Science and Engineering Statistics, November 25, 2024 – [InfoBrief, NSF 2023 Higher Education Research & Development \(HERD\) Survey](#)

^{vi} For purposes of this report, Emerging Research Institutions (ERIs) are those with <\$50 million in federal research expenditures as defined by the CHIPS & Science Act.

^{vii} Source: COGR F&A Surveys. Note, 90 institutions are included in the 2023 and 2008 COGR surveys

^{viii} Source: 2023 COGR Survey (note, the 56.9% average is different from the 57.0% average in the previous table due to a different sample set. In this table, the average for all 120 institutions that completed the 2023 COGR Survey are included

^{ix} Source: Congressional Justification for the NIH budget request, see <https://officeofbudget.od.nih.gov/br.html>