



Fact Sheet: An Assessment of the Cost of Federal Regulatory Compliance at Vanderbilt University

- The federal government plays a critical role in regulating higher education and the research conducted at colleges and universities across our nation. Vanderbilt supports the role of federal regulation in protecting health and safety, ensuring federal laws are enforced and ensuring federal resources are used responsibly.
- The aim of this internal analysis was for Vanderbilt to fully understand its cost of federal regulatory compliance and to present data and a methodology that can contribute to the broader discussion about the current federal regulatory environment and its impact on higher education in the United States.
- Vanderbilt commissioned the Boston Consulting Group to provide a comprehensive estimate of its federal regulatory and accreditation compliance costs. BCG evaluated three categories of regulation: research-related regulations, higher education-specific regulations, including accreditation, and all-sector regulations, and three types of costs: labor, non-labor and indirect costs. BCG measured these costs by conducting surveys and interviews and reviewing institutional data.
- The study found Vanderbilt's federal compliance and accreditation costs in the 2013-2014 fiscal year to be approximately \$146 million, or approximately 11 percent of its overall non-hospital operating expenditures.
- Research activities accounted for approximately 80 percent of the university's overall federal compliance costs at approximately \$117 million. Higher education-specific regulation and accreditation were found to cost approximately \$14 million. Compliance with general regulations that apply to all sectors, such as human resources, immigration, finance, etc., accounted for an additional \$14 million.
- The majority of costs—70 percent—were decentralized across academic departments, with faculty time comprising over half of the total decentralized costs. Approximately 30 percent of costs are centralized.
- Grants and contracts, research/human participation, environmental health and safety, and accreditation accounted for the greatest percentage of compliance costs.
- Compliance costs vary significantly between research, where they account for 17 percent of relevant expenditures, and non-research areas, where they account for 4 percent of relevant expenditures.