

Minutes to January 2004 FDP Meeting
Initiatives to Reduce Administrative Burdens (IRAB)
Allocation of Space Costs Committee (IRAB Costing Issue)

Minutes:

At the concurrent breakout session there were several university attendees as well as federal representatives Debbie Rafi, ONR and Bob Klein, DHHS. Bob, as well as co-chair Tracey Fraser, participated via teleconference. The session began with discussion concerning the additional data presented by universities (negotiated facilities components) in response to the DHHS concerns expressed at the September meeting that data presented (at that time) did not reflect adjustments made to proposed rates (facilities components) during the negotiation process. The results indicated that there were impacts resulting from the negotiation process however, the average impact among the 7 participating schools was relatively low. It was also acknowledged that this data may not be representative given the small (7) number of participating schools.

This was followed by more discussion that universities demonstrate the salary and wage (S&W) basis, as provided by OMB Circular A-21, is not a reasonable method by which to allocate space related costs. Several minutes were also spent discussing budget neutrality. Bob Klein agreed that if we could achieve budget neutrality he would support going forward with this effort. It was at that point that it was reinforced that the original white paper for this initiative clearly stated that universities were not pursuing this in an effort to realize windfall gains from additional F&A recoveries but rather to identify a means by which to simplify the process while not disadvantaging any stakeholders, i.e., budget neutrality.

With consensus on the issue of budget neutrality the discussion again turned to the need for universities to demonstrate to OMB that S&W is not a reasonable basis for allocating facilities related expenses. During the discussion the federal representatives were asked where it was documented that universities could use the space utilization survey method presently employed by most long form F&A schools. They agreed there is nothing officially documented other than the DHHS Long Form Review Guide. They were also asked if they concurred with the understanding that OMB Circular A-21 provides latitude for universities to use "alternative methods" for allocating F and/or A costs as long as the alternative method(s) were acceptable to the cognizant agency. Both agreed this understanding.

With this understanding the question was posed as to why universities need OMB approval if the respective cognizant agencies have authority to approve alternate allocation methods. It was pointed out that universities are not proposing to eliminate options presently offered and/or being used (S&W, FTE, space survey) but rather to identify additional alternatives for universities to use that might be less onerous and less contentious. After a brief discussion it was agreed universities do not need OMB approval other than for the Primary Use methodology originally proposed by this Task Group given it so closely resembles Predominant Use which is specifically prohibited.

With that we agreed to move forward with this initiative including modeling FTE (Illinois has already offered to assist with this), Primary Use (we already have some data), and other methods such as MTDC (or some derivative thereof). We also agreed that we only need 2-3 schools for each of these to provide us with some sense of whether any of these have merit in terms of budget neutrality, ease of application, and acceptance by all. In a discussion following the formal meeting it was suggested we, as much as possible, avoid methodologies relying on "factors" to achieve budget neutrality as these would require periodic validation which could mean having to conduct a space utilization survey to determine the reasonableness of the factor.

Next steps:

Identify additional schools to assist in modeling other methodologies we might consider as viable alternatives to the options now available for allocating space related costs. The co-chairs for this task force will solicit FDP as well as non-FDP schools for assistance and, along with our partners from DHHS and ONR, provide guidance to schools volunteering their assistance with the intent of presenting the results at the May FDP meeting in Washington, D.C. (if not before).