

Welcome to Duke University



Objective:

Identifying common ground, promote shared interests, facilitating research, and reducing unnecessary administrative work

Background

Research @ Duke

- Research Funding: \$1B → 10,000 Projects
 - Federal: \$625M
 - **Foundations: 1,041 projects from 263 foundations → \$65M**
- Organization Structure
 - 1,500+ Funded faculty
 - Decentralized Post-award (1 office) and Pre-award (3 offices)
 - Approximately 600+ Grant Managers

F&A COST REIMBURSEMENT LEVELS IN JEOPARDY



Health and Human Services Secretary Tom Price at today's House of Representatives hearing. MICHAEL REYNOLDS/EPA/NEWSCOM

Trump wants 2018 NIH cut to come from overhead payments

By Jocelyn Kaiser | Mar. 29, 2017, 4:15 PM

Last year's FY18 proposed budget from the White House **reduced the F&A rate to 10%**, a cut of approximately two thirds

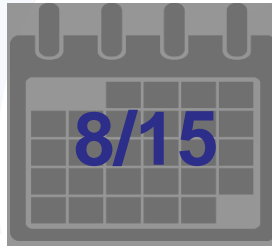
Some initial estimates suggested that up to 1/3 of research universities would stop or significantly alter the direction of their research mission

The UN-Apologetic Advocacy

- The administration's budget proposals have led to engaged, energetic defense of research, and research universities, from a variety of allies:
- Agency staff
 - NIH
 - OMB
 - NSF
- National Associations
 - COGR
 - AAU
 - ACE & AAMC
- Members of Congress



THE WHITE HOUSE AND OMB CONTINUE TO LINK IDC POLICY, THE RPB, AND REGULATORY REFORM



Statement of Administration
Policy (SAP) on Senate budget

F&A still seems to be front and center!

Indirect Cost Policy

The administration expressed their disappointment that language was again included in the bill that prohibits changes to the method used by NIH to pay grantee institutions for facilities and administrative costs (F&A or Indirect Costs). The administration continues to link this prohibition to OMB/NIH efforts to “develop strategies to make Government programs more effective and efficient”.

21st Century Cures Act Research Policy Board (RPB)

More disappointment from OMB because the bill does not authorize the use of NIH funds to establish the Research Policy Board (investigates regulatory burden). In their comments on the RPB issue, the OMB continues to link the establishment of the RPB to the indirect cost policy and that these two issues make it “difficult to address regulatory burden in a meaningful way”.

Streamlining and IP

Heather – Goals & RPSC

SLIDE EXCERPT

INDIRECT COSTS (AKA F&A)

Everything you need to know

Thursday, **September 6, 2018** 01:30 EDT | Host: Health Research Alliance



AGENDA

SLIDE EXCERPT

1

Contextual Overview

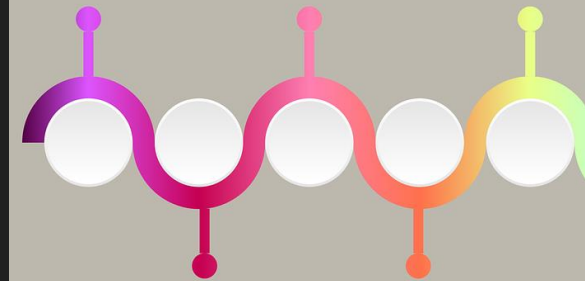
- a) National Issues
- b) University Perspective



2

F&A Costs Process & Key Terms

- a) University issues related to F&A Costs
- b) Regulations that drive a research institution's perspective on F&A Costs
- c) The process by which an institution calculates and negotiates its F&A rate



3

The Partnership: Funders, Foundations and Research Institutions



STATEMENT OF CLARIFICATION

SLIDE EXCERPT

Much of what we will discuss is the current methodology that has been developed with the federal government over the past 5+ decades

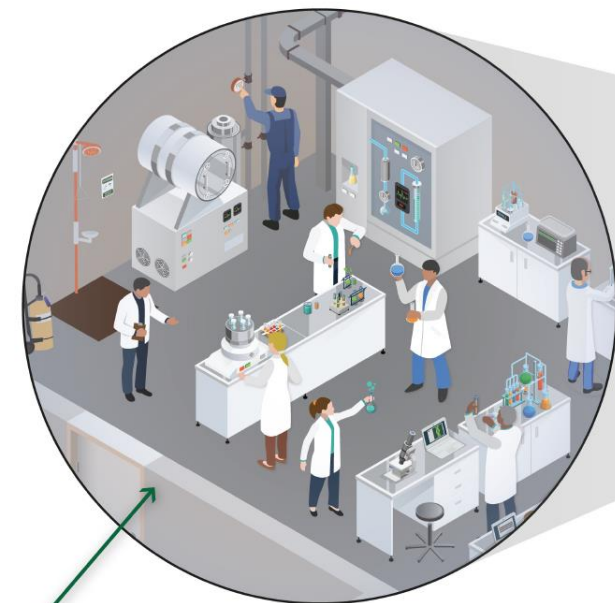
We are NOT suggesting that this is the right or wrong model for foundation-university relationship; we are using it to explain what F&A means to a university and the critical role it plays in supporting the research mission

UNDERSTANDING WHAT RESEARCH REALLY COSTS

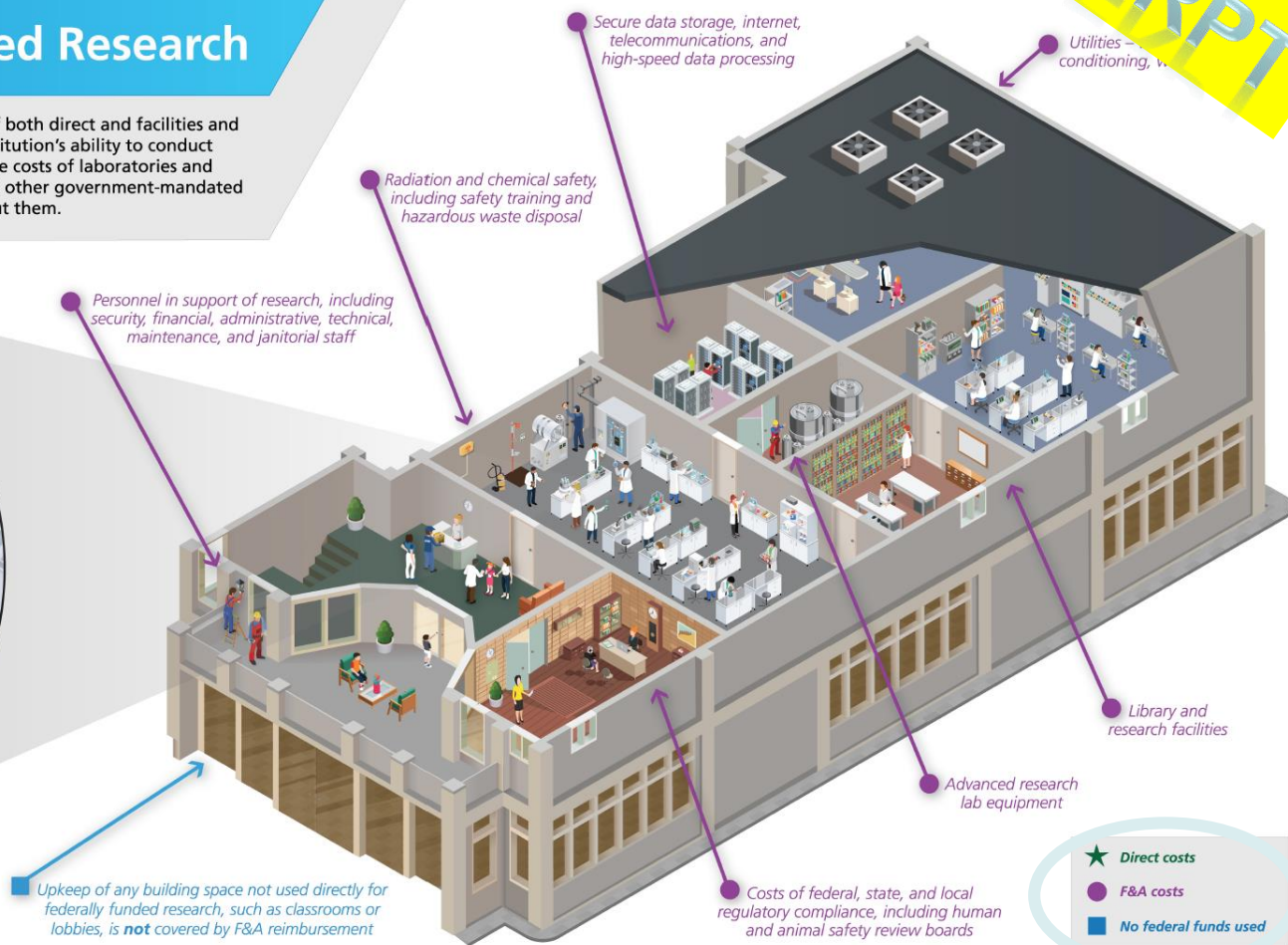
SLIDE EXCERPT

Costs of Federally Sponsored Research

The total cost of federally sponsored research includes a combination of both direct and facilities and administrative (F&A) costs. Both types of expenditures are key to an institution's ability to conduct cutting-edge research. F&A consists of the construction and maintenance costs of laboratories and high-tech facilities; energy and utility expenses; and safety, security, and other government-mandated expenses. These costs are real and research cannot be conducted without them.



★ **Direct costs** - These expenses solely cover research and include lab supplies and equipment; salaries and stipends for researchers and graduate students; and travel costs for conducting and sharing research



SLIDE EXCERPT

How Each Federal Dollar is Spent At Duke!

26¢
OF EACH
DOLLAR IS FOR
OVERHEAD

74¢
OF EACH DOLLAR IS
FOR DIRECT
RESEARCH COSTS

Operations & Maintenance 7¢
Buildings 5¢
Equipment 2¢
Libraries 1¢

Facilities
Related = 15¢

Administration
Related = 11¢

General 1¢
Sponsored Admin/Compliance 1¢
Research Operations Support 7¢
Faculty Support 2¢



Research Salaries
& Employee Benefits 36¢

Materials, Services
& Travel 13¢

Student Support 4¢

Equipment 2¢

Subcontracts 18¢

All Other 1¢

BUT THERE'S MORE...

SLIDE EXCERPT

Duke University contributes *\$125 million* annually to research

OR 26 cents of every research dollar

Government

Duke



Approx. \$125
million
annually

55¢ direct costs

19¢ F&A

26¢ University



MYTH

RATE

Mc



Being Proactive

- We need to anticipate the Administration will go after F&A, again.
- Working together around Education and Funding Models will serve us well, especially if the Administration reengages.
- How we address Funding Models is up to us (i.e., it's up to the Partnership to decide next steps!)

Prep
Year

Base
Year

FY15
(Ended 6/30/15)

FY16
(Ended 6/30/16)



Jim Luther

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- Past Chair of Board, Council on Governmental Relations (COGR)
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Thanks for Your Support & Partnership