An Introduction to the
US Funding Environment

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NCURA
supporting research...*together*

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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.

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NCURA's activities

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

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

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

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

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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

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We want your participation

- There will be opportunities for group discussion

- Share your experiences, perspectives, approaches, issues, concerns
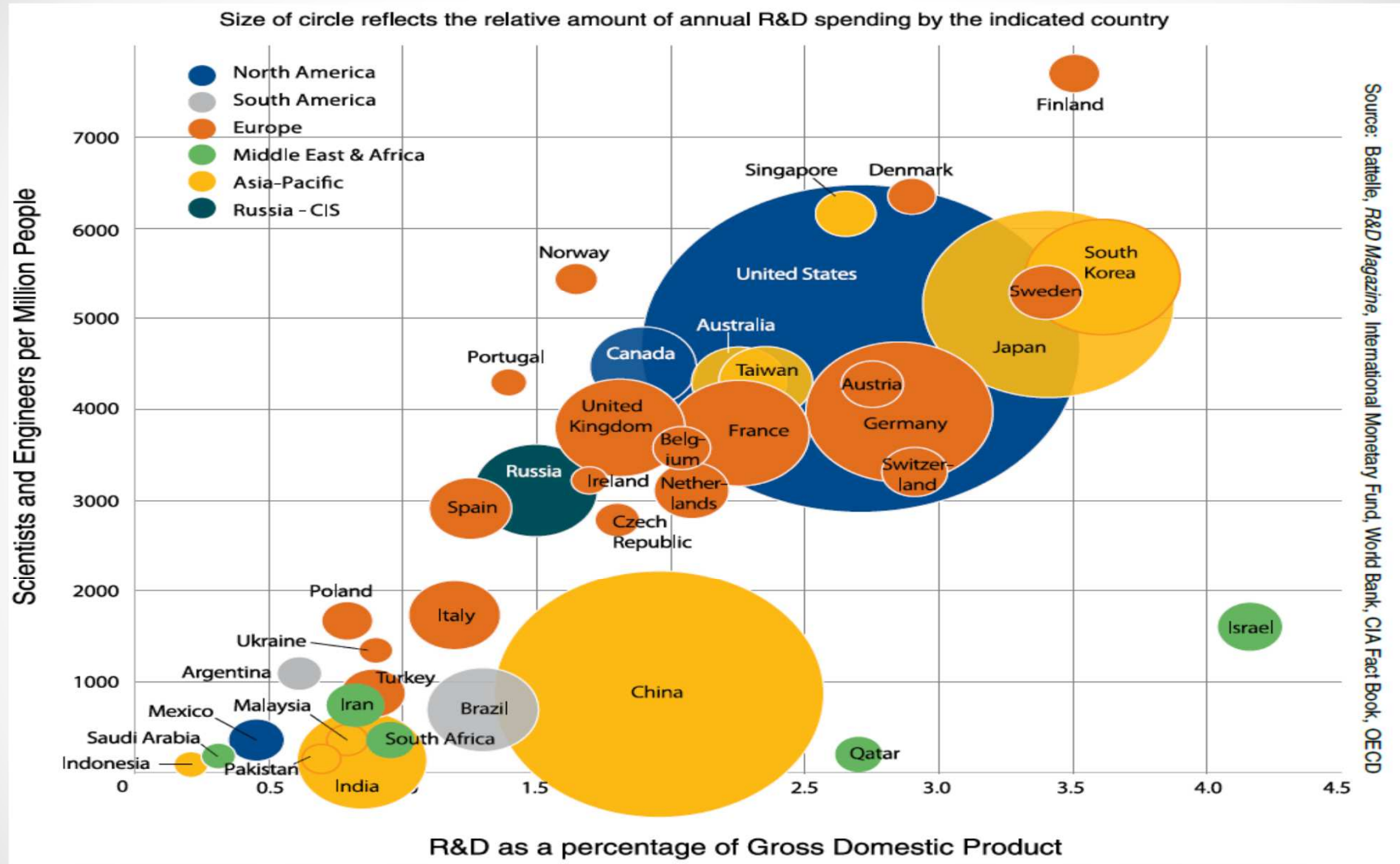
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Why International Collaboration

Size of circle reflects the relative amount of annual R&D spending by the indicated country

Source: Battelle, *R&D Magazine*, International Monetary Fund, World Bank, CIA Fact Book, OECD

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

(Dollars in millions)

	Obligations			Outlays		
		Preliminary			Preliminary	
Agency	2012	2013	2014	2012	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.

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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 disaster, trying to escape poverty, and engaging in democratic reforms. USAID carries out U.S. foreign policy by promoting broad-scale human progress at the same time it expands stable, free societies, creates markets and trade partners for the United States, and fosters good will abroad.

Does this agency fund foreign entities?	Yes	
FY09 Extramural research funding[1]:	Directly	Yes
	Via a subaward with a lead US partner	
Where to find Funding Opportunities	$120 million	
Proposal submission system – Grants	www.grants.gov	
Proposal submission system – Contracts	Grants.gov, email	
Indirect costs allowed for foreign entities	Not applicable	
	Full indirect costs may be requested but the methodology should be fully justified. USAID may request additional information prior to award.	

Agency focus:
Economic growth and trade; agriculture; democracy and governance; environment (natural resources management); education; humanitarian assistance; conflict management; global health; global partnerships (linking with private resources); 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 (http://www.usaid.gov/policy/ads/300/320.pdf). A Branding Implementation Plan (BIP) is generally required prior to award. The BIP described how the program or project will be publicized in the host-country to generate awareness of the program or project and that the assistance if from the one only US federal agency.
-USAID is one of the American people.
relating to narcotics offenses and drug trafficking
(http://www.usaid.gov/policy/ads/200/206.pdf). Other federal agencies will typically request representations and certifications at an institutional level.

[1] Excludes ARRA (American Recovery and Reinvestment A...

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 ...de variety of tasks and services, including research, public ...nd drug safety, grants and other funding, and health

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

...f Health (NIH) – www.nih.gov
...source of funding for biomedical research in the world.
...ffice of the Director which sets policies for NIH and 27
...Cs) each with a specific research aim. All but 3 ICs
...e history and mission of each IC can be found at:
...e 27 ICs are:

...Institute (NHLBI)
...h Institute (NHGRI)

...d Alcoholism (NIAAA)
...us Diseases (NIAID)
...oskeletal and Skin Diseases (NIAMS)
...and Bioengineering (NIBIB)
...of Child Health and Human Deve...
...ommunication Disorders (NID...
...research (NIDCR)
...d Kidney Diseases (NID...

...es (NIEHS)
...GMS)

...arities (NI...
...e (NIN...

Research Services – US Federal Funder Profile

Department of Defense - DARPA

...partment of Defense (DOD) provides the military forces needed to
...e Department and protect the security of the United States through:
...eter war and peacekeeping and humanitarian causes. The DOD funds research
...peacekeeping and humanitarian causes. The DARPA, Army,
...through a number (ARO), the Office of Research of Naval (AFOSR).
...Research Office of Scientific Projects Agency (DARPA) - www.darpa.mil
...the Air Force Advanced Research the maintain the prevent technological security by
...to maintain and prevent national bridging the
...Defense Advanced is to maintain U.S. military U.S. research military
...DARPA's mission is the U.S. military, impacting research with their
...DARPA's of the negatively, high-payoff research and the DARPA
...superiority from revolutionary, discoveries engine; basic research by
...surprise from revolutionary innovation multi-discipline applied computer sciences,
...sponsoring fundamental innovation to apply through knowledge efforts to medicine, social sciences,
...gap between DOD's performers knowledge practical laboratory; material sciences,
...use. As the diverse to both advance current the gamut from biology; material sciences,
...relies on diverse performers advance current from the fields of mathematics,
...approaches that both address span the fields of mathematics,
...technologies demonstrations, engineering,
...technical investigations in the engineering,
...scientific demonstrations, physics, and more.
...technology, physics, and more.
...chemistry, and physics, and more.
...neurosciences

Does this agency fund foreign entities?	Directly	Yes
	Via a subaward with a lead US partner	Yes
FY09 Extramural research funding[1]: find Funding	$1,558 million	
Where to find Funding Opportunities	www.grants.gov	
	www.fbo.gov	
	www.darpa.mil/Opportunities/Solicitations/Solicitations.aspx	
	www.fims.darpa.mil/baa/ (T-FIMS)	
Proposal – Grants system submission	dso2aa.saiic.com (DSO) or www.fims.darpa.mil/inform... (see commentary)	
Proposal submission system – Contracts	Grants.gov	
Indirect costs allowed for foreign entities	Full indirect DARPA may fully justified. DARPA ma... award.	

...focus: ...es Office (DSO):
...ng and chemistry-based models), Mathema...
...ing and Human Effectiveness (neurosciences...

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 (10% on most subawards unless you have a negotiated F&A rate agreement with the U.S. Government)

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US Funding from the Institution's Perspective

Applying for Funding

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Lifecycle of a Proposal/Award
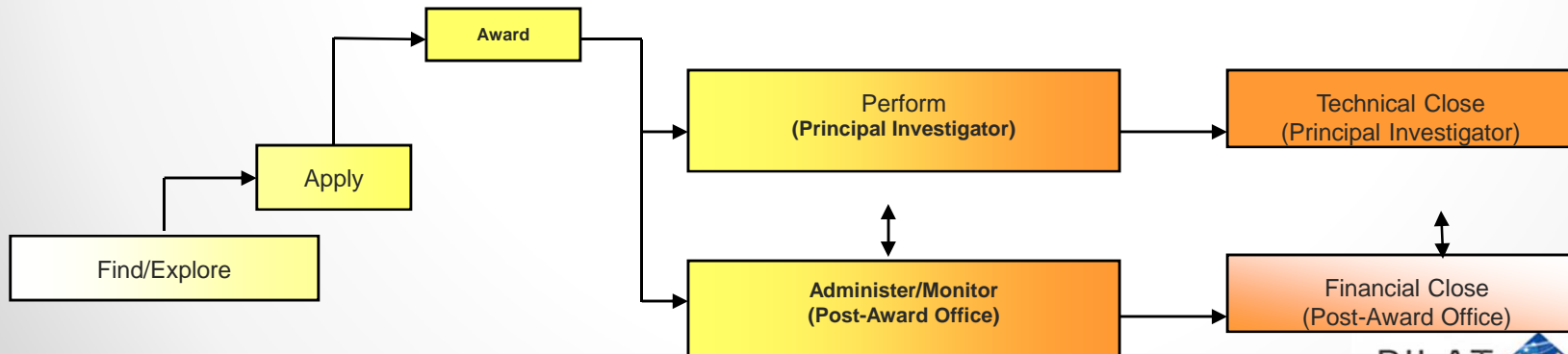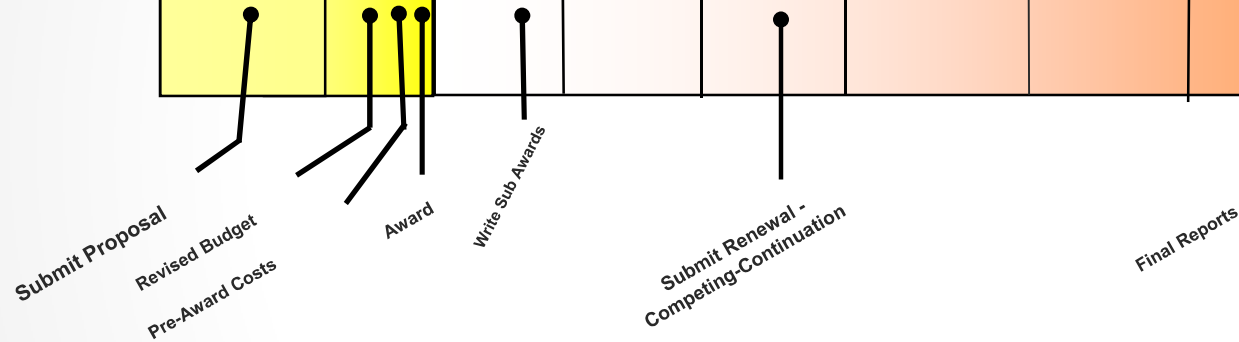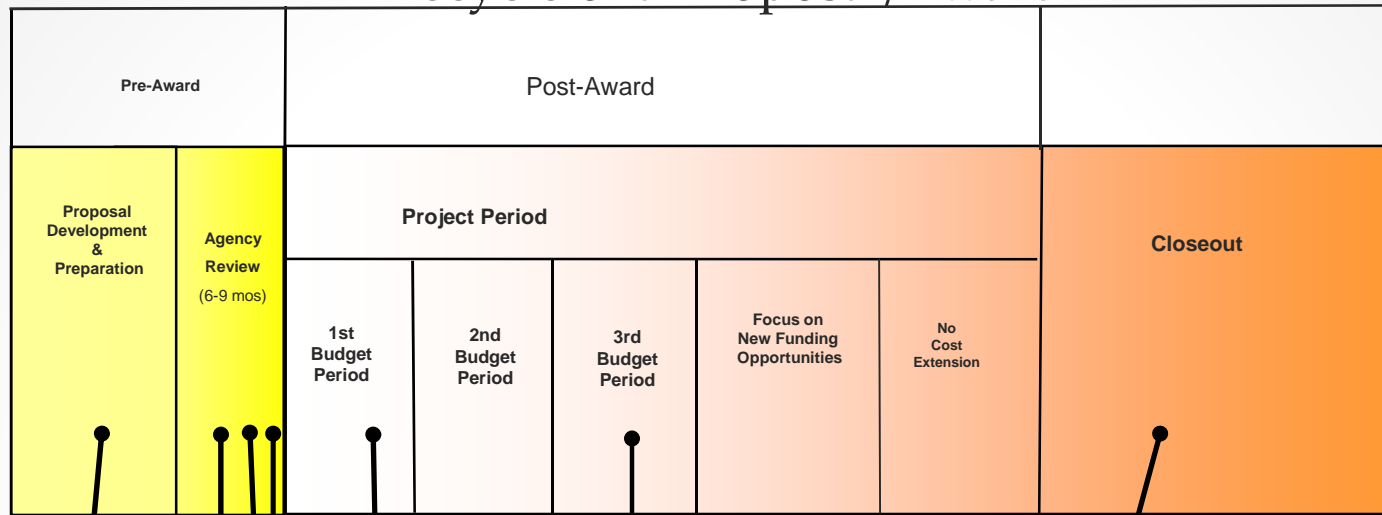
National Science Foundation – A Brief Introduction

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

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NSF Structure
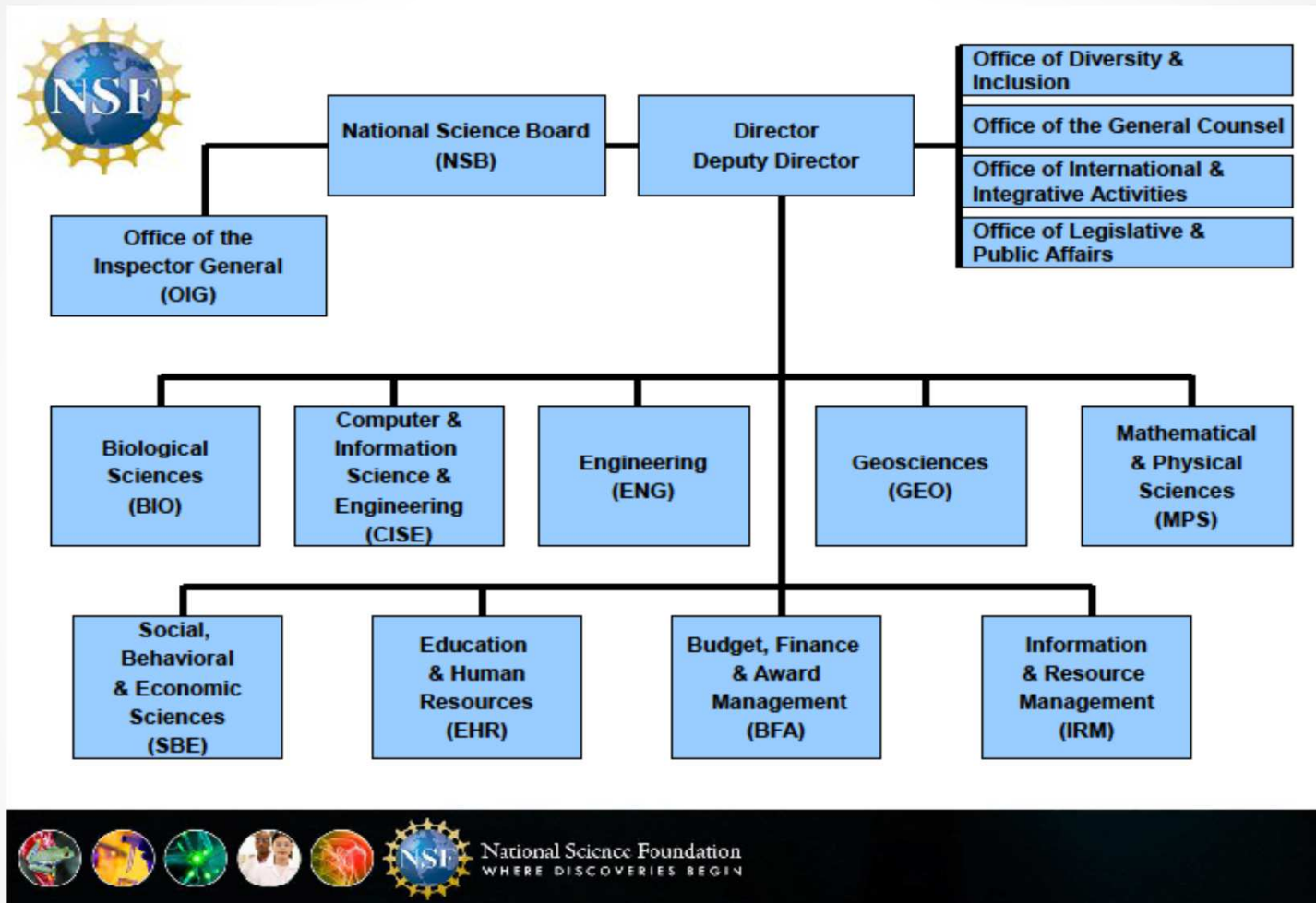
NSF Resources

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

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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:
  o Promotes collaboration between the U.S. and European science and engineering communities
  o Represents NSF to national and multi-national science organizations throughout Europe
  o Monitors and reports on developments in the European scientific community

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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

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Searching for Funding

- Interpreting funding announcements

- Opportunities

- Keyword searches

- Funding types

- Agency contacts

GRANTS.GOV℠
FIND. APPLY. SUCCEED.™

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Proposal Preparation

- Both NSF and NIH use web-based proposal submission systems
  - o Submissions to NSF go through FastLane or Grants.gov
  - o 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

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Constructing a Proposal Budget: Elements of Direct Costs

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

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Budget Construction and Review

- ## Salaries and wages

  - o Institutional Policy on Academic Year Salary Recovery

  - o Summer Salary

    - • based on academic year salary and your institutional policy

  - o Undergraduate and Graduate Students

  - o Postdoctoral Research Associates

  - o Technical and Clerical Support, as justified

Budget Construction and Review

- Salaries and wages

  - o Use Percent of Effort, Not Hourly Wage

  - o NIH "calendar months"

  - o Include Increases for cost of living adjustment or "inflation" and Merit-based Adjustments

- Fringe benefits

  - o Use Correct Rates (if multi-year rates, are they applied correctly?)

  - o Include inflationary increases for multi-year projects.

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Budget Construction and Review

- Equipment

  o Beware of Potential Differences Between Equipment Definitions (sponsor/institution)

- Expendable materials and supplies

- Travel

  o Adhere to Institutional Policy and Agency Guidelines

  o Distinguish between Domestic and Foreign Travel

  o If Foreign Travel is sponsored by the Federal Government, use Federal International Per Diem Rates

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Budget Construction and Review

- ## Subcontracts

  - o Proposed Costs should be Reasonable, Allowable, and Allocable to the proposed project

  - o Authorized Subcontract Representative should sign the Sub-proposal

- ## Consultants

  - o Consultant should sign a letter of intent

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Budget Construction and Review

- ## Subawards at the Proposal Stage

    o Make sure you obtain a good budget and scope of work, countersigned by the subrecipient's authorized organizational representative

    o Get a copy of the subrecipient's negotiated F&A rate agreement (or view on-line)

    o Most foreign subs should be issued at 10% MTDC (per 2 CFR 200.414(g)), unless an exception applies. (See, for example, http://grants.nih.gov/grants/foreign/index.htm).

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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

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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

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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

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US Funding from the Institution's Perspective

Considerations prior to issuing a subaward

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John Hanold
Pennsylvania State University

Some international contracts are <u>illegal</u>.

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.

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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).

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9

Currency exchange rates can fluctuate wildly.

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

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!**

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。**"**
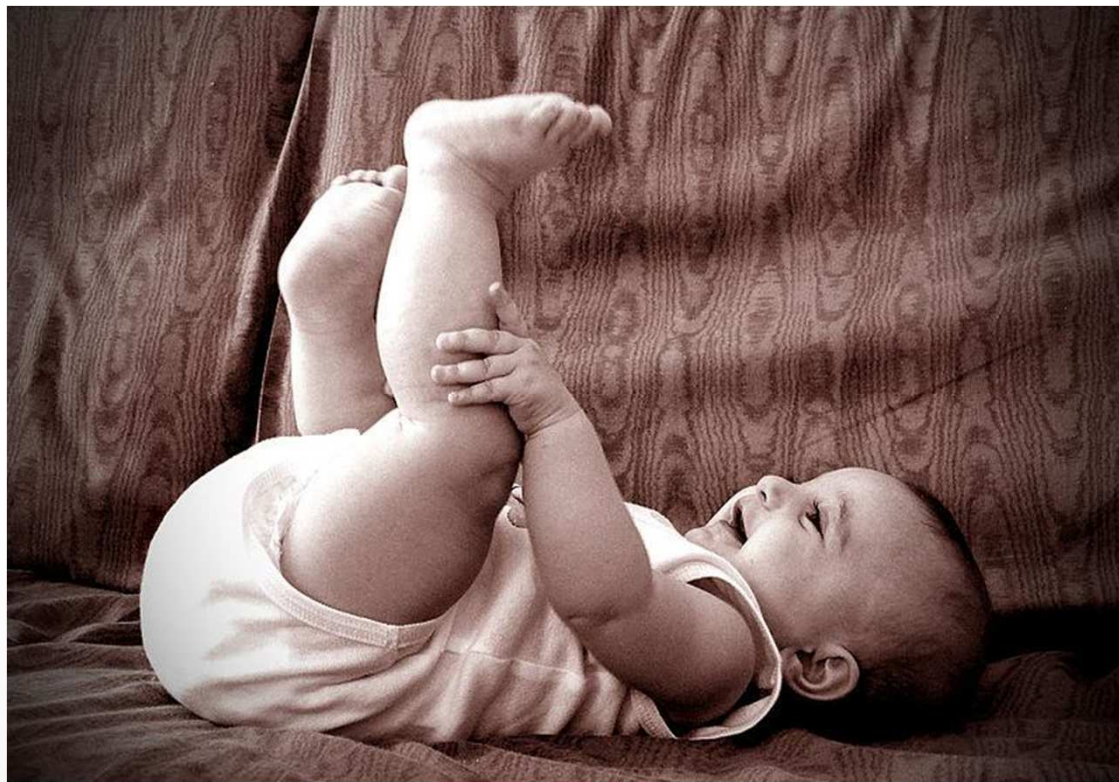
Intellectual Property

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)).
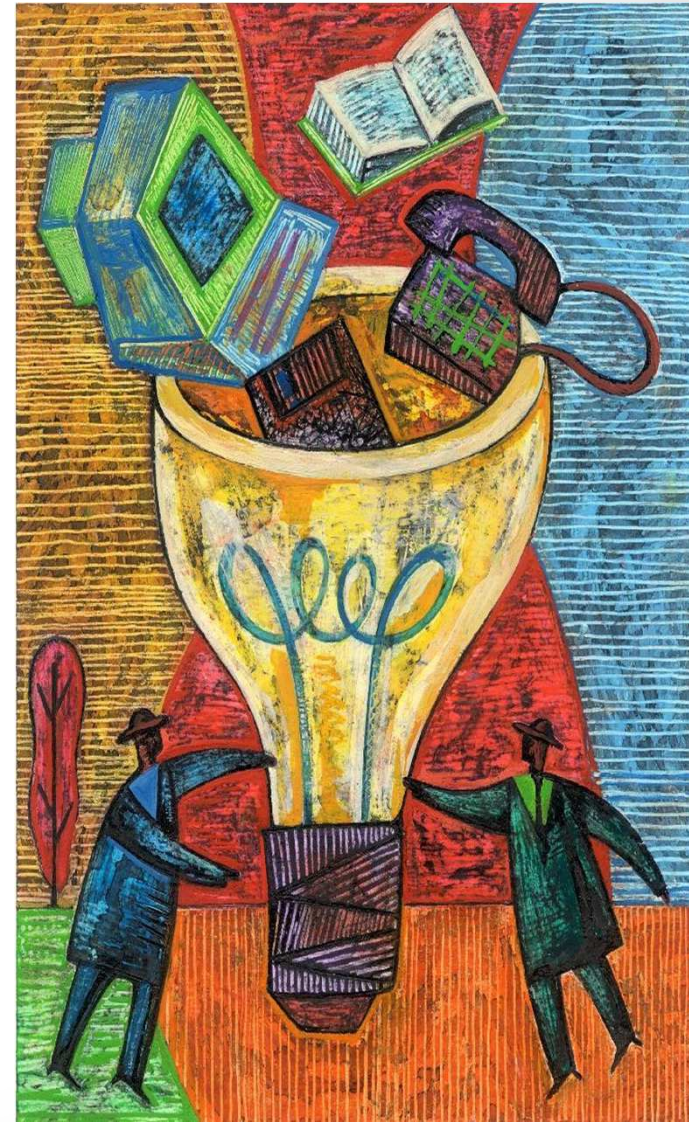
Foreign Corrupt Practices Act (FCPA)

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 <u>won't</u> have to assess the subrecipient's expenditures.

CON: You <u>will</u> have to monitor its technical performance carefully.

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

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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)), unless an exception has been approved. (See, e.g., http://grants.nih.gov/grants/foreign/index.htm.)

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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

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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

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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:

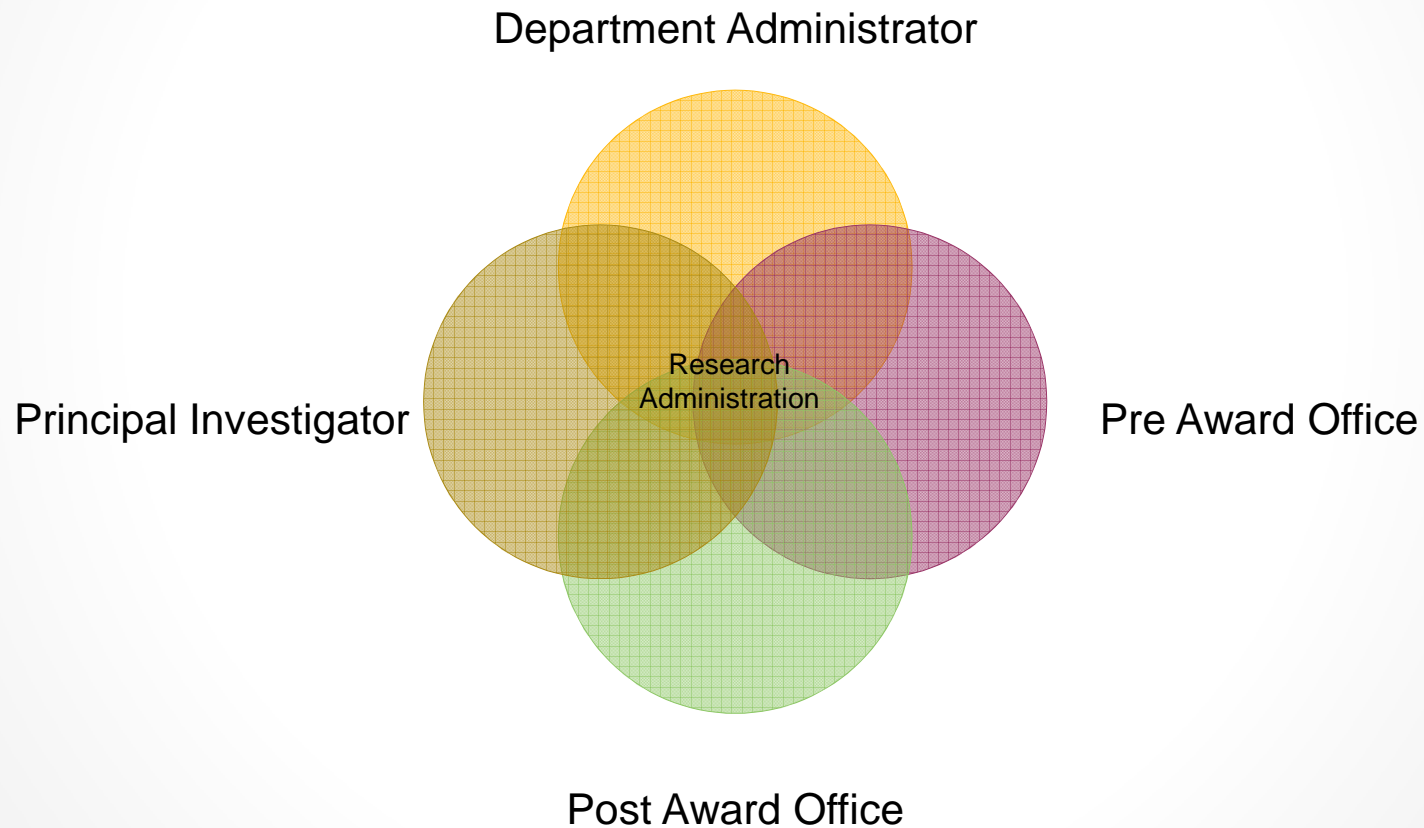http://www.hhs.gov/ohrp/international/index.html

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US Funding from the Institution's Perspective

Managing Awards

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Shared Responsibility

Department Administrator

Principal Investigator

Research Administration

Pre Award Office

Post Award Office

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Roles and Responsibilities

Principal Investigator

- o Determines allocability and authorizes the account to be charged.

- o Reviews subrecipient invoices and authorized payment

- o Provides Department Administrator with written request (justification) to initiate the transaction along with any supporting documentation.

- o PI is also responsible for notifying Department Administrator if allocability circumstances change.

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Roles and Responsibilities

Department Administrator

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

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Roles and Responsibilities

Pre-Award Office

o Reviews proposal, budgets & supporting documentation to ensure that award terms and conditions comply with Federal regulations

o Ensure proper institutional sign-offs on proposals and financial commitments (i.e. F&A under-recovery, cost sharing, etc.)

o Negotiate agreements in accordance with university policies and procedures and Federal regulations

o Liaison between PI and sponsor

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Roles and Responsibilities

Post Award Office

o Reviews transaction paperwork and supporting documentation based on all allowability criteria and award terms and conditions.

o Adherence to institutional policies and procedures.

o Check for fund availability

o Transaction approved or rejected.

- Approvals are forwarded to the next processing department.
- Department contacted for rejected items.

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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

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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

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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.

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Performance Issues

- Approval of project expenditures

  o For award and subawards

  o Expenditures must be related to performance

- Documentation of project expenditures

  o Are there unusual requirements?

  o Do we have adequate documentation to support relationship of expenditure to the specific research project?

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Reports and Records during the Life of the Project

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

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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

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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

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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 <u>life of the award</u> will help to eliminate any problems after the award has ended

- Record retention is another part of "after the award" responsibilities

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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

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Best Practices for Successful Award Management

- Document, document, document

- "Files are your Friends"

- Audits and Site Visits

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