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an organization of research universities

COUNCIL ON GOVERNMENTAL RELATIONS

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February 16, 2016

Mr. Howard Shelanski
Administrator, Office of Information and Regulatory Affairs
725 17th Street, NW
Washington, DC 20503

Subject: Implementation of Procurement Standards for Micropurchases Under the Uniform Guidance

Dear Mr. Shelanski,

On behalf of the Association of Independent Research Institutes (AIRI) and the Council on Governmental Relations (COGR), we want to thank you and the Office of Information and Regulatory Affairs for your efforts as the Office of Management and Budget (OMB) has promulgated and implemented *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (2 CFR part 200). We appreciate your commitment to efficient federal rulemaking and your willingness to work with the grantee community to minimize administrative burden.

As detailed in our January 20, 2016 letter to OMB Controller and Acting Deputy Director for Management, David Mader, we remain concerned about the additional administrative burden imposed on research institutions by new procurement standards that would create a micropurchase threshold of \$3,000. In response to the research community's efforts to increase the threshold or secure an exemption for research grants, OMB recently stated that the Uniform Guidance micropurchase threshold is tied to the threshold in the Federal Acquisition Regulation (FAR), which governs contracts and is authorized in the National Defense Authorization Act (NDAA). The rationale for linking the two thresholds is unclear.

The \$3,000 threshold will force institutions into expensive modifications of electronic systems and will divert investigator time and effort away from research, at a time when the Administration, Congress, and the American public are calling upon agencies and grantees to lead the world in scientific research and accelerate the pace of innovation. Productive research programs depend on prompt and reliable sourcing of materials and we remain concerned that the \$3,000 threshold and associated administrative burden will impede access to critical supplies, with a negative effect on research productivity.

Administrative burden diminishes the federal return on investment in research and will hinder the Administration's cancer initiative to provide funding for research to accelerate the development of new cancer detection and treatments. As noted in our January 20, 2016 letter, research institutions have operated effectively and without audit findings at micropurchase thresholds of \$5,000, \$10,000, and in some cases, higher, for many years and have developed institutional policies and procedures to ensure that micropurchases are both reasonable in terms of cost and represent good stewardship of federal funds.


AIRI and COGR strongly recommend that OIRA work with OMB to consider the following solutions: (1) provide grantees with an exemption from the new procurement standards, like the one afforded to States; (2) for those not exempted, increase the micropurchase threshold to \$10,000 via a correction to the Uniform Guidance or an OMB policy clarification; 3) provide an application process for grantees to document their internal controls as a means to justify their application for a micropurchase threshold greater than \$10,000. This will minimize administrative burden on investigators and enable productive research programs, while maintaining reasonable procurement costs and proper stewardship of federal funds.

Please contact Libby O'Hare, AIRI Washington Office, at libby@lewis-burke.com or 202-289-7475 or David Kennedy, COGR, at 202-289-6655 (ext. 4) with any questions. We look forward to working with you and OIRA on this important issue.

Sincerely,



Cary E. Thomas
President
Association of Independent Research Institutes



Anthony P. DeCrappeo
President
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