

The F&A Capstone:
A Final Report on the
2023-2024 Survey

October 24, 2024

COGR



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Session Agenda

- **Overview of COGR 2023-2024 F&A Survey and Capstone Report**
- **Findings & Observations to be Presented in the F&A Capstone**
- **Next Steps**
- **Questions???**

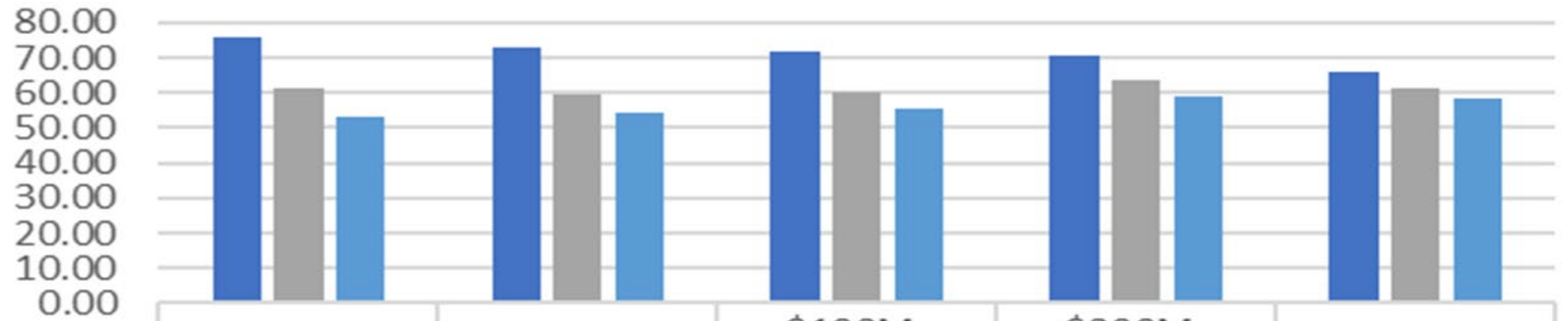
Overview of the 2023-2024 F&A Survey

- Survey completed in first half of 2023
- Preliminary results presented: [June 2023](#) and [October 2023](#) meetings
- Reports released to-date: [2023 F&A Survey](#) (log in required)
 1. Rates by Institution
 2. On/Off and MTDC definitions per Rate Agreements
 3. Compilation Report: Survey results in aggregate
- F&A Capstone, to-be-strategically-released, will complement [Cost of Compliance: Research Security](#) (November 2022) and [Cost of Compliance: Data Management and Sharing](#) (May 2023)

Capstone Report

- Final analysis of data and drafting is in progress
- Goals of Capstone report
 - Historical and current data
 - Findings from the survey and related trend analyses
 - Research related implications
 - The future of the Federal/Awardee partnership
- Audience
 - COGR members and other research institutions
 - Various institutional groups, including government relations staff
 - Federal agencies
 - Members of Congress
 - Other advocacy groups (AAU, APLU, AAMC, others)

Institutional Expenditure Level Comparison of Uncapped, Capped and Current Negotiated Rate



	\$50M or less	\$51M - \$99M	\$100M- \$199M	\$200M- \$399M	\$400M+
■ Uncapped	75.94	73.14	72.02	70.53	66.12
■ Capped	61.61	59.80	60.19	63.82	61.39
■ Negotiated	53.36	54.38	55.40	58.76	58.40

■ Uncapped ■ Capped ■ Negotiated

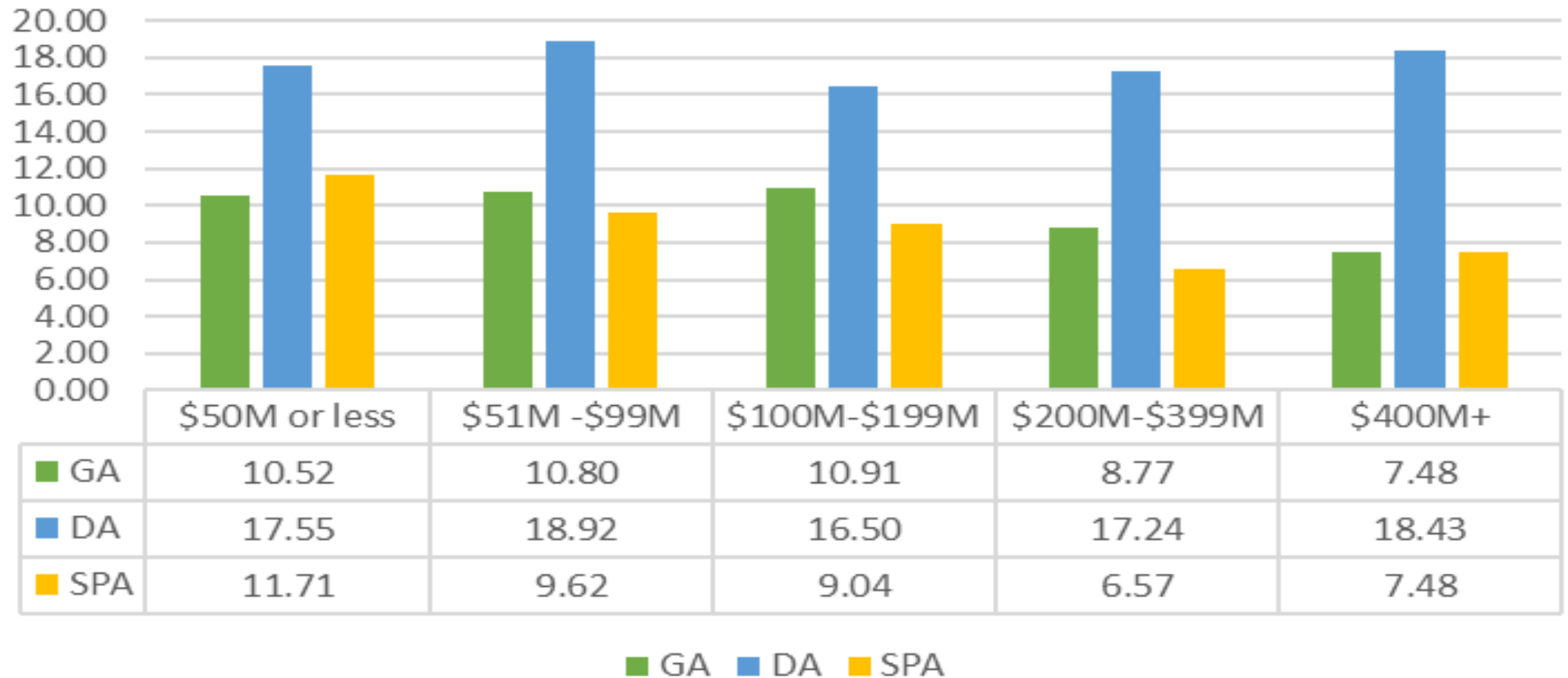
Based on Federal Research Expenditures

Findings & Observations: Over-the-Cap

- Uncapped rate variance based on amount of institutional federal research expenditures show a clear **10% downward trend in administrative cost burden** from 76% for <\$50M to 66% for > \$400
 - All institutions surveyed were over the administrative cap, this is an indicator for the cost of compliance disparity created for smaller institutions.
- Capped rates only have a 4% total variance based on amount of federal research expenditures. This is an indicator that facility cost recovery is fairly consistent among institutions.
- Negotiated rates show a clear disparity trend for small vs. larger institutions. **\$50M or less had an average 53% negotiated rate (23% shortfall of uncapped rate) vs. \$400M at 58.5% negotiated rate (7.5% shortfall)**
 - This is an indicator of baseline costs to federal compliance institutions must cover.

Findings & Observations: GA, DA, SPA

Administration Components by Institution Size



Findings & Observations: GA, DA, SPA

- General Administration shows ~10.75% avg. among institutions with \$50M to \$200M in Federal Research Expenditures to 7.50% for those >\$400M. This is nearly a **31% reduction in GA percentages based on amount of federal research expenditures.**
- Department Administration showed consistency in cost regardless of amount of federal research expenditures.
- Sponsored Project Administration costs shows a clear downward trend based on amount of federal research expenditures: 11.7% for <\$50M to 7.48% for >\$400M. **This is a 36% reduction in SPA cost components**
- **GA and SPA cost component differences are an indicator of baseline costs institutions must cover to meet federal regulations.**

F&A Capstone Findings and Corroborating Data Analysis (NSF HERD FY 2022 Data)

- Between 2010 and 2022 Federal and State & Local Government Investments in U.S. R&D Decreased in proportional value by over 7 Billion Dollars while Institutional Investments increased by \$5.5 Billion

Total US R&D To Institutions of Higher Education	2010 % of Total US R&D	2022 % of Total US R&D	Change in % of Total R&D	2022 Value (in thousands)
Federal Government % Decrease	61.2%	55.2%	-5.9%	\$ (5,768,775)
State & Local Government % Decrease	6.3%	5.0%	-1.3%	\$ (1,285,151)
Institutional Total Fund Increase %	19.5%	25.1%	5.6%	\$ 5,459,869

Change from 2010 to 2022	Federal government	State and local government	Total Institution	Institutionally financed research	Cost sharing	Unrecovered indirect costs
2010	\$ 37,477,582	\$ 3,887,106	\$ 11,942,532	\$ 6,198,189	\$ 1,083,275	\$ 4,661,068
2022	\$ 54,052,605	\$ 4,917,987	\$ 24,536,445	\$ 16,649,164	\$ 1,708,852	\$ 6,178,429
Total Increase	\$ 16,575,023	\$ 1,030,881	\$ 12,593,913	\$ 10,450,975	\$ 625,577	\$ 1,517,361
% increase from 2010 to 2022	44%	27%	105%	169%	58%	33%

F&A Capstone Findings and Corroborating Data Analysis (NSF HERD FY 2022 Data)

Federal Expenditures	# of Institutions	Total	Federal government	Institution funds	% Inst. To Federal
<\$1M	93	\$ 256,875	\$ 53,038	\$ 104,246	197%
\$1 - \$50M	373	\$ 7,961,253	\$ 3,690,461	\$ 2,624,788	71%
\$50M to \$100M	39	\$ 6,108,568	\$ 2,805,007	\$ 2,140,319	76%
\$100M to \$200M	48	\$ 13,303,263	\$ 6,891,953	\$ 4,025,858	58%
\$200M to \$400M	39	\$ 20,546,775	\$ 10,905,482	\$ 5,348,100	49%
>\$400M	41	\$ 49,492,513	\$ 29,625,527	\$ 10,248,034	35%
TOTAL	633	\$ 97,669,247	\$ 53,971,468	\$ 24,491,345	45%
Sum under \$100M Fed:	505	\$ 14,326,696	\$ 6,548,506	\$ 4,869,353	74%
% under \$100M in fed:	80%	15%	12%	20%	
Sum over \$100M Fed	128	\$ 83,342,551	\$ 47,422,962	\$ 19,621,992	41%
% over \$100M Fed	20%	85%	88%	80%	
Sum under \$50M Fed:	466	\$ 8,218,128	\$ 3,743,499	\$ 2,729,034	73%
% under \$50M Fed:	74%	8%	7%	11%	

- IHEs with <\$100M in federal research expenditures account for 80% of all (505 of 633) IHEs that expend federal funding fund. This amounts to only 12% of all IHE federal R&D.
 - They contribute on average 74% of their own funds towards each federal research dollar spent while IHEs over \$100M contribute only 41% of their funds for every federal research dollar spent.

Impact on Small Institutions

- Data shows smaller institutions (under \$50M) are disproportionately affected as compared to those institutions with over \$400M.
 - General Research expenses are up to 30% more
 - Sponsored Programs costs are up to 44% more

**** Differences are similar for institutions under \$100M**
- Higher costs - negotiated F&A rate for smaller institutions is 9% lower, uncapped rate is 15% higher. Demonstrates the unfair effect of the cap
- Barrier to Entry - Less reimbursed cost, research more expensive
- Lack of specialized services
- Difficult to build centralized infrastructure to support research mission.

Findings & Observations: Rate Trends

- Focus on Research Universities (representative sample of 90)
- The 90 have COGR survey data available from FY08 and FY23
- COGR's focus is and will remain "All" (still note: 65 public, 25 private)
- Diverse sample: Mix of HHS/ONR, Region, Volume of Research

To be published in Capstone:

	FY08	FY23
Average Rate	52.3	57.0
Median Rate	51.5	56.5

Findings & Observations: NIH Direct-Indirect

- NIH publishes direct-indirect data on an annual basis in its “Congressional Justification” for NIH’s annual budget request
- The numbers represent actual budget outlays for FY08 and FY23 – over time, the direct-indirect split has remained constant

To be published in Capstone:

	FY08		FY23	
Direct Awarded	\$15.3	72.2%	\$24.6B	72.2%
Indirect Awarded	\$ 5.9	27.8%	\$ 9.5B	27.8%

Are F&A Cost Rates “Out of Control”?

- Data shows that the increased F&A rates do not necessarily mean we are reducing the direct research support
 - NSF HERD increase in institutional support of research
- Effective Research Recovery Rates

<i>NSF Federal R&D</i>	<i>Average Research F&A Rate</i>	<i>Average Effective Federal Recovery Rate</i>	<i>Difference</i>
\$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%
\$300M-\$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%

Next Steps

- Completion of the F&A Capstone Report
- Release date will be strategic and include the following considerations:
 1. COGR membership recommendations
 2. The new Administration
 3. Longer term impact of getting the report out quickly, i.e. in 2024, vs a fresher date of 2025
 4. Aligning the report with UG changes
- Key goal - how do we message regulatory burden, faculty burden, cost of compliance, and fair and equitable cost reimbursement?



#COGROct24

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A top-down view of a wooden desk. In the upper right, a portion of a white laptop keyboard is visible, showing keys for a period, plus, minus, and equals. To the left of the laptop is a yellow paperclip. In the center, three sticky notes are arranged to spell 'Q & A'. The 'Q' is on a pink note, the '&' is on a light green note, and the 'A' is on a pink note. A silver pen lies diagonally on the right side of the desk.

Q

&

A



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