



The **National Association of Veterans' Research and Education Foundations (NAVREF)** is the 501 (c)(3) nonprofit membership organization of research and education foundations affiliated with Department of Veterans Affairs (VA) medical centers and legislated by congress. Together, these nonprofits generate revenues of more than **\$250 million per year** in support of VA research and education activities across the country. Founded in 1991, NAVREF's mission is to advance the success of the VA-affiliated research and education corporations.

Our Vision

We envision a nation in which Veterans receive the finest care based on innovative research and education.

Our Advocacy Agenda

NAVREF believes it is time to update our enabling legislation to clarify areas of confusion and/or misinterpretation. We believe these changes will improve the ability of VA-affiliated nonprofit corporations (NPCs) to satisfy Congressional intent to support VA research and education activities and bring greater benefit to Veterans.

BACKGROUND

A revised NPC authorizing statute was signed into law on May 5, 2010. It was passed by Congress as title VIII of S. 1963 and became Public Law 111-163. It is codified at 38 USC §§7361-7366.

[NPC Authorizing Statute – 38 USC 7361-7366 – May 2010](#)

Flexible Funding Mechanism – a key aspect of the original legislation is the opening sentence, “The Secretary may authorize the establishment at any Department medical center of a nonprofit corporation to provide **a flexible funding mechanism** for the conduct of approved research and education at the medical center.” One significant component of this flexibility is the ability of NPCs to accept non-VA appropriated funding under authority of a Memorandum of Agreement (MOA). The statute should be updated to specify that transferring funds from VA to NPC by MOA has the force of a contract in the eyes of the Economy Act for purposes of obligating funds.

Independence – the statute states that a NPC is not “...owned or controlled by the United States” or “an agency or instrumentality of the United States.” However, the VA and other entities frequently question the authority of NPCs to operate independently. For example, the NIH Grants Policy Statement permits academic affiliates the authority to pay principal investigators up to a 60-hour work week, but specifically denies this authority to the NPCs because of a perception of “inter-dependence.” Furthermore, the authority of the Secretary of Veterans Affairs to establish or disestablish a NPC is often cited by VA personnel when imposing controls that limit the flexibility of NPCs. The statute should be updated to specify that while NPCs are clearly related to VA medical centers and designed to support research and education activities at VA medical centers, they remain independent and autonomous nonprofit corporations.

Additionally, the NPCs should be given the **right of first refusal** for administration of federal awards when the majority of work is being performed at the VA. Administering non-VA research funds is one of the primary reasons NPCs were created. NPC administration of research empowers the VA medical center to garner the greatest benefits for Veterans while ensuring the sustainability of the NPC. Although many VA medical centers follow this practice ensuring NPCs have right of first refusal, it is not followed uniformly across the VA.

The VA Office of Research and Development contracted for a study of this issue that is scheduled for completion in September 2018. While we hope the outcome of this study will be a more uniform approach to NPC administration of federal awards, we encourage Congress to closely monitor this issue.

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