

An Introduction to the US Funding Environment

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About NCURA

The oldest and largest U.S. professional association for research managers and administrators

Founded in 1959

>7,200 members from

- Universities
- Research Organisations
- Funders

NCURA serves its members and advances the field of research administration through education and professional development programs, the sharing of knowledge and experience, and by fostering a professional, collegial, and respected community.

NCURA's activities

Activities focus on providing professional development and networking activities for members, e.g.

- Three national level conferences
- Regional meetings
- Four national level workshops (offered multiple times across the country) and three Global workshops
- On-line tutorials
- Webinars
- Executive Leadership Program
- International Fellowships
- Mentoring
- Peer Review program for universities

NCURA is also a partner in the BILAT USA 2.0 Grant from the European Commission

- As part of its work plan, NCURA provides
 - Opportunities to increase awareness of Horizon 2020 including
 - Collaboration between EU and US institutions
 - Yearly program priorities
 - Through Outreach Programs
 - Conferences
 - Webinars
 - Articles
 - NCURA's Electronic International Collaborate Community
 - Increasing the collaborative networks of research administrators and managers

Today's event

Will explore some of the opportunities and challenges for EU institutions in seeking funding from US federal sources

In particular we will:

- Consider the award lifecycle for US federal funding from the perspective of two US institutions
- Put what we have learned into practice through some case studies and group discussion

We want your participation

- There will be opportunities for group discussion
- Share your experiences, perspectives, approaches, issues, concerns

Why International Collaboration

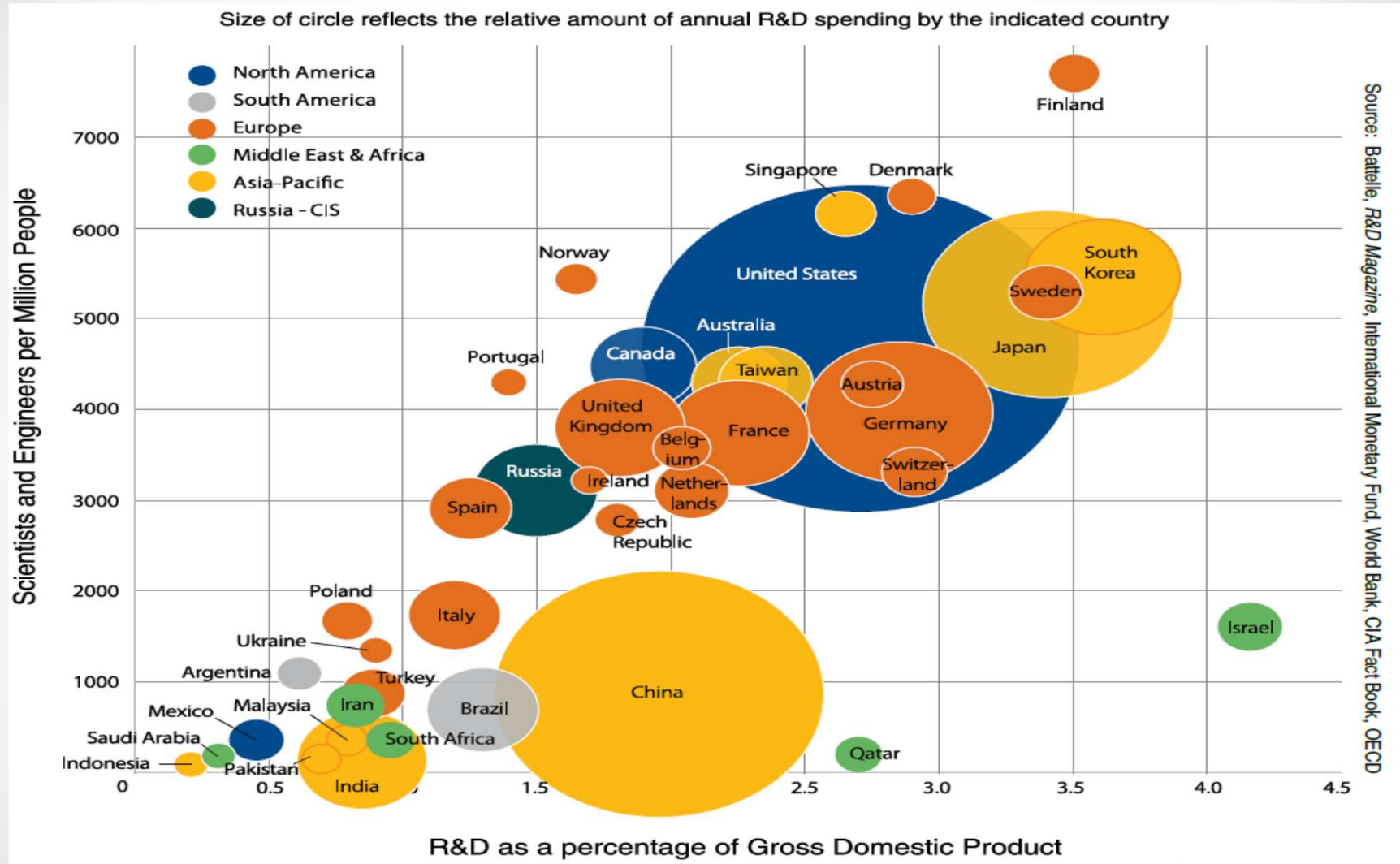


TABLE 4. Federal obligations and outlays for research and development, by agency: FYs 2012–14

(Dollars in millions)

Agency	Obligations			Outlays		
	2012	Preliminary		2012	Preliminary	
		2013	2014		2013	2014
Department of Agriculture	2,172.9	2,386.7	2,372.3	2,291.8	2,503.7	2,641.2
Department of Defense	73,804.1	68,083.8	65,841.2	65,252.9	66,558.6	63,108.6
Department of Energy	9,952.0	9,495.5	9,604.1	9,599.3	9,265.8	9,536.2
Department of Health and Human Services	31,195.6	31,292.2	31,489.9	30,721.0	30,842.5	31,130.4
National Science Foundation	5,169.8	5,242.1	5,717.5	5,124.0	5,969.0	5,293.0

SOURCE: National Science Foundation, National Center for Science and Engineering Statistics, Survey of Federal Funds for Research and Development, FYs 2012–14.

Research Services – US Federal Funder Profile DHHS – National Institutes of Health (NIH)



Department of Health and Human Services (DHHS) - www.hhs.gov/ DHHS is the principal agency for protecting the health of all Americans and providing essential human services. It is comprised of the Office of the Secretary and 11 operating divisions (OPDIV). The agencies include a wide variety of tasks and services, including research, public health, and drug safety, grants and other funding, and health

National Institutes of Health (NIH) is by far the largest OPDIV in terms of the scale of its activities. The other DHHS OPDIVs are covered in a separate profile.



National Institutes of Health (NIH) - www.nih.gov Source of funding for biomedical research in the world. The Office of the Director which sets policies for NIH and 27 Institutes (ICs) each with a specific research aim. All but 3 ICs have a history and mission of each IC can be found at: www.nih.gov

Research Services – US Federal Funder Profile DARPA



Department of Defense (DOD) - www.darpa.mil DARPA mission is to maintain the technological superiority of the U.S. military and prevent technological gaps between fundamental discoveries and their military applications. DARPA's mission is to maintain the technological superiority of the U.S. military and prevent technological gaps between fundamental discoveries and their military applications. DARPA's mission is to maintain the technological superiority of the U.S. military and prevent technological gaps between fundamental discoveries and their military applications.

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Research Services – US Federal Funder Profile Agency for International Development (USAID) - www.usaid.gov

USAID provides economic and humanitarian assistance in more than 100 countries within these 5 major regions: Sub-Saharan Africa, Asia, Latin America and the Caribbean, Europe and Eurasia, and the Middle East. USAID has been the principal U.S. agency to extend assistance to countries recovering from poverty, and engaging in democratic reforms. USAID carries out U.S. agency and trade partners for the United States, and fosters good will abroad.

Does this agency fund foreign entities? Directly

Where to find Funding Opportunities Proposal submission system - Grants

Proposal submission system - Contracts

Indirect costs allowed for foreign entities

Agency focus: Economic growth and trade; agriculture; democracy and governance; environment (natural resources management); education and training [literacy]; global health; global partnerships (linking with private resources); humanitarian assistance; conflict management; urban programs; water, and gender equality and women's empowerment.

Commentary: As the purpose of USAID is to fund foreign aid, the agency is very familiar with working with non-US entities.

Branding and Marking policies which are unique to USAID only generally required prior to award. The BIPF described how the program or project will be publicized in the host-country to generate awareness of the program or project and that the USAID is one of the only US federal agencies which requires an individual certification relating to narcotics offenses and drug trafficking.

Request representations and certifications at an institutional level.

Excludes ARRA (American Recovery and Reinvestment Act)

Agency focus: Economic growth and trade; agriculture; democracy and governance; environment (natural resources management); education and training [literacy]; global health; global partnerships (linking with private resources); humanitarian assistance; conflict management; urban programs; water, and gender equality and women's empowerment.

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Request representations and certifications at an institutional level.

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Berkeley-Oxford US Federal Funding Project – Major Lessons Learned

- Most US Federal Agencies will fund foreign organisations
 - Some significant exceptions
 - Can vary by scheme type (e.g. NIH) or call (e.g. DoD)
 - Extra justification can be required (e.g. NIH)
- The role of the Agency Program Officer is crucial
 - Pre-approval to apply can be required sometimes
 - They are an important source of advice and guidance
- Having a lead US Collaborator is sometimes helpful, sometimes necessary
 - Fewer restrictions apply to / less justification required for foreign organisations acting as sub-awardee rather than as lead (e.g. NIH)
 - The majority of the burden of compliance rests with the lead organisation
 - US Collaborators are more familiar with the processes
- Cost recovery can be an issue (8% F&A costs on NIH subawards, 10% on most other subawards unless you have a negotiated F&A rate agreement with the U.S. Government)

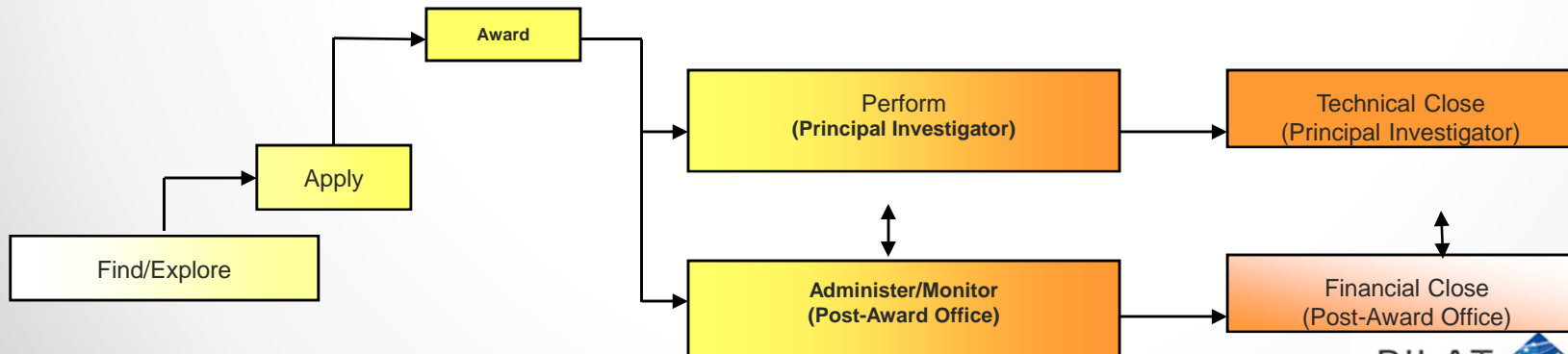
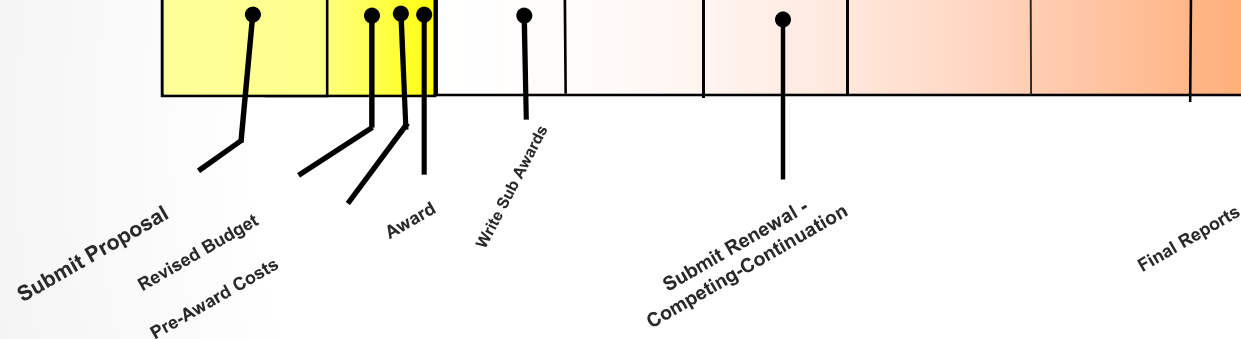
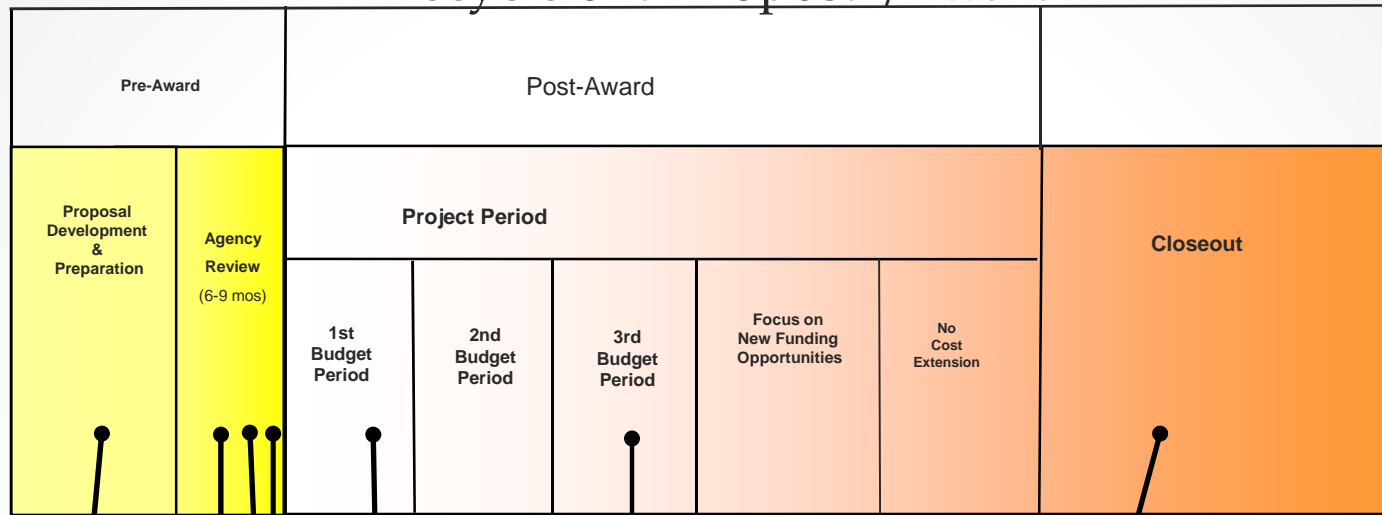
US Funding from the Institution's Perspective

Applying for Funding

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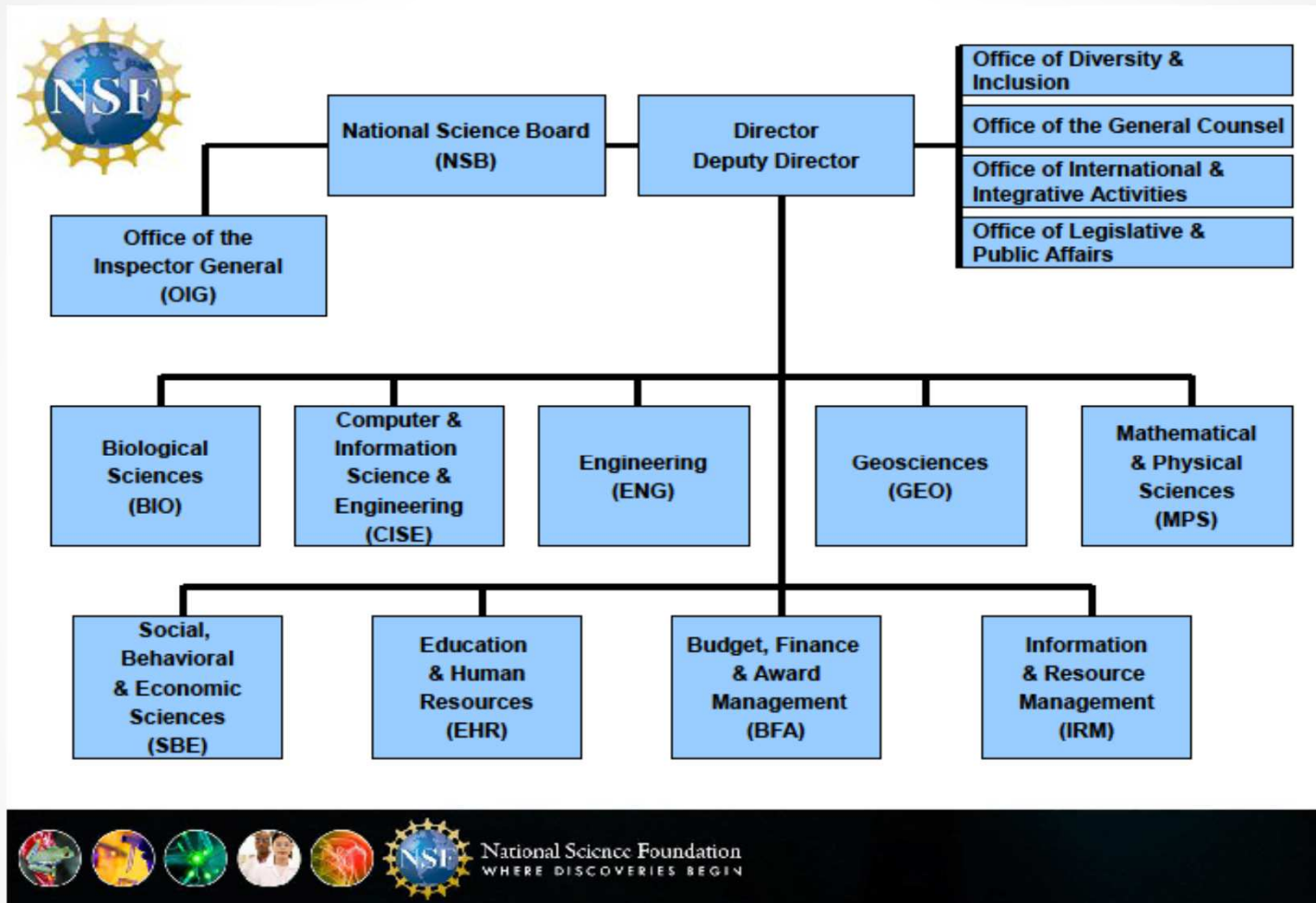
Lifecycle of a Proposal/Award



National Science Foundation – A Brief Introduction

- An independent government agency founded in 1950
- Funds all fields of fundamental science and engineering, except for medical sciences

NSF Structure



NSF Resources

- Website – www.nsf.gov
- Funding Opportunities - <http://www.nsf.gov/funding/>
- Grant Proposal Guide – <http://www.nsf.gov/funding/preparing/>
 - Also includes links for using FastLane and Grants.gov
- Award Administration Guide also found at Funding Opportunities page

NSF's International Presence

- Office of International and Integrative Activities (IIA)
 - <http://www.nsf.gov/dir/index.jsp?org=iia>
- NSF has an European Office in Paris, France
- NSF's European Office is tasked to:
 - Promotes collaboration between the U.S. and European science and engineering communities
 - Represents NSF to national and multi-national science organizations throughout Europe
 - Monitors and reports on developments in the European scientific community

National Institutes of Health

NIH's mission is to seek fundamental knowledge about the nature and behavior of living systems and the application of that knowledge to enhance health, lengthen life, and reduce illness and disability.



NIH Structure and Resources

- Institutes and Centers
- Resources:
 - NIH Grants Policy Statement
 - NIH Guide for Contracts and Grants
 - NIH eCommons
 - Grants.gov

Searching for Funding

- Interpreting funding announcements
- Opportunities
- Keyword searches
- Funding types
- Agency contacts



Proposal Preparation

- Both NSF and NIH use web-based proposal submission systems
 - Submissions to NSF go through FastLane or Grants.gov
 - Submissions to NIH go through Grants.gov or NIH's ASSIST
- All systems require an institution to be established before faculty can submit applications (and each system must have a system administrator)
- All systems allow a faculty member or those in the sponsored programs offices to check on status of proposals

Constructing a Proposal Budget: Elements of Direct Costs

- Salaries and wages
- Fringe benefits
- Equipment
- Expendable supplies and materials
- Travel
- Subcontracts
- Consultants
- Other

Budget Construction and Review

- Salaries and wages
 - Institutional Policy on Academic Year Salary Recovery
 - Summer Salary
 - based on academic year salary and your institutional policy
 - Undergraduate and Graduate Students
 - Postdoctoral Research Associates
 - Technical and Clerical Support, as justified

Budget Construction and Review

- Salaries and wages
 - Use Percent of Effort, Not Hourly Wage
 - NIH “calendar months”
 - Include Increases for cost of living adjustment or “inflation” and Merit-based Adjustments
- Fringe benefits
 - Use Correct Rates (if multi-year rates, are they applied correctly?)
 - Include inflationary increases for multi-year projects.

Budget Construction and Review

- Equipment
 - Beware of Potential Differences Between Equipment Definitions (sponsor/institution)
- Expendable materials and supplies
- Travel
 - Adhere to Institutional Policy and Agency Guidelines
 - Distinguish between Domestic and Foreign Travel
 - If Foreign Travel is sponsored by the Federal Government, use Federal International Per Diem Rates

Budget Construction and Review

- Subcontracts
 - Proposed Costs should be Reasonable, Allowable, and Allocable to the proposed project
 - Authorized Subcontract Representative should sign the Sub-proposal
- Consultants
 - Consultant should sign a letter of intent

Budget Construction and Review

- Subawards at the Proposal Stage
 - Make sure you obtain a good budget and scope of work, countersigned by the subrecipient's authorized organizational representative
 - Get a copy of the subrecipient's negotiated F&A rate agreement (or view on-line)
 - Most foreign subs should be issued at 10% MTDC (per 2 CFR 200.414(g)). NIH only pays 8% F&A on foreign subs (<http://grants.nih.gov/grants/foreign/index.htm>).

Budget Construction and Review

- Other direct costs:
 - Communications
 - Publications
 - Animal Care Costs
 - Human Subject Costs
 - Shop Charges
 - Maintenance / Service Contracts
 - Computer Costs
 - Graphic Arts / Photographic Services
 - Rental / Lease of Facilities*
 - Construction / Renovation / Remodeling Costs

*Inclusion of rental costs may impact sponsor's willingness to pay F&A

Best Practices for Successful Proposal Submission

- Read the instructions
- Follow the instructions
- Collaborate with U.S. partners who are experienced in navigating sponsor requirements
- Make sure faculty give themselves enough time to register in systems, prepare forms, and comply with unfamiliar requirements

Peer Review

- Both NSF and NIH use a peer review system for all applications
- The peer review is a two-stage process
 - External review
 - Program review

NIH Review Process

- Timing
- Review criteria
- Scoring
- Follow up documentation (“Just In Time”)
- Funding decisions

US Funding from the Institution's Perspective

Considerations prior to issuing a subaward

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Some international contracts are illegal.

Sanctions can apply to:

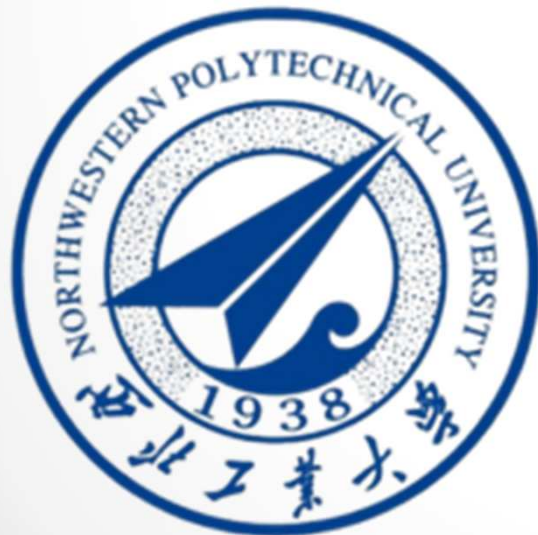
- Countries
- Companies
- Universities
- Individuals



Remain up to date on OFAC sanctions and screen names of foreign individuals and organizations prior to sharing information or commencing work.

Is it legal to work with Northwestern?

Northwestern University (Illinois, USA) is safe to work with (as far as we know).



Northwestern Polytechnical University (Xi'an, China) is listed on the EAR Entity List (Part 744, Supp. No. 4).

Currency exchange rates can fluctuate wildly.



U.S. institutions are likely to insist on payment
in U.S. currency.

Export Control Issues

In addition to physical exports, delivery of "technical data" can also constitute an export.

Make sure your project will not be considered a "defense service" to a foreign government,

e.g., helping a foreign government develop sensors that it can use to spy on a rival.



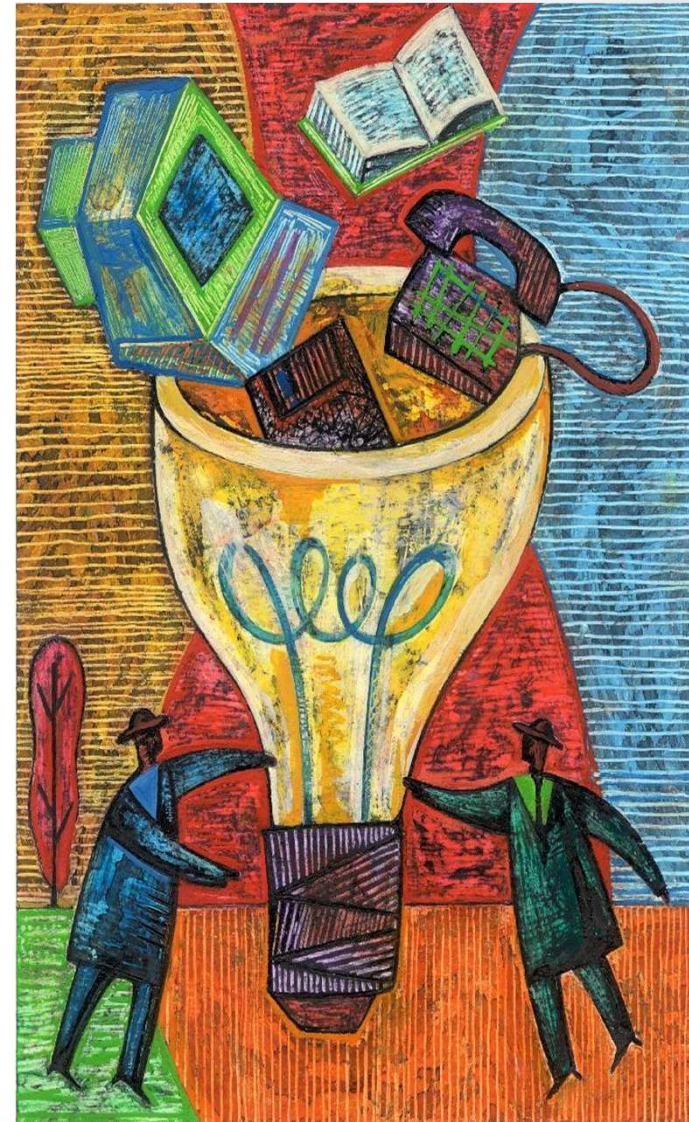
Can you accept this clause: “主调查员将在他第一个孩子出生时把其抚养权交给赞助商。”



Intellectual Property

Many foreign organizations are unfamiliar with Bayh-Dole.

“The contractor will not, as part of the consideration for awarding the subcontract, obtain rights in the subcontractor's subject inventions” (37 CFR 401.14(g)(1)).



Foreign Corrupt Practices Act (FCPA)

Payment to a foreign government official can be considered a bribe, which is a violation of the FCPA.



Financial Issues #1: Risk Assessment

How will you assess whether the foreign subrecipient has adequate financial systems, payroll systems, etc.?

Foreign organizations do not complete A-133 audits. (However, USAID sometimes requests independent audits.)



Consider Firm Fixed Price Subs.

Financial Issues #2: Fixed Price Subs

If you issue a fixed price sub:



PRO: You won't have to assess the subrecipient's expenditures.

CON: You will have to monitor its technical performance carefully.

(Of course, you're supposed to monitor technical performance anyway)

Financial Issues #3: Cash Flow

Small foreign organizations may not be able to start work until you give them cash.

Small up front payments may be an option (both for CR and FFP subs).



Financial Issues #4: Other

1. Avoid asking a foreign subrecipient to participate in cost-sharing.
2. Consider unusual expenses (translation costs, shipping, wire transfer fees, export licenses)
3. Most foreign subs should be issued at 10% MTDC (per 2 CFR 200.414(g)). NIH only pays 8% F&A on foreign subs (<http://grants.nih.gov/grants/foreign/index.htm>).

Writing the Subcontract

Many federal terms flow down to foreign subs:

- Human subjects
- Animal subjects
- Research misconduct
- Lobbying
- FCOI

Others may not:

- Civil rights
- Debarment*
- Drug-free workplace*

*Depends on the circumstances

http://grants.nih.gov/grants/policy/nihgps_2012/nihgps_ch16.htm

Sample foreign subaward template



Use of the FDP
template can
save a lot of
time.

http://sites.nationalacademies.org/PGA/fdp/PGA_063626

(revised June 2015, scroll to the very bottom)

FEDERAL DEMONSTRATION PARTNERSHIP

Redefining the Government University Research Partnership

BILAT  USA 2.0

Export Control Issues



Will your PI be shipping items to the subrecipient (or bringing them with him or her)?

Controlled items include:

- **Materials, chemicals, microorganisms**
- **Sensors, lasers, computers, software, GPS**
- **Many other technologies!**

Human Subject Research



Must ensure appropriate oversight and same standards of care as if performed in the U.S.

NIH guidance on international human subjects research:

<http://www.hhs.gov/ohrp/international/index.html>

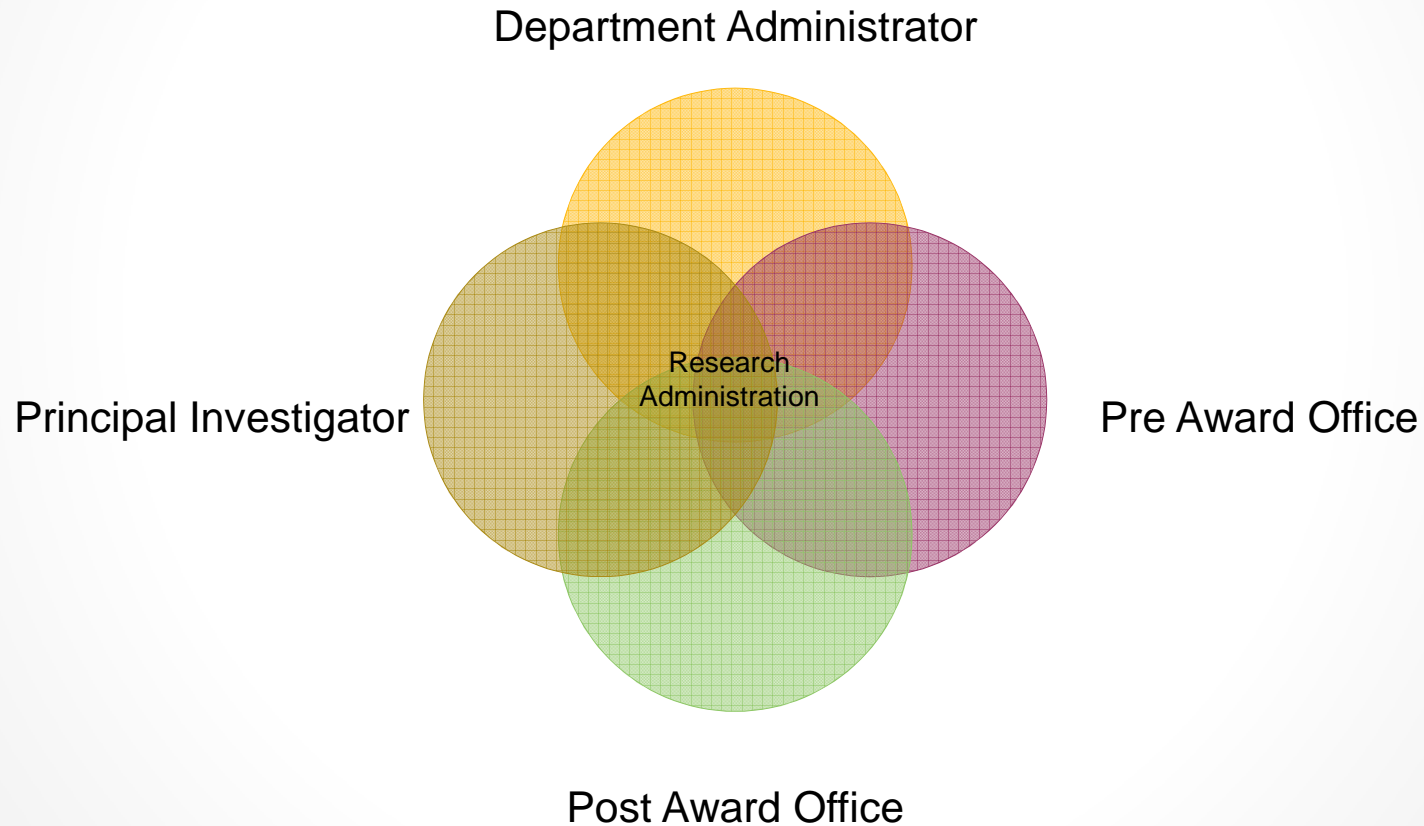
US Funding from the Institution's Perspective

Managing Awards

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Shared Responsibility



Roles and Responsibilities

Principal Investigator

- Determines allocability and authorizes the account to be charged.
- Reviews subrecipient invoices and authorized payment
- Provides Department Administrator with written request (justification) to initiate the transaction along with any supporting documentation.
- PI is also responsible for notifying Department Administrator if allocability circumstances change.

Roles and Responsibilities

Department Administrator

- Reviews request and supporting documentation for adequacy (including subrecipient invoices)
- Determines reasonableness, compliance with award terms and conditions, and institutional policies
- Verifies fund availability and encumbers expense in the shadow system.
- Prepares paperwork and obtains the necessary authorized signatures.
- Forwards to Accounting for review and approval.
- Prepares project expenditure/balance reports for review by PI

Roles and Responsibilities

Pre-Award Office

- Reviews proposal, budgets & supporting documentation to ensure that award terms and conditions comply with Federal regulations
- Ensure proper institutional sign-offs on proposals and financial commitments (i.e. F&A under-recovery, cost sharing, etc.)
- Negotiate agreements in accordance with university policies and procedures and Federal regulations
- Liaison between PI and sponsor

Roles and Responsibilities

Post Award Office

- Reviews transaction paperwork and supporting documentation based on all allowability criteria and award terms and conditions.
- Adherence to institutional policies and procedures.
- Check for fund availability
- Transaction approved or rejected.
 - Approvals are forwarded to the next processing department.
 - Department contacted for rejected items.

Account Establishment

- NSF and NIH awards do not usually require negotiation and therefore can typically go directly to set up
- Each federal award must be set up in a separate account

NIH Notice of Grant Award

- Terms and Conditions
- Special Terms and Conditions (Institute or Center)
- Future funding contingent on availability of funds
- Carry-over authority
- Program Income

Award Management

- Monitoring Expenses
- Concept of allowability
- Concept of direct benefit
- Concept of source documentation
- Receipts with enough detail to support the charge
- Written explanation of how the expense benefited the project.
 - Bottom line: Complete files protect you in an audit

Management of Project Costs

- Reconcile institutional reports to departmental grant records on a regular basis.
- Reconcile both the direct and the F&A expenses.
- Review financial status of the award with the Principal Investigator on a regular basis.
- Investigate and resolve discrepancies.

Performance Issues

- Approval of project expenditures
 - For award and subawards
 - Expenditures must be related to performance
- Documentation of project expenditures
 - Are there unusual requirements?
 - Do we have adequate documentation to support relationship of expenditure to the specific research project?

Reports and Records during the Life of the Project

- Performance reports:
 - required annually
 - due 90 days after grant year
- Financial reports:
 - Must use a form SF-425 Federal Financial Report (replaced SF-269 or 272) to report the status of funds).
 - Each agency can determine frequency of financial reports

NIH Reports

- RPPR: Research Performance Progress Reports
- Interim Financial Reports
- Milestone Reporting
- Final Technical Reporting
- Final Invention Statement and EDISON

Federal Payment Methods

- Some agencies utilize traditional billing, others make scheduled payments for awards.
- Major science agencies (NIH, NSF, DoE) use federal payment systems.
- Systems include ASAP (Treasury), PMS (HHS), DoD.
- Subrecipients can be paid directly via check or wire transfer

Federal Payment Methods

- Institution draws against Letter of Credit via payment system which is transferred to institution's bank within days.
- Draws may be in advance or as reimbursement, and institution may determine frequency.
- Interest typically must be paid for federal funds held beyond immediate cash needs

Close-out Responsibilities

- Review expenditures to ensure costs are allowable, allocable, reasonable and consistent with the terms of the agreement.
- Investigate outstanding expenses and unknown items.
- Good project management over the life of the award will help to eliminate any problems after the award has ended
- Record retention is another part of “after the award” responsibilities

Key Elements of Files

- Proposal/application
- Pre-award communication
- Notes relating to award negotiation
- Award document
- Award set-up information
- Correspondence related to award
- Copies of financial reports
- Evidence of technical and financial report submission

Best Practices for Successful Award Management

- Document, document, document
- “Files are your Friends”
- Audits and Site Visits