Focus:
Implications for Researchers

By Susan Sedwick

Santa Claus came late in 2014 as the Office of Management and Budget (OMB) published its final guidance entitled Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” (Uniform Guidance) in the Federal Register. The Uniform Guidance which can be found in Title 2 Part 200 of the Code of Federal Regulations (2 CFR 200) combines the requirements of eight longstanding OMB circulars including A-21 Cost Principles for Educational Institutions, A-110 Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations, and A-133 Audits of States, Local Governments and Non-Profit Organizations.

The Committee on Financial Assistance Reform (CoFAR) undertook this insurmountable task with the intention of (1) streamlining processes associated with the awarding of federal funding, (2) easing the administrative burden on grant applicants and recipients and (3) to reduce the risk of waste, fraud and abuse. The Uniform Guidance will be effective one year from its publication on December 26, 2014. Research administrators are busy analyzing the Uniform Guidance and assessing whether the revised principles will require changes to institutional policies, procedures and practices. While NSF has published, for comment, its implementation plan, it is anticipated that most other agencies will not follow suit and the implementation plans will be issued on or before December 26 as Interim Final Guidance. Institutions cannot wait for these plans to inform their own institutional implementations.

The FDP Faulty Workload Survey II affirmed that federally-funded principal investigators are still spending 42% of their research time on administrative tasks associated with their federal awards. Time will tell if the Uniform Guidance will offer any demonstrable relief or, in some cases, exacerbate the burden. However, some changes will clearly have a direct impact on principal investigators and it is not too soon to start that dialogue on your campus. The following sections of the Uniform Guidance contain deviations from prior OMB circular requirements and should be considered for closer review and discussion with researchers.

• §200.203 Notices of funding opportunities Funding Opportunity Announcements must be published in a standard format and made available for a minimum of 60 days prior to the deadline for application except as required by statute or in exigent circumstances in which case a minimum availability of 30 days applies.

• §200.206 Standard application requirements Application forms must be pre-approved by OMB.

• §200.210 Information contained in a Federal award The format, terms and conditions, and elements of Federal awards are prescribed and include the requirement for the inclusion of a Federal Award Identification Number (FAIN).

• §200.301 Performance measurement The guidance requires the use of OMB-approved government-wide standard information collection when providing financial and performance information. We assume the latter will be the Research Performance Progress Report (RPPR) for technical reporting.

• §200.306 Cost sharing or matching The NSF model is adopted for all agencies in that voluntary committed cost sharing is not expected and may not normally be considered in the review of research proposals unless statutorily required.

• §200.307 Program income While the definition of Program Income remains unchanged, the Uniform Guidance omitted an exclusion for licensing/royalty income at institutions of higher education putting the definition in conflict with the Bayh-Dole Act. A clarification or correction by OMB will be requested by COGR.

• §200.308 Revision of budget and program plans The sponsor must be notified of the “disengagement” by the principal investigator/project director for more than three months. The prior requirement called for notice for the “absence”.

• §200.317 - .326 Procurement Standards State or local geographical preferences for procurement are allowable only for States but not for state supported institutions of higher education. Requirements
for competition in procurement actions under Federal awards for purchases exceeding $3000 could result in significant delays for purchasing materials and supplies particularly using procurement cards. COGR is seeking clarifications regarding these requirements.

- §200.330 - .332 Subrecipient monitoring and management These sections contain some of the most onerous revisions to the Federal requirements including the documentation that performance reports from subrecipients were received and were related to invoices, decision was made to categorize transaction mechanisms as subawards versus vendor agreements, Facilities and Administrative Costs rate agreements must be honored and subrecipients without a Federally negotiated rate are afforded a 10% rate calculated on Modified Total Direct Costs (MTDC).

- §200.332 Fixed amount subawards In an effort to reduce administrative burden, fixed amount awards are encouraged but limited to cumulative funding not to exceed the Single Acquisition Threshold (currently $150,000) and cannot be used if cost sharing is applicable. §200.201 Use of grant agreements and 200.400 Policy guide prohibit the realization of an increment above actual costs. It is unclear whether this applies solely to “profit” motives or to reasonable residual balances.

- §200.343 Closeout Federal agencies are required to close out awards within one year of receipt and acceptance of all required final reports.

- §200.413 Direct Costs This section has some very favorable revisions including criteria for charging administrative and clerical salaries as direct costs (services must be integral to the project, specifically justified by the non-Federal recipient, and approved in writing by the sponsor or identified in the awarded budget, and for costs not included in the F&A rate calculation).

- §200.414 Indirect (F&A) costs All Federal awarding agencies must accept negotiated rates.

- §200.415 Required certifications The Uniform Guidance requires a certification by an authorized official of all financial reports. Certifications that are found to be false or fraudulent may result in criminal, civil and administrative penalties. It is unclear how these certifications will be effected but PIs can assume that authorized officials making these certifications will require assurances by principal investigators.

- 20§0.430 Compensation - personal services While neither any specific examples nor the terms “effort reporting” or “certification” are mentioned in this section of the Uniform Guidance, after-the-fact validation that the labor distribution is accurate, allowable and properly allocated is still required. Personnel charges that are not confirmed through the use of time cards must still be based on a percentage distribution of total Institutional Base Salary i.e. “effort”. This section provides clarification and flexibility for when protocol related costs are allowable as direct costs.

- §200.432 Conferences Dependent care during conferences associated with dissemination of research results are allowable as a direct cost but must be treated consistently across all funding sources.

- §200.440 Exchange rates Prior agency approval is required for cost increases resulting from fluctuations in exchange rates.

- §200.453 Materials and supplies costs including costs of computing devices Computing devices as defined in §200.20 are allowable as direct costs provided essential and allocable but not solely dedicated to the performance of the project.

- §200.461 Publication and printing costs Publication costs for work supported by the Federal government are allowable after the award end date but prior to closeout (See §200.343 Closeout).

- §200.456 Participant support costs These costs are allowable with prior approval but as defined in §200.75, are limited to exclusion from MTDC to conference and training grants.

The Council on Governmental Relations (COGR) has taken on the monumental task of reviewing the Uniform Guidance and has issued its COGR Guide to the OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Periodic updates will be made as COGR’s ongoing dialogue with OMB and the Federal agencies, and OMB’s additions to its Frequently Asked Questions (FAQs) render clarity. The Federal Demonstration Partnership is also actively seeking opportunities to partner with the Federal agencies to gather data or pursue pilot demonstrations that might provide substantive evidence of the impact on administrative burden for researchers. Readers are encouraged to seek guidance from both COGR and FDP through their public websites.

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