

Council on Governmental Relations

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CURRENT DEVELOPMENTS – November 17, 2003

1. Department of Defense Clarifies Payment of F&A on IPA Assignments

We reported earlier this year that a January 28, 2003 memo from the Department of Defense Director of Defense Procurement and Acquisition Policy, instructed DoD agencies that they may provide for reimbursement of F&A costs on temporary assignments made through the Intergovernmental Personnel Act (IPA) Mobility Program. Contracting officers were told they could pay F&A on future IPAs and to consider modifying existing IPA agreements to allow for F&A payment. The memo also indicates the Office of Personnel Management is revising its guidance for all agencies to clarify that F&A costs are reimbursable on IPAs and that reimbursement of such costs should be determined by the agency that enters into the agreement. The federal Office of Personnel Management has overall authority in setting the rules for IPAs, which until now included language that appears to prohibit or at least greatly restrict payment of facilities and administrative costs on IPAs.

When several universities approached agency contracting officers regarding charging F&A on the IPAs, the question arose as to the appropriate rate to charge. Discussions ensued within DoD including the rate negotiation staff at the Office of Naval Research, and DoD issued a memorandum dated October 17, 2003 that clarifies and supercedes the previous memo. In the new memorandum, (copy attached), DoD states that F&A can be paid on IPAs, but that the institution must negotiate an appropriate rate with its cognizant federal agency. We have discussed this with the Director of the Department of Health and Human Services' Division of Cost Allocation (DCA), and he agreed that DCA would negotiate an appropriate rate for those universities interested in doing so, as would ONR for universities under its cognizance.

2. NIH Director Urged to Recognize All Research Costs in New Research Program

At the October 2003 COGR meeting, our guest speaker was Dr. Belinda Seto, Acting Director of the Office for Extramural Research at NIH. Dr. Seto described the initiatives under consideration as part of the recently announced Roadmap for NIH, including a new NIH Director's Innovator award. These grants will identify investigators proposing high risk, high potential research and award \$500K per year for five years. However, Dr. Seto stated that the awards would only provide limited funds for F&A costs. We learned subsequent to the COGR meeting that NIH was considering treating this program like a K mechanism, which normally provide 8% for F&A costs. The COGR Board and membership finds this unacceptable, and the