



SRA INTERNATIONAL
ANNUAL MEETING

SEATTLE 2023

OCTOBER 14-18

W106: F&A Rate Strategy, Facilities Cost Projections, and Rate Extensions

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Agenda

F&A Rate Strategy

- The Negotiation process
- Know Your Goals
- Do Your Homework
- What Tools Do We Have?

F CPP – Facilities Cost Projection Proposals

- Definition and Decision to Submit
- Source Documentation and Gathering Data
- Impact to Space and Base
- Submission Requirements

Rate Extensions

- Should I Request an Extension
- Guidance
- Submission Requirements

F&A Rate Strategy

The Negotiation Process

HHS- CAS

- Submit 6 months after end of base year
- Due date extension is common
- 5-24 months wait for additional data request
- Provisional rate - almost always
- Usually Predetermined rates 4 years
- Variation between 4 field offices, 38 FTE
- Submitted rate is usually discounted
- Negotiation of total rate

ONR

- Submit 6 months after end of base year
- Due date extension is not common
- DCAA audit begins in January then due to ONR in 90 days
- Very rare to have provisional rates
- Some Fixed with Carryforward some Predetermined rates 2-4 years
- 4 reviewers for 39 schools
- Submitted rate might be discounted
- Submitted rate is audited and findings might be negotiated. Also regression analysis may be employed.

Know Your Goals

What Rate Do You Want?

- What is the final calculated vs. current negotiated vs. actual collected rate?
- Is the rate going up or down?
- What can the University live with?
- Same rates as current? Highest rate achievable?
- What rate does the University want?

Know Your Goals

What Else Do You Want?

- Component rates
- Quick negotiations
- No site visit
- Do you need to change your off-campus definition?

Do Your Homework

What issues came up during the data requests or site visit?

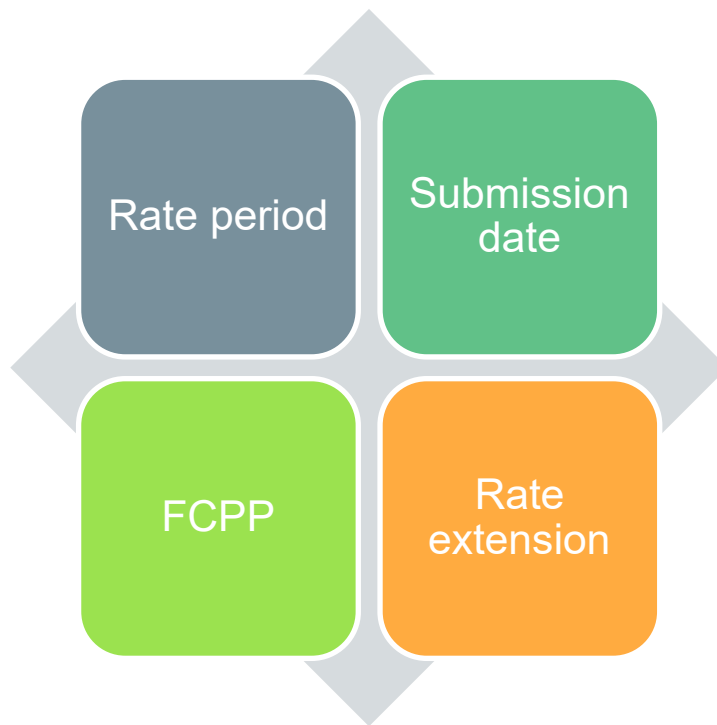
- How will you address these issues?

How many dollars to move the rate?

Sponsored funding environment

University budget situation

What Tools Do We Have?



Rate Period

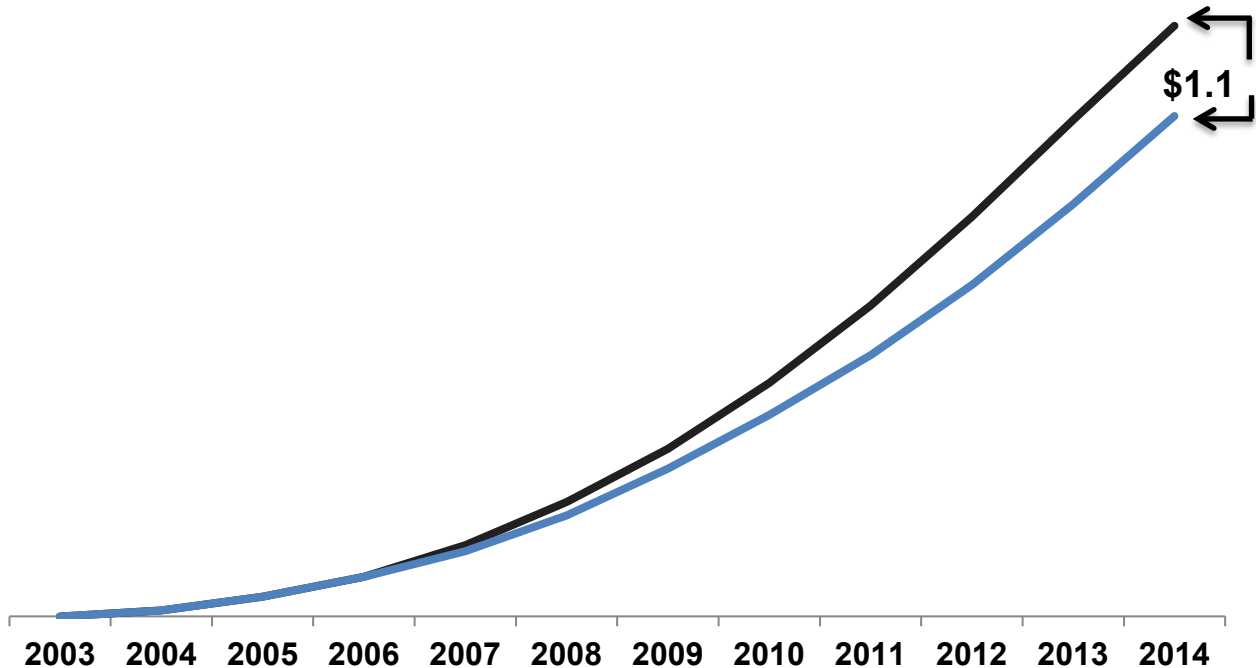
How many years
should you
negotiate for?

- It does not have to be four years
- Three may be better for you
- Five may be better for you

Long range
strategy

- Pick the best base year
- Use the negotiated rate period, the submission date, and the one-time rate extension

Cumulative Additional F&A Dollars



Let's Discuss

Research has been growing rapidly and lab space is packed.

Research has been growing rapidly and we have a new research building coming online.

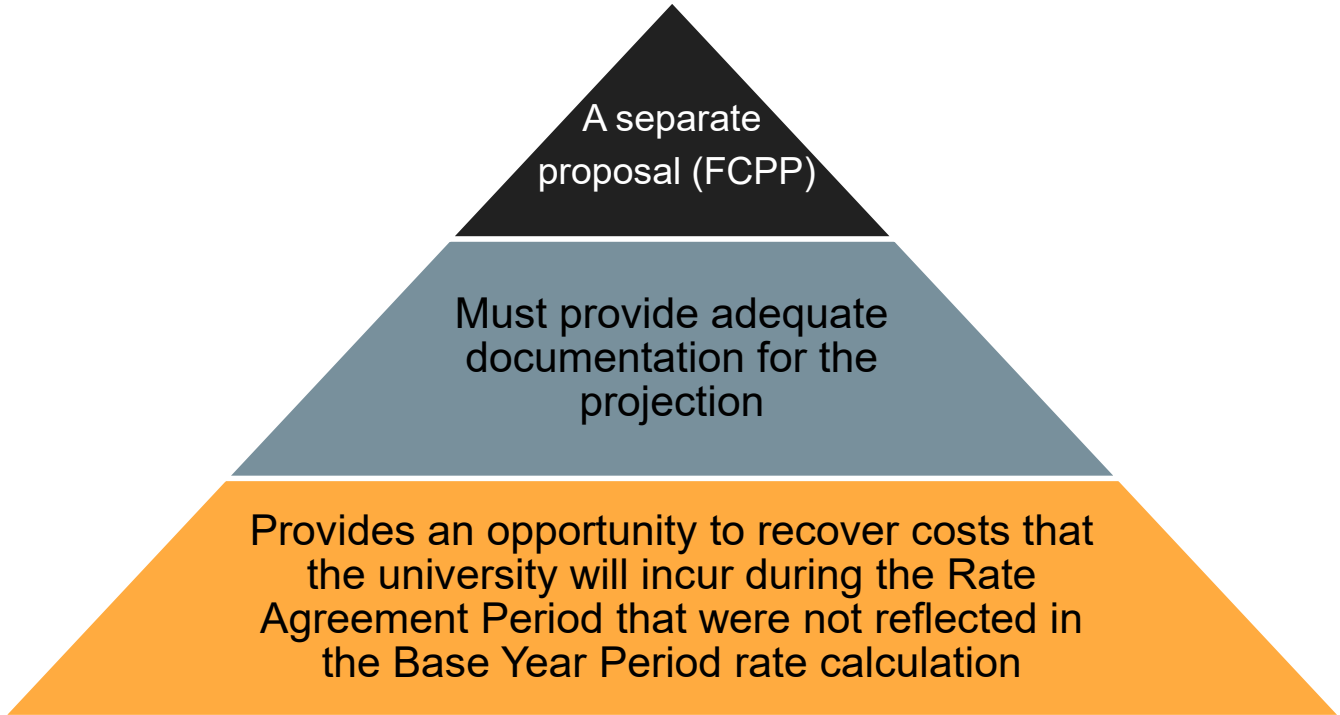
Which would be the best base year?

A new research building is coming online; the base is growing slowly.

The research base is holding steady and we have no new buildings.

Facilities Cost Projection Proposals

Facilities Cost Projections



Projections - Should I Submit?

If you answer “Yes” to all these questions:

- Is the University building, purchasing, or significantly renovating research facilities?
- Will the costs be incurred (or capitalization completed) after the base year?
- Will the new facilities be on-line for a substantial portion of the rate period?
- Will inclusion of the projected new facilities costs have substantial impact on your F&A rate(s)?

Projections - Source Documentation

How do you find out if there will be new buildings and renovations?

- Monthly/Annual Capital reports
- University's Financing reports
- Board of Regents reports
- Facilities Management
- Upper Administration of the University (i.e. University Planner or Architect)
- Website, news sources, etc.



Projections - Impact to Space

Space Data – Mini Space Survey

- Use construction floor plans to assign projected occupants and space usage by room if possible
- WHO will be in the space - Assignable square footage per PI (or department)
- WHEN they will occupy the space - may take years to fill a building to capacity
- WHAT activity takes place - if research, are they already funded? Anticipating growth in research funds (i.e. Base growth)
- HOW will the vacated space be used? Back filled with current researchers? Vacant? New researchers?
- Be conservative with OR % in your space for the first and second years

Projections – Impact to Base

Base growth:

- Historical trend may be the best indicator
 - CAS Best Practices Manual requires average MTDC base increase over past 5 years
 - Research reported on Financial Statements
 - NSF Survey data
- Know the trends of your sponsors - are the sources drying up? Which sources are growing and how quickly?



Projections – Submission

Communicate with Cognizant Officer that a projection will be submitted and a discussion of any submission expectations

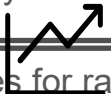
Normally Facilities components only

Concise analysis of the impact of a significant change for new research space

New space must be significantly under construction or completed by negotiations

Submit as a separate enclosure with the base year proposal, or subsequently

Schedule showing projected rates for all projection years and requested rates for rate period.



Projections – Submission

- Early communication with Cognizant Officer that a projection will be submitted and a discussion of any submission expectations
- Normally Facilities components only
- Concise analysis of the impact of a significant change for new research space
- New space must be significantly under construction or completed by negotiations
- Submit as a separate enclosure with the base year proposal
- Submit as a separate proposal some time after the base year proposal submission

CAS	ONR
No	Yes
Yes	Yes
Yes	Yes
Yes	Yes
OK	Yes
Yes	No

Projections – Submission

- Schedule showing projected rates for all projection years and requested rates for rate period.
- CAS Best Practices Manual (BPM) includes a sample facilities projection
- Follow format required by your region
- At a minimum, the format you use must provide the same information as shown in the CAS BPM example
- Format is not provided but should include sufficient detail of base, space and cost projections for DCAA/ONR cost impact determination
- Will be reviewed as part of DCAA review

CAS	ONR
Yes	Yes
Yes	N/A
No	No
Yes	No
N/A	Yes
No	Yes

Projections - Factors to Consider

- Are feds being very critical in your region?
- Does your institution have a good relationship with your cognizant agency?
- Confidence in your projection information
- Are you satisfied with base year rate calculated?
- Your Administration's expectations - how big an increase are they pushing for?
- May create future issues if not sound. CAS has compared prior projections to current proposal
- Do you want HHS CAS to make a site visit?
- Do you have strong support documentation for ONR/DCAA?



Rate Extensions

Should I Request a Rate Extension?

Rate projected to decrease?

- Base increases
- F&A cost reduction
- No new construction
- Could be a downside – CAS New York requiring “refunds”

New systems – ERP, Financial, Space, etc.

“Must” be requested 60 days prior to due date of F&A rate proposal – CAS says before you go into provisional

Rate Extension Guidance

2 CFR 200, Subpart E, Sec. 200.414

- Can only extend a federally negotiated rate (i.e., not a previously extended rate)
- One time per negotiated rate
- Up to four years, cannot change if chose 1, 2, or 3 – or can you?
- Review and approval by cognizant

Rate Extension Data Requirements

- HHS-CAS

1. Copy of your last audited financial statement and last single audit act audit report.

Plus, for colleges & universities that submit long-form proposals:

2. A schedule showing research base for each year, beginning with the last reviewed base year up to the last completed fiscal year, plus a projection of your research base for the next 4 fiscal years.
3. Detail of all significant changes to the research space since the last reviewed base year (new buildings, buildings closed, major renovations), plus a projection of changes to the research space for the next 4 fiscal years.

Rate Extension Data Requirements

ONR

- Transmittal Letter: A formal letter requesting the rate extension and specifying the number of years (up to 4) the rate extension is requested.
- Rate Extensions for 1 to 2 Years: The formal letter mentioned above is required. Additional information may be requested on a case-by-case basis.
- Rate Extensions for 3 to 4 Years:
 - a. The formal letter mentioned above.
 - b. Financial statements (such as most recent audited financial statements and single audit reports, preliminary or draft financial statements for recently completed fiscal year not yet audited)

Rate Extension Data Requirements

ONR (continued)

- Rate Extensions for 3 to 4 Years:
 - c. Updates on the MTDC for Research (and other rates with significant federal activity) since the last negotiations, as well as projections for the next three or four years.
 - d. Updates on the Research space since the last proposal (such as new buildings, major renovations, closed buildings) plus projections for anticipated changes to Research space for the next three or four years.
 - e. Additional information may be requested on a case-by-case basis.

Show of Hands

- Has your institution requested a rate extension?
 1. Yes
 2. No

You Can Employ Strategies to Maximize Your F&A Rate

Time your base years to your best advantage

Use Facilities Cost Projection Proposals to your best advantage

Use the one-time rate extension strategically

Questions?