FEDERAL DEMONSTRATION PARTNERSHIP

Redefining the Government University Research Partnership

FDP ARRA Administrative Impact Survey Report

Executive Summary

Prepared by the Federal Demonstration Partnership ARRA Subcommittee of the Research Administration Committee

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Survey Purpose

American Recovery and Reinvestment Act (ARRA) funding provided an unprecedented opportunity for faculty at colleges and universities to receive funding for critical initiatives and novel research areas. These additional funds were accompanied by new administrative requirements. The purpose of this survey was to document the administrative impact of ARRA on each institutional member of the Federal Demonstration Partnership - ranging from the resources needed to track and understand the new ARRA requirements to the amount of time, money and effort needed to ensure that our institutions comply with quarterly reporting ARRA obligations.

These results allow the Federal Demonstration Partnership (FDP) to be able to report to the national research administration community a sense of the administrative resources expended to achieve compliance with these new requirements and to position the FDP to be able to assist with recommendations for how future transparency requirements might best be implemented. The results are also useful as "guideposts" as to what worked efficiently and what could be improved.

Survey and Data Notes

This survey was authored by members of the ARRA Subcommittee of the Research Administration Committee of the FDP, with input from several survey experts. Data included in this survey represents facts and estimates provided from the member institutions via their FDP Administrative Representatives. It must be noted that there were no formal metrics or baselines established at the time ARRA was rolled out. This has the necessary consequence of making some data more definitive (and likely more precise) than other data. For example, data on numbers and dollars of ARRA awards was able to be determined with more precision than estimates of training times. Data adjustments were made when a response was deemed to be an outlier value, or when the respondent provided inconsistent numerical responses. All adjustments made were tracked and are available. A complete copy of the original survey instrument is included in the full report.

With Special Thanks to ...

The Respondents

The patient and thoughtful work of those who painstakingly responded to this survey is very much appreciated. A complete list of all respondents may be found in Appendix 1 of the full report.

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Executive Summary

The purpose of the FDP ARRA Administrative Impact survey was to document the administrative impact of ARRA on each institutional member of the Federal Demonstration Partnership. Conducted electronically between October 11, 2010 and June 23, 2011, the survey was sent to the 119 university, college, hospital and research institute members of the FDP via their respective administrative organizational representatives. Each administrative organizational representative was asked to administer the survey at their institution, obtaining information as needed from other components of the organization. Of the 119 members of the FDP, 100 institutions (84%) responded by the time the survey closed.

ARRA funding brought with it a number of new requirements, the most apparent being the need to report quarterly on the technical progress, financial progress, subaward progress and use of major vendors of each ARRA-funded award, along with reporting jobs created and retained as a result of the funding. ARRA requirements also mandated that ARRA funding be managed distinctly from other federal funding sources, resulting at times in the need to draw down expenses on a project-by-project basis instead of using an aggregated portfolio method available for the rest of an agency's awards. Other impacts included segregation of supplemental funds, performance periods, and activities awarded from the balance of that same project's activities; increased audit activity; and in some cases, requirements for duplicative reporting of data into agency systems.

Levels of ARRA Activity

Collectively, the 100 respondents were prime recipients of 11,501 ARRA-funded awards, for a total dollar value of $7,183,217,320. In addition, these institutions received more than 3,000 first-tier ARRA subawards valued at $940M, issued 2,632 subawards valued at $592M under their ARRA awards, and were responsible for 1,360 vendor agreements that required individual ARRA reporting. The average number of ARRA awards per institutions was 115 awards, valued at $71.8M.

Administrative Cost and Staffing

Respondents were asked to provide the number and cost associated with added staffing, reallocated staffing, and overtime of existing staff to comply with various types of ARRA requirements, including overall ARRA preparation time (review of guidance, development of internal policies and procedures, etc.), proposal submission, award processing, letter of credit draws, collection of outgoing subrecipient or vendor reporting information, quarterly reporting (including subrecipient and vendor reporting), post quarterly reporting corrections, training, design and construction of automated systems, preparation and involvement with local or federal audits, and other (including human and animal subjects and other compliance functions). If an institution was unable to estimate its FTE and cost at this level of detail, they had the option to respond in the aggregate. Respondents were asked to use their institutional fiscal year[1] to report their information (FY09, FY10, FY11, and FY12 and beyond).

It should be noted that under ARRA regulations, no funding was available to colleges and universities to reimburse them for the cost of complying with ARRA requirements. (Some other ARRA recipients, such as states, were able to recover some of their costs.) Despite this, approximately one third of the institutions did increase staffing to assist with compliance with ARRA requirements, during one or more fiscal years. For those institutions who were able to increase their staffing, the average numbers of staff added ranged from 3.0 – 3.3 FTE during the most active years of ARRA funding. Most of the FTE added were tasked with the quarterly reporting obligations (including subrecipient and vendor reporting), other reasons (including human and animal subjects compliance), and for award processing. Quarterly reporting tasks, including post-quarterly reporting corrections, and the collection of outgoing subrecipient or vendor reporting information, were responsible for 43% of the FTE who were added. While the proposal submission process was extremely intensive in the first few months after ARRA was announced, the rollout of ARRA funding opportunities and tight turnarounds for ARRA proposals occurred so rapidly that many institutions were not able to "ramp up" by adding staff for this purpose. Instead, there was heavy reliance on using existing staff working additional hours, or internal reallocation of existing staff. [One institution indicated that, at a peak deadline, they had staff continuously submitting ARRA proposals to Grants.Gov from 6:00 a.m. – 10:00 p.m.] Reallocated staff were used most heavily for proposal submission tasks, other tasks (including human and animal subjects compliance), award processing, and overall ARRA preparation tasks (such as review of guidance, development of internal policies and procedures.) A significant number of reallocated staff were also used for quarterly reporting.

[1] *Information was collected on the specific dates of each institution's fiscal year in case additional analysis is determined to be beneficial*.

The administrative costs reported by respondents totaled $91.7M over the 4 year period, or $7,973 per ARRA award. The figures below include the cost of salary and fringe benefits for the staff involved, or in the case of bonus payments, the actual cost of the bonus. Indirect costs associated with these figures were not included.

Cost in Millions	FY09	FY10	FY11	FY12	TOTAL
Cost of Added FTE	$3.7	$6.3	$5.7	$3.4	$19.1
Cost of Reallocated FTE	$19.4	$19.4	$17.6	$8.8	$65.0
Cost of Overtime/Bonus (if provided)	$1.9	$2.1	$2.0	$1.4	$7.4
TOTAL	**$25.0**	**$27.8**	**$25.3**	**$13.6**	**$91.7**

Number of FTEs	FY09	FY10	FY11	FY12	TOTAL
Number of Added FTE	60.5	101.1	105.0	42.2	308.8
Number of Reallocated FTE	256.6	258.6	173.9	154.0	843.1
Overtime/Bonus	21.9	23.1	15.4	12.3	72.7
TOTAL	**339.0**	**382.8**	**294.3**	**208.5**	**1224.6**

Only 27% of institutions were able to provide data on overtime or bonus payments. It is unclear whether the 73 respondents that did not provide information did not have overtime or bonuses, or did not track it in a way that allowed for reporting in this area.

A linear correlation should not be assumed to exist between the costs reported here and cost if the ARRA regulations were extended to the entire portfolio of federal awards. Depending on how the regulations were extended, the cost might be significantly lower or higher. Well-designed, integrated electronic systems that marry transparency reporting with existing reporting obligations and are implemented with sufficient advance notice would likely result in cost-effective reporting. Conversely, disparate requirements that change frequently across agencies or which are not integrated with other reporting obligations would be costly.

One significant cost not incurred for most institutions to meet ARRA requirements to date is that of creating enterprise-wide electronic data submission systems for transparency reporting. As mentioned elsewhere in the report, the limited technical capabilities offered in the current ARRA reporting environment, as well as the rapid implementation and the limited population of awards per institution were not conducive to institutions investing in the design and implementation of large scale electronic solutions. For many institutions, automated systems would necessarily be required - and would have to be paid for - if the transparency requirements were extended more broadly.

Impact on Other Administrative Activities

63% of institutions responding to the survey indicated that there were other institutional activities that they were not able to perform in the same manner as they had prior to ARRA, due to the need to comply with ARRA requirements. Institutions reported a broad array of impacted activities, with the most commonly cited including delays in turnaround for award acceptance or setup (14% of institutions), delays in drawdowns or billing on non-ARRA awards (12%), and delays in financial reporting on non-ARRA funds (10%). For those institutions who reported that their activities were not impacted by ARRA, several noted that this was because they were able to add additional staff to assist with ARRA, or they were able to arrange for significant amounts of paid or unpaid overtime work.

Training

More than 75% of all institutions offered training in ARRA requirements to their principal investigators, though the duration of that training varied widely – from 30 minutes to more than two hours. 79% of institutions reported that their central administrators had access to at least one hour of specialized training, while the availability of training for departmental research administrators and project staff varied significantly.

Although central research administrators participated quite heavily (63%) in available training, the record was more disparate for other groups, including principal investigators. Details about the availability and participation in training are available in the full report.

Administrative Burden associated with Quarterly Reports

The survey probed the length of time it took for administrative staff and principal investigators, respectively to create, review and/or validate the expenditures, jobs, and progress portions of a quarterly report.

97% of institutions indicated that their administrative staff was involved in creating, reviewing, and validating expenditure data and jobs data for quarterly reports, and 87% reported that their administrators were involved in either creating or reviewing/validating progress reporting as well. The majority of administrative time was spent on the expenditure and jobs portions of the reports, with approximately two-thirds of institutions indicating that their administrators spent more than 30 minutes on the expenditure portion and more than 30 minutes on the jobs portions of the report.

As might be expected, PIs were involved in progress reporting at virtually all institutions. 73% of institutions reported that their PIs were involved in creating the progress report; while another 43% indicated that their PIs were involved in reviewing or validating the report. Since these percentages exceed 100% and some institutions reported that their administrators were also involved in creating progress reports, it is clear that some institutions involved both their PIs and administrators in report creation.

PIs were only rarely involved in creating expenditure data for reports (2%) and infrequently involved in creating jobs data (18%), but about a third were involved in reviewing and validating the data assembled by their administrators.

The amount of time expended by PIs on their quarterly reports varied. Since virtually all PIs were involved in the progress reporting step, that component provides the best understanding of how long the process took[2]. About 26% of institutions reported that their PIs completed their progress reports in an average of 15 minutes or less, while 31% believed the process took 16-31 minutes and 29% believed it took between a half hour and an hour. Only 10% indicated that the process took more than an hour. This averages to 30 minutes per report, or 5,750 hours of Principal Investigator time for the ARRA awards from these 100 institutions[3] per quarterly cycle[4]. These hours represent time that would otherwise have been available to pursue the activities of their projects. While the amount of time is low on a per capita basis (2 hours of PI time per award per year), it would be very high indeed if this requirement were extended to all federal awards held by an institution. It should be noted that these administrative obligations for principal investigators are over and above the 42% administrative burden reported by the FDP in its Faculty Burden survey.

Reporting Formats, Delegation, and Submission Methods

The majority of institutions used the Excel spreadsheet upload method to file their reports with the federal government. Interest in creating or deploying automated approaches within the institution or for report upload was tempered by the lack of mass upload capability in the XML and Excel options. For institutions with large volumes of ARRA awards, the one-report per upload method was extremely time-consuming.

Nearly all institutions (86%) choose not to delegate responsibility to their subrecipients for data entry. It is surmised that the primary reasons for this were the need for the prime to still add the subrecipients' jobs data into the prime report (and thus the delegation would not optimize the workflow process). In addition, with the tight turnaround time, retaining as much "control" at the prime as possible to achieve an on-time report (even if it meant more manual data entry) was preferable to having to cope with potential technical issues that subrecipients might face. Many institutions imposed a five-day deadline for subrecipient reporting – which allowed the subrecipient only 5 days to report to the prime recipient, and the prime recipient used the remaining 5 days of the 10 day reporting window to complete their reports.

90% of institutions submitted their reports directly to the federal government, with most of the remainder submitting to their state government (who in turn assumed responsibility for submitting the reports to the federal government).

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[2] *Since many institutions did not report the time spent by their PIs on expenditure and jobs portions of quarterly reporting, the additional time spent on these components were not included in the general calculation of overall PI effort. Thus, the figures stated above are understated – though by how much is not known. If, however, all institutions were similar to those who did report these figures, the overall time figure for PI time devoted per report would increase from 30 minutes to 47.7 minutes, or 9,143 hours per reporting cycle for these institutions.*

[3] *Salary cost for principal investigators was not collected, and therefore no cost for the PI portion of the administrative burden has been calculated.*

[4] *5,750 hours represents the calculated time for PI progress reporting if all ARRA awards in the survey were active at a single point in time (11,501 awards). Universities were asked to report their ARRA volume as of 9/30/10, so this should be accurate as a snapshot figure, but would necessarily vary over time as awards began or ended.*

It should be noted, however, that 89% of institutions reported encountering reporting burdens above and beyond the quarterly ARRA reporting mandated by Congress, and 48% of all respondents indicated that this additional reporting was in a format different than that required for federal reporting. Respondents indicated that they received requests from five federal agencies – AHRQ, DOE, DOE ARPA-E, NIST, NASA, and HRSA for reports to also be submitted to them directly. AHRQ was mentioned most often in this regard. In addition to these federal agencies, supplemental reporting was most often required by states, and by University system-wide offices. In some cases, prime recipients also required additional reporting from their subrecipients.

Slightly more than half of the institutions in this survey also received State Stabilization Funding. Information about reporting on these funds is included in the main body of the report (see Questions 18 and 19).

ARRA Guidance Mechanisms

Virtually all respondents used, on at least a quarterly basis, OMB Guidance documents, agency-provided guidance, COGR/FDP Frequently Asked Questions, and the FDP ARRA listserv to help them navigate ARRA compliance. The FDP ARRA listserv, with 476 participants nationally, was the source used most frequently on a monthly basis – likely because it allowed for rapid exchange of new or changing information and quick clarifications from national colleagues also involved in ARRA implementations.

Establishing a standard for a reasonable, minimum amount of lead time for providing new or changed guidance to institutions prior to a reporting deadline would allow the institutions sufficient time to fully understand the changes, disseminate the information within their organization and to subrecipients as needed, properly train the applicable personnel, and make the necessary changes to their systems to accommodate the changes. The latter would be of profound importance if ARRA requirements were extended to the entire range of federal awards.

Recommendations to Reduce or Minimize the Administrative Impact of the ARRA Requirements

Respondents provide numerous thoughtful comments about how to reduce or minimize the administrative impact of the ARRA requirements while continuing to support transparency. The top recommendations were as follows (in rank order):

1) Pre-populate reporting data that is already known to the agencies
2) Increase the lead time to prepare reports by an additional 10 days
3) Ensure that all agencies are defining each data field in an identical way
4) Allow bulk upload of ARRA reports

Other important themes included (unordered list):

5) Consolidate Letter of Credit draws within each agency
6) Allow full subrecipient delegations or disallow it completely
7) Harmonize and reduce reporting requirements
8) Improve and standardize communication of requirements

Pre-population of data would reduce the amount of time needed for report preparation and validation, improve reporting accuracy, and reduce the amount of time needed for discussions about potential reporting errors. This change would positively impact not only award recipients, but agency personnel responsible for data quality, and the public using the results. Increasing the lead time for preparation of reports would allow institutions sufficient time after the official monthly close of their financial systems in which to collect, review, and report the data. Allowing institutions to report officially closed and reviewed data will reduce the number of revised reports in future quarters, allow for increased data integrity, and reduce the need for follow-up actions. Additional time would also allow for the same increased integrity in subrecipient data. Since many institutions need five to seven days to “close their books” for a month just ended, the current common parameters to produce and submit ARRA subaward data to prime recipients within 5 days forces potentially incomplete data to be provided.

Harmonization of requirements and standardization of data elements are key to the ability to create system-to-system data exchanges, and bulk data uploads in other formats. Electronic exchanges would be critical should expansion of the requirements to the full population of federal awards occur. Individual federal agencies should not be allowed to add requirements on top of the standard requirements, nor should they be permitted to mandate separate reporting to their agency. States and local agencies should also not be permitted to require additional reports or added frequency of delivery, but instead should be encouraged to take advantage of data feeds from federal databases. ARRA requirements should be reviewed in light of pre-existing reporting obligations and data "mined" from existing reporting feeds. Where necessary, pre-existing reporting obligations and transparency reporting should be consolidated and duplication eliminated.

Other Thoughts and Recommendations from Respondents

An analysis of the narrative comments respondents contributed yielded a number of important insights into how institutions handled ARRA reporting, the challenges that they encountered, and feedback related to possible future reporting requirements. The willingness of so many respondents to take time to offer their thoughtful reflections further demonstrates the deep commitment and dedication of this unique cohort of federal funding recipients, as well as their concerns about future such reporting requirements.

Organizational solutions described by respondents included high-level commitment within their institutions to support ARRA, broad coordinated meetings across all institutional departments involved in aspects of ARRA, and strong internal integration and communication. These types of approaches allowed some institutions to develop internal business practices and automated tools more quickly than others. It was clear, however, that there were significant administrative impacts and costs nonetheless.

Technical issues focused on the need to simplify the submission process and ensure that federal systems are better able to handle complex and changing reporting obligations. Harmonization of requirements across agencies and within agencies was viewed as key.

A number of respondents specifically identified the unfunded administrative burden of these requirements, and the lack of allocation of federal funds to help defray the administrative costs associated with reporting, or to authorize the use of existing mechanisms (such as increasing the 26% administrative cap on F&A, or permitting direct charging of costs).

Conclusion

The FDP hopes that the results of this survey can be used to help OMB, agency staff, and other key players involved in the development and implementation of transparency requirements better understand the impact of ARRA requirements on University research recipients. In addition, we hope that this report will assist individual respondents in assessing whether their experience with ARRA was similar or dissimilar to their peers, and what they should celebrate as successes, or learn from their peers. It was clear, both during the survey and in later speaking with respondents that there is a strong commitment to transparency in the use of the valuable research funds provided by federal agencies. What was also clear, however, was that that the mechanics of this transparency are critical. Done well and thoughtfully, and incorporating input from those impacted, transparency requirements can be used as a vehicle to enhance public awareness, increase efficiency, and improve stewardship of federal funding. Done poorly, the addition of these types of requirements on a broad-based scale could easily have a material negative impact on the ability of major research universities to achieve optimal administrative benchmarks, such as quick turnaround times for award establishment or delayed responsiveness to Principal Investigator inquiries; and thereby have a negative impact on the research environment. The FDP stands prepared to assist in the design, testing, and implementation of transparency requirements that will positively serve the needs of all parties, and improve the national research climate.

The full report will be posted on the FDP Web site at www.thefdp.org in October 2011. Questions about the Executive Summary report or the full report may be sent to David Wright, FDP Executive Director, at dwright@nas.edu