

# COGR

an organization of research universities

## COUNCIL ON GOVERNMENTAL RELATIONS

1200 New York Avenue, N.W., Suite 750, Washington, D.C. 20005  
(202) 289-6655/(202) 289-6698 (FAX)

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February 27, 2009

Dr. Peter R. Orszag  
Director  
Office of Management and Budget  
725 17<sup>th</sup> Street, N.W.  
Washington, D.C. 20503

Subject: Ensuring Accountability and Transparency for Research Funds Provided under the American Recovery and Reinvestment Act

Dear Dr. Orszag,

COGR is an association of more than 175 research universities and their affiliated academic medical centers and research institutes. COGR concerns itself with the influence of federal regulations, policies and practices on the performance of research and other sponsored activities conducted at its member institutions. We thank the Administration for its support of the research community, and are enthusiastic about the opportunities made available in the American Recovery and Reinvestment Act (ARRA) of 2009.

To help ensure that the investment in research universities is implemented in the most effective and efficient manner possible, we are asking OMB to **allow research universities to charge research administrative specialist personnel to ARRA funded programs.**

We note with great interest remarks by Vice-President Biden, Mr. Devaney, and yourself at the first Recovery Plan Implementation meeting, all raising a concern for the ability of Federal departments and agencies and State ARRA recipients to meet the unprecedented accountability and reporting requirements of the Act. As you know, research institutions will be receiving over \$20 billion of ARRA money through funding of research projects and facilities by NIH, NSF, the Department of Energy, NASA, and other agencies. The accounting and reporting requirements for recipients detailed in OMB's guidance are equally unprecedented, thus the need for skilled and dedicated personnel to handle these responsibilities. **However, colleges and universities are uniquely restricted in their ability to hire or retain such personnel.**

The first restriction, as defined in OMB Circular A-21, concerns the treatment of salaries for research administrative specialists. Normally these salaries are not charged directly to Federal research programs, but are expected to be treated as facilities and administrative (or indirect) costs. The Circular provides an exception

and allows for direct charging, namely when projects require “*an extensive amount of administrative or clerical support, which is significantly greater than the routine level of such services provided by academic departments.*” However, the Government rarely allows this exception. The second restriction, also defined by Circular A-21, limits the administrative costs that can be recovered by universities. This administrative “cap” has been in place since 1991, and is applicable only to colleges and universities. Since that time research-related regulatory and compliance requirements and costs have soared to the point where virtually every major research university has administrative and compliance costs that far exceed the OMB capped rate. That means that for every new regulatory requirement the university pays all the cost.

**Only colleges and universities are subject to both of these restrictions; non-profit organizations, state and local governments, and private industry are not.**

What we suggest as a solution would be to allow the hiring and direct charging of salary for administrative specialists spread out over several ARRA grants. For those grants the research administrative specialist would be responsible for:

- ✓ Monitoring expenditures to ensure ARRA money is being spent efficiently, effectively and in a timely manner.
- ✓ Providing OMB and Federal agencies all the data and information required under ARRA. According to OMB guidance (M-09-10), this could entail reporting on a weekly, monthly, and/or quarterly basis.
- ✓ Trouble-shooting and all other unanticipated tasks associated with an extraordinary, though untested initiative, to implement the ARRA.

The historic growth in research activity expected to occur under ARRA and the accompanying significant new reporting requirements will severely strain the current system if the requested relief is not granted. Allowing the research administrative specialist position to be direct charged under ARRA -funded projects at colleges and universities will provide necessary administrative support, while ensuring continued compliance with existing Federal regulations.

Due to the effects of the economic downturn on university finances, staff layoffs are occurring at colleges and universities across the country and hiring freezes are in place. Quick action by OMB on our request will be crucial so that institutions can retain or hire the staff necessary to achieve the accountability and transparency required under ARRA.

The Council on Governmental Relations appreciates your attention to this important matter, and we look forward to responding to any questions you may have.

Sincerely,

Anthony P. DeCrappeo