



## AMERICAN RECOVERY AND REINVESTMENT ACT GUIDELINES FOR GRANTS FUNDING

SUMMARY OF THE OFFICE OF MANAGEMENT AND BUDGET MEMORANDUM DATED FEBRUARY 18, 2009

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The American Recovery and Reinvestment Act of 2009 (Recovery Act) signed into law an additional \$10.4 billion in funding to the [National Institutes of Health](#), representing a 36% increase in the health institutes' funding. This new money must be allocated by September 2010 on grants and other projects that can extend no more than two years. The [National Science Foundation](#) also received an increase in funding of \$2 billion for research grants, with the same provision that the new money must be allocated by September 2010. The National Science Foundation anticipates distributing nearly all of that money out to scientists within 120 days. The National Institutes of Health are also moving quickly on stimulus funding. For Yale to receive its share of funding available through the Recovery Act, the institution must be aware of provisions attached to the funding and act on the increased opportunities for its research community.

On February 18, the Office of Management and Budget (OMB) issued initial implementation guidance to the federal agencies on spending the economic recovery funds, found at: [http://www.whitehouse.gov/omb/assets/memoranda\\_fy2009/m09-10.pdf](http://www.whitehouse.gov/omb/assets/memoranda_fy2009/m09-10.pdf).

The Recovery Act is focused on transparency and accountability to taxpayers. Of note are the extensive new reporting requirements for institutions that accept Recovery Act funds. Following is a summary of the OMB guidance as related to grants and cooperative agreements funding. More detailed guidance will be supplied by the OMB 30-60 days after enactment of the Recovery Act.

### **OMB MEMO SECTION 1.4:**

#### ***To which agencies does this Guidance apply?***

All Executive Branch departments and agencies involved in or impacted by the Recovery Act or which otherwise perform services for agencies that receive such appropriations.

### **OMB MEMO SECTION 1.5:**

#### ***What are the critical requirements or elements of this Guidance for which agencies must begin to immediately implement or prepare?***

Within 20 days of enactment, agencies will post funding opportunity announcements on Grants.gov.

Agencies must also begin including terms and conditions in award documents necessary for effective implementation of Recovery Act data collection and accountability requirements, and identify opportunities to streamline data collection to help alleviate reporting burden on funding recipients.

### **OMB MEMO SECTION 2.9:**

#### ***What reporting will be collected from recipients of Federal funding for reporting on Recovery.gov?***

**Prime recipients:** Reporting requirements only apply to the prime non-Federal recipients of Federal funding, and the subawards (i.e., subgrants, subcontracts, etc.) made by these prime recipients. They do not require each subsequent subrecipient to also report. All recipients of Federal funds must continue to comply with existing agency and program reporting requirements.

Each recipient is required to report the following information to the Federal agency providing the award 10 days after the end of each calendar quarter, starting on July 10th:

- (1) The total amount of recovery funds received from that agency;
- (2) The amount of recovery funds received that were obligated and expended to projects or activities. This reporting will also include unobligated allotment balances to facilitate reconciliations.

(3) A detailed list of all projects or activities for which recovery funds were obligated and expended, including:

- (A) The name of the project or activity;
- (B) A description of the project or activity;
- (C) An evaluation of the completion status of the project or activity;
- (D) An estimate of the number of jobs created and the number of jobs retained by the project or activity; and
- (E) For infrastructure investments made by State and local governments, the purpose, total cost, and rationale of the agency for funding the infrastructure investment with funds made available under this Act, and name of the person to contact at the agency if there are concerns with the infrastructure investment.

(4) Detailed information on subcontracts or subgrants awarded by the recipient, allowing aggregate reporting on awards below \$25,000 or to individuals.

Recovery Act funds can be used in conjunction with other funding as necessary to complete projects, but tracking and reporting must be separate to meet the reporting requirements of the Recovery Act and this Guidance. The final guidance issued by OMB for the Recovery Act will lay out in more detail specific reporting instructions and how the data collection for this reporting will work government-wide.

## **Guidance on Grants and Cooperative Agreements**

### **OMB MEMO SECTION 5.1:**

***Are there actions, beyond standard practice, that agencies must take while planning for competitive and formula grant awards under the Recovery Act?***

The agencies have been instructed to structure grants in alignment with the ARRA goals of job creation and preservation. Competition will be consistent with prior competitive practices although agencies may want to consider the appropriateness of limited competitions among existing high-performing projects versus full and open competitions and formula allocations.

Agencies may consider obligating funds provided under the Recovery Act on an existing grant, including, but not limited to, a continuation or renewal grant. It should be noted that these funds will need to be separately tracked from previous funding to comply with the ARRA reporting requirements.

Although the Recovery Act calls on agencies to spend the funding as quickly as possible, this statement, by itself, does not constitute a sufficient justification to support award of a federal grant on a non-competitive basis. To enable timeliness of awards, agencies should engage in aggressive outreach to potential applicants to begin application planning activities.

### **OMB MEMO SECTION 5.2:**

***Are there actions, beyond standard practice, that agencies must take related to solicitation and evaluation of competitive grants awarded under the Recovery Act?***

Agencies will be required to provide information about specific recovery act requirements in the funding opportunity announcement and award notifications. Agencies have been instructed to favor applicants who have consistently demonstrated an ability to deliver programmatic results and accountability objectives similar to those included in the ARRA.

### **OMB MEMO SECTION 5.4:**

***Are Federal agencies expected to initiate additional oversight requirements for grants, such as mandatory field visits or additional examinations for error measurements, to comply with grant rules and regulations?***

Yes. Agencies must take steps, beyond standard practice, to initiate additional oversight mechanisms. Agencies must have processes in place to detect and prevent the risks of program waste, fraud, and/or abuse.

### **OMB MEMO SECTION 5.5:**

***Are agencies expected to comply with existing administrative grants requirements?***

Yes, in addition to additional requirements under the Recovery Act, existing administrative grant requirements need to be followed.

**OMB MEMO SECTION 5.7:**

***What steps will be taken to make Single Audits effective in promoting accountability of Recovery Act grants.***

OMB will use the OMB Circular A-133 Compliance Supplement to notify auditors of compliance requirements which should be tested for Recovery Act awards.

**OMB MEMO SECTION 5.9:**

***Are there terms and conditions, beyond standard practice, that must be included in competitive and formula grant agreements under the Recovery Act?***

Agencies will continue to use standard terms and conditions on award notices where applicable, unless they conflict with the requirements of the Recovery Act. The agency's award term or conditions that conflict with Recovery Act requirements should be modified to ensure compliance with the Recovery Act requirement.

Recipients must meet the reporting requirements of the Recovery Act which is detailed in Section 2.9 above. Also, each grantee or sub-grantee awarded funds made available under the Recovery Act shall promptly refer to an appropriate inspector general any credible evidence that a principal, employee, agent, contractor, sub-grantee, subcontractor, or other person has submitted a false claim under the False Claims Act or has committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving those funds.

Additionally, any funding provided through the Recovery Act that is supplemental to an existing grant is one-time funding.

## **Guidance on Contracts**

**OMB MEMO SECTION 6.1:**

***Are there actions, beyond standard practice, that agencies must take while planning for contract awards under the Recovery Act?***

The Recovery Act requires agencies to:

- Obtain maximum practical competition;
- Expeditiously award contracts with current streamlined flexibilities;
- Use current Federal Acquisition Regulation (FAR) but try to award fixed price contracts;
- Use competitive procedures for new contracts; existing contracts that were competitively awarded can be used to obligate funds.

**OMB MEMO SECTION 6.4:**

***Are there terms and conditions, beyond standard practice, that must be included in contract agreements under the Recovery Act?***

Special contract provisions will be included for Special Buy American Act requirements, updated reporting requirements, and additional access to contractor records.

In addition, a FAR case is in process to provide the detailed contract requirements. Agencies must ensure that receipt of funds is contingent on recipients meeting the reporting requirements of the Recovery Act.

**OMB MEMO SECTION 6.5:**

***Are there actions, beyond standard practices, that agencies must take related to oversight and audit of contracts awarded under Recovery Act?***

Agencies will be required to provide periodic reporting that includes:

- Programmatic progress;
- Qualification and number of required staff;

- Competitive actions;
- Timeliness of awards; and
- Expenses including obligations.

## Summary of Key Dates (2009)

- February 24: Agencies should dedicate a section of its primary website to Recovery Act activities, i.e. [www.agency.gov/recovery](http://www.agency.gov/recovery)
- March 7: Agencies shall post funding opportunity announcements on Grants.gov
- March 17: The Grants.gov synopsis shall link to the full announcement on the agency website
- March 17 – April 16: More detailed and summary guidance will be posted to the OMB website ([http://www.whitehouse.gov/omb/recovery\\_default/](http://www.whitehouse.gov/omb/recovery_default/))

## NIH Implementation Information

In response to the OMB Memo, Dr. Raynard Kington, NIH Acting Director, discussed his agencies' anticipated use of this funding. Highlights as reported by the Council on Governmental Relations (COGR) include:

- Approximately \$8.2B of the \$10.4B to be provided to NIH between now and September 2010 is expected to be committed to science research.
- \$7.4B/\$8.2B will be distributed to Institutes and Centers (and the Common Fund, which supports the [Roadmap Initiative](#)) in amounts proportional to their budgets.
- There will be three broad categories for distribution of this \$7.4B:
  - (1) The institutes will review meritorious currently pending proposals (primarily R01s) for which progress with only two years of funding is feasible.
  - (2) Administrative supplement requests will be accepted in a range of themes, TBD.
  - (3) A smaller portion (in the range of \$100-200 million) will be used to fund [challenge grant](#) RFAs in individual I/Cs; the priority areas are yet to be determined.
- Some funding will also be made available for renovations, shared instrumentation.
- Dr. Kington made the point that these funds must be obligated within two years, and will not be base building for NIH. He anticipates distributing more information and having more answers to questions about the application processes, review mechanisms and negotiation of shorter-term awards soon. This funding will carry significant additional requirements. Examples Dr. Kington provided were more frequent reports (both financial and programmatic) and additional details in those reports, such as number of jobs created by the project.

## NSF Implementation Information

The Council on Governmental Relations also reported on information provided by NSF officials on the stimulus funds:

- According to the NSF officials they do not intend to provide supplemental funding to existing awards.

- As provided in the Act, within Research and Related Activities, NSF's core research account, \$2.0B would go to research grants distributed through NSF's regular peer review process, and this will largely be to award grant applications already peer-reviewed and deemed of high quality but that could not be due to lack of funds. The bill would also provide \$300 million to the Major Research Instrumentation program of competitively awarded instrumentation grants for university researchers, and \$200 million to restart the Academic Research Infrastructure program, for competitively awarded laboratory construction grants, primarily for universities. The \$100 million education and human resources appropriation would provide \$60 million to the Noyce Teacher Scholarship Program, \$25 million to the Math and Science Partnerships program, and \$15 million to a new Professional Masters Science Program authorized in the America COMPETES Act. Major Research Equipment and Facilities Construction spending of \$400 million would accelerate the construction of major research facilities with unique capabilities at the cutting edge of science.
- Currently [supplemental funding requests](#) are submitted [via Fastlane](#). We are awaiting guidance as to how such supplemental requests will be handled for the Recovery Act funding.