NATIONAL SCIENCE FOUNDATION
Office of Budget, Finance & Award Management
4201 Wilson Boulevard
Arlington, VA 22230

Dear Colleagues:

We have published a revised version of the NSF Grant Policy Manual (GPM) effective July 1, 2005. This document supersedes all prior versions of the GPM. This revision implements important changes to NSF's policies and procedures, as well as implements enhanced capabilities in FastLane. A summary of significant changes has been developed to assist the user in navigating through these changes.

Organizations or individuals unable to access the GPM electronically may order paper copies (maximum of 5 per request) by either of the following means:

- Phoning NSF Publications at (703) 292-PUBS (7827);
- Sending an e-mail request to pubs@nsf.gov; or
- Sending a request by mail to:

  NSF Publications
  4201 Wilson Boulevard, Suite P-60
  Arlington, VA 22230.

Please address any questions or comments about the GPM to the Policy Office, Division of Institution and Award Support at (703) 292-8243 or by e-mail to policy@nsf.gov.

Thomas N. Cooley
Chief Financial Officer &
Director, Officer of Budget, Finance & Award Management

FOREWORD

This *Grant Policy Manual* (GPM) is a compendium of basic NSF policies and procedures for use by the grantee community and NSF staff. Its coverage includes the NSF award process, from issuance and administration of an award through closeout. Guidance regarding other grant requirements or considerations that either are not universally applicable or which do not follow the award cycle is also provided.

General information about NSF programs may be found on the NSF website at http://www.nsf.gov/funding/browse_all_funding.jsp. Additional information about special requirements of individual NSF programs may be obtained from the appropriate Foundation program offices. Information about most program deadlines and target dates for proposals are available on the NSF website at http://www.nsf.gov/funding/pgm_list.jsp?org=NSF&ord=date. Program deadline and target date information also appears in individual program announcements and solicitations and on relevant NSF Divisional websites.

Grants.gov provides an additional electronic capability to search for Federal government-wide grant opportunities. NSF funding opportunities may be accessed via this mechanism. Further information on Grants.gov may be obtained at http://www.grants.gov.

The *Grant Proposal Guide* (GPG) provides guidance for the preparation and submission of proposals to NSF. Some NSF programs have program solicitations that modify the general provisions of this Guide, and, in such cases, the guidelines provided in the solicitation must be followed. Contact with NSF program personnel prior to proposal preparation is encouraged.

The National Science Foundation has Telephonic Device for the Deaf (TDD) and Federal Information Relay Service (FIRS) capabilities that enable individuals with hearing impairments to communicate with the Foundation about NSF programs, employment or general information. TDD may be accessed at (703) 292-5090 or (800) 281-8749; FIRS at (800) 877-8339. The National Science Foundation Information Center may be reached at (703) 292-5111.

SUMMARY OF SIGNIFICANT CHANGES

Overall Document

- Editorial changes have been made throughout the document either to clarify or enhance the intended meaning of a sentence or section.

Dear Colleague Letter

- The phone number and mailing address for NSF publications have been updated.

Foreword

- The phone number for contacting NSF via the Telephonic Device for the Deaf (TDD) has been updated to include a toll free number.

- Information on Grants.gov has been added as an addition search mechanism for Federal government-wide grant opportunities.

Acronyms

- The Acronym listing has been updated to reflect current names for documents or organizations. Acronyms that no longer appear in the GPM have been removed from the listing.

Chapter I Basic Information

- The Division of Grants and Agreements (DGA) has reorganized and its description has been revised to reflect its current mission and function. DGA is responsible for the business, financial and administrative review of recommended grants, cooperative agreements and other assistance awards, and assuring that they are consistent with applicable policies, regulations, directives and fund certifications. (GPM 113 "Division of Grants and Agreements")

- A new division, Division of Institution and Award Support (DIAS), has been added to the Office of Budget, Finance and Award Management. DIAS is responsible for risk assessment and post-award monitoring activities, grants and agreements policy including clearance of NSF proposal-generating documents, outreach to the external community, cost analysis and award support, audit resolution and electronic awards and procurement systems administration. (GPM 114 "Division of Institution and Award Support")

- References to the Division of Acquisition and Cost Support have been removed, as the division has reorganized and been renamed the Division of Contracts and Complex Agreements (DCCA). DCCA is responsible for solicitation, negotiation, award and administration of NSF contracts and of complex cooperative agreements for NSF's research facilities, major research tools and various

science, technology, engineering and education center programs (GPM 115 "Division of Contracts and Complex Agreements")

Chapter II NSF Awards

- The definition of Principal Investigator/Project Director (PI/PD) has been expanded to include coverage of co-PI/PD. (GPM 210, "Definitions")

- PIs may access their award notices via FastLane. (GPM 230, "Award Instrument")

- Cooperative Agreement (CA) coverage has been revised to include CA Technical/Programmatic and CA Financial/Administrative Terms and Conditions. (GPM 240, "NSF Award Conditions")

- The first NSF approved no-cost extension will be subject to the approval of the cognizant NSF Program Officer. The second NSF approved no-cost extension will continue to be subject to the approval of the NSF Grants Officer. A footnote has been added indicating that SGER awards are not eligible for the grantee-approved extension. (GPM 253.2 "No-Cost Extension")

- Special Creativity Extensions should be submitted electronically via the supplemental funding request module in FastLane. (GPM 253.3 "Two-Year Extensions for Special Creativity")

- Continuing Grant Increments funding is made available by the cognizant NSF Program Officer when the annual report is accepted. The sponsored projects office and the PI are notified electronically of NSF's approval. (GPM 263 "Continued Support (Continuing Grants)")

Chapter III Grant Administration

- Upon acceptance of award by the transfer organization, any special terms and conditions, as appropriate, cited in the original award will convey to the new grantee organization. Note that if the PI's original award was submitted in response to a program solicitation that required cost sharing as part of the award, any unmet portion of this cost sharing requirement also must be addressed by the new organization in the budget portion of the transfer request. The cost sharing will be reflected as a condition in the award at the new grantee organization. (GPM 312.8 "Disposition of a Grant when a PI/PD transfers from One Organization to Another Organization")

- The Foundation's cost sharing policies are currently under discussion by NSF Senior Management. This section will be revised accordingly based on the outcome of those discussions. Guidance regarding the October 2004 National Science Board decision can be found at:

http://www.nsf.gov/publications/pub_summ.jsp?ods_key=cspolicy1004. (GPM 333.2 "Solicited Research Projects")

- Statutory (1%) cost sharing is not required in solicitations. If any cost sharing is required, it will be explicitly stated in the program solicitation. (GPM 333.2 "Solicited Research Projects")

- Footnote has been added indicating that annual certifications for awards with cost sharing requirements of $500,000 or more must be submitted electronically via FastLane. (GPM 333.3 "Cost Sharing Amount")

- Language has been added to emphasize the required submission of the final project report. Failure to provide reports will delay NSF review and processing of pending proposals for all identified PIs and co-PIs on a given award. (GPM 344 "Compliance with Technical Reporting Requirements")

- Exhibit III-1 "Grantee Notifications to and Requests for Approval from the National Science Foundation" has been updated to reflect the Program Officer's approval of the first NSF-approved no-cost extension.

Chapter IV Financial Requirements and Payments

- Definition for NSF Obligations has been updated. (GPM 420 "Definitions")

- Language on requesting payments for Special Payment grantees and foreign grantees has been updated to include grantees using Automated Standard Application for Payments (ASAP). (GPM 431 "Requesting Payments")

- Instructions on submitting the SF270 have been updated. Unless the NSF award letter states otherwise, the form should be sent to the cognizant grants officer via the fax number or mailing address provided. (GPM 434 "Special Payment Grantees")

- The previous section on ACH Vendor Express has been deleted. A new section on Grantee Electronic Forms Transfer System Update has been added. (GPM 436 "Grantee EFT Update")

- SF 3881 has been deleted. SF 270 (Request for Advance or Reimbursement form) has been added as Exhibit IV-1.

Chapter V Grantee Standards

- An e-mail address has been added for the NSF Property Administrator. (GPM 546.3 "Procedures")

Chapter VI Allowability of Costs

- Coverage of extra compensation above base salary has been removed from the GPM, as the issue is covered in section J.10 of OMB Circular A-21. (GPM 611.1 "Salaries and Wages")

- A fixed rate is fixed both for funding and reimbursement. When NSF funds an award using a fixed indirect cost rate, the grantee may recover indirect costs from grant funds at no more than the fixed rate established for the award. NSF will not amend a grant solely to provide additional funds for changes in indirect cost rates. (GPM 633.1 "Basic Policy")

Chapter VII Other Grant Requirements

- All projects involving human subjects must either have IRB approval before issuance of an NSF award, or must affirm that the research is exempt from IRB review. Affirmation of exemption must come from IRB or appropriate authority of the organization (but not the PI). (GPM 711.3 "Certification of Compliance")

- Coverage of grantee obligations has been reworded for consistency with NSF policies and procedures. (GPM 744, "Grantee Obligations")

- Grantees should be aware of any travel advisories issued by the U.S. State Department, the Centers for Disease Control and Prevention, and/or the World Health Organization, and that all travel is done at the grantee's own risk. (GPM 763 "Projects in a Foreign Country")

Chapter VIII Other Proposal and Award Considerations

- The National Security section has been expanded to include defense against transnational terrorism, and the necessary steps to follow if a recipient originates information during the course of the award that it believes requires classification. (GPM 850 "National Security")

Chapter IX Reconsideration/Suspension and Termination/Disputes/Research Misconduct

- The reasons for return of proposals without review by NSF have been supplemented with language to ensure conformance with current NSF policies, practices, and procedures. (GPM 901 "General")

ACRONYMS

ABR	Accomplishment-Based Renewal
ACH	Automated Clearing House (U.S. Treasury)
AD	Assistant Director
ADPE	Automatic Data Processing Equipment
ASAP	Automated Standard Application for Payments
AUO	Area Utilization Officer (GSA)
CAFATC	Cooperative Agreement Financial/Administrative Terms and Conditions
CATPTC	Cooperative Agreement Technical/Programmatic Terms and Conditions
CFR	Code of Federal Regulations
CMIA	Cash Management Improvement Act
DAS	Division of Administrative Services
DCCA	Division of Contracts and Complex Agreements
DFM	Division of Financial Management
DGA	Division of Grants and Agreements
DHHS	Department of Health and Human Services
DIAS	Division of Institution and Award Support
DOC	Department of Commerce
EFT	Electronic Funds Transfer
E.O.	Executive Order
FAADS	Federal Assistance Award Data System
FAR	Federal Acquisition Regulations
FCCOM	Facilities Capital Cost of Money
FCTR	Federal Cash Transactions Report
FDP	Federal Demonstration Partnership
FEMA	Federal Emergency Management Agency
FOIA	Freedom of Information Act
GC-1	Grant General Conditions
GOE	Government Owned Equipment
GPG	Grant Proposal Guide
GPM	Grant Policy Manual
GPO	Government Printing Office
GSA	General Services Administration
IACUC	Institutional Animal Care and Use Committee
IBC	Institutional Biosafety Committee
ILS	Institutional Ledger Section
IRB	Institutional Review Board
IRS	Internal Revenue Service
IR&D	Independent Research and Development
NEPA	National Environmental Policy Act
NIH	National Institutes of Health
NSB	National Science Board
NSF	National Science Foundation
OEO	Office of Equal Opportunity Programs
OGC	Office of the General Counsel
OIG	Office of Inspector General
OMB	Office of Management and Budget
ONR	Office of Naval Research
PD	Project Director
PI	Principal Investigator
SBA	Small Business Administration
SBIR	Small Business Innovation Research Program
SF	Standard Form
SGER	Small Grants for Exploratory Research
USC	United States Code
USDA	U. S. Department of Agriculture

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SUBJECT INDEX

CHAPTER I
BASIC INFORMATION

This chapter provides basic information about the National Science Foundation and its organization, NSF grant policies and procedures, and this Manual. It consists of the following topics:

100 THE NATIONAL SCIENCE FOUNDATION
110 NSF ORGANIZATION
120 THE NSF GRANT POLICY MANUAL
130 PROPOSAL SUBMISSION AND MERIT REVIEW

100 THE NATIONAL SCIENCE FOUNDATION

a. The National Science Foundation (NSF) is an independent Federal agency created by the National Science Foundation Act of 1950, as amended (42 USC 1861-75). The Act states the purpose of the NSF is "to promote the progress of science; [and] to advance the national health, prosperity, and welfare by supporting research and education in all fields of science and engineering."

b. The Foundation carries out its statutory responsibilities for the support of research, education and related activities, through a number of programs. The *NSF Guide to Programs* and other announcements and solicitations contain information about NSF programs, their objectives and timing for the submission of proposals. (See NSF *Grant Proposal Guide* for information on proposal preparation guidelines.)

c. NSF has no programs involving the construction of public works in metropolitan areas, no development assistance programs, no programs requiring State plans as a condition of assistance, none involving coordination of planning in multi-jurisdictional areas and no programs of grants to State and local governments as defined in Section 6501(4) of Title 31 of the United States Code (USC).

110 NSF ORGANIZATION

The NSF organizations/offices described below are normally of most direct interest to grantees. Consult the NSF website at http://www.nsf.gov/staff/orglist.jsp for the most current listing of NSF offices/directorates.

111 National Science Board

The National Science Board establishes the policies of the National Science Foundation within the framework of applicable national policies set forth by the President and the Congress. The Board is composed of 24 members, representing a cross section of American leadership in science and engineering research and education; appointed by the President to six-year terms, with one third appointed every two years; and selected solely on the basis of established records of distinguished service. The NSF Director is a member ex officio of the Board. In addition to establishing the policies of the

Foundation, the Board along with the Director, recommends and encourages the pursuit of national policies for the promotion of research and education in science and engineering.

112 Program Division/Office

Program Divisions/Offices are responsible for the scientific, technical and programmatic review and evaluation of proposals and for recommending that proposals be declined or awarded. The scientific, engineering and/or educational aspects of an award will be monitored by the NSF Program Officer identified in the award letter.

113 Division of Grants & Agreements (DGA)

The Division of Grants and Agreements (DGA) provides excellence in stewardship of the federal funding awarded by NSF and is responsible for business, financial, and administrative assistance across the continuum of awards from pre-award through closeout. DGA provides innovative and exemplary public service in support of its diverse stakeholders including Awardees, NSF Directorates and others within the national scientific research and education communities, and maintains a leadership role in the federal grants arena. In carrying out NSF's primary mission of providing basic research support, DGA interacts on a continuing basis with academic and non-academic institutions, private industry, state and local governments, and other Federal agencies. The Division of Grants and Agreements (DGA) is responsible for the business, financial and administrative review of all recommended grants, most cooperative agreements[1] and other assistance awards and assuring that they are consistent with applicable policies, regulations, directives and fund certifications.

> NSF Grants Officers have delegated authority to issue grants, cooperative agreements, and other assistance awards, and to obligate NSF funds for expenditures under such arrangements. DGA is also responsible for issuing all amendments and certain approvals under these awards, for monitoring awardees' compliance with terms and conditions, and for the administration and closeout of these awards.

NSF Grants Officers provide pre- and post-award technical assistance on the aforementioned policies, regulations, and directives, both to NSF program officials and awardees. Such assistance is provided through a variety of venues, including on-site visits to awardee institutions, outreach forums and by serving on Project Advisory Teams.

114 Division of Institution and Award Support (DIAS)

DIAS is responsible for risk assessment and post-award monitoring activities, grants and agreements policy including clearance of NSF proposal-generating documents,

[1]DCCA is responsible for negotiation, award and administration of complex cooperative agreements for Federally Funded Research and Development Centers (FFRDC's), major research facilities and various science, technology, engineering and education center programs.

outreach to the external community, cost analysis and award support, audit resolution and electronic awards and procurement systems administration.

DIAS, through the Policy Office, is responsible for the development, coordination, and issuance of NSF pre- and post-award policies for the assistance programs of the National Science Foundation. The Policy Office provides guidance on policies and procedures related to NSF's electronic proposal and award systems. The responsibility for reviewing and providing official clearance approval for all NSF proposal-generating documents also resides in the Policy Office.

Another important function of the Policy Office is the coordination of outreach programs for external stakeholders and NSF staff. Through a variety of mechanisms, the Policy Office coordinates the release of timely and relevant information regarding NSF policy and procedures, proposal preparation, and award management to the broad research community. In addition to working closely with professional research administration associations, the Policy Office coordinates two major regional grants conferences held at various institutions around the country (one in the spring and one in the fall).

DIAS staff in the Cost Analysis and Audit Resolution (CAAR) branch perform cost analyses and resolve audit findings pertaining to the allowability, allocability, and appropriateness of costs claimed under all NSF awards, including grants and cooperative agreements. CAAR responsibilities include the performance of accounting system, financial capability, budget reviews, and award monitoring and business assistance. CAAR also negotiates indirect cost rates for organizations that have numerous Federal awards where NSF provides the preponderance of funding.

With regard to electronic award and procurement systems administration, the Systems Office within DIAS is responsible for the administration, oversight, and interpretation of business rules for assistance awards across NSF's corporate systems. In addition, the Systems Office is responsible for systems analysis and requirements development necessary for the implementation of assistance awards business rules across NSF's corporate systems.

115 Division of Contracts and Complex Agreements (DCCA)

DCCA provides acquisition and cooperative agreement award leadership to the Foundation. The Contracts Branch is responsible for planning, solicitation, negotiation, award and administration of research and research support contracts for NSF. The Complex Agreements Office (CAO) is responsible for planning, solicitation, negotiation, award and administration of complex cooperative agreements for Federally Funded Research and Development Centers (FFRDCs), major research facilities and various science, technology, engineering and education center programs. CAO provides cooperative agreement management and oversight for supported multi-institutional and international programs. This includes key participation and input on project advisory teams, business process reviews and redesign, risk assessments, financial and

administrative assistance to all stakeholders and on-site support for large research facilities and FFRDCs.

116 Division of Financial Management (DFM)

The Institutional Ledger Section (ILS) of DFM is available to assist the grantee financial and business official in matters of payment and financial reporting discussed in Chapter IV of this Manual.

117 Office of the General Counsel (OGC)

OGC is the legal advisor and advocate for the Foundation, providing legal advice and assistance on all aspects of the Foundation's programs, policies, and operations, as well as areas affecting science and technology more broadly. Advice is provided in a wide variety of areas, such as: contracts and grants; intellectual property; conflicts of interest; employee and labor relations; privacy (including Freedom of Information Act (FOIA), the Privacy Act and the Sunshine Act); civil rights; health, safety and environment; public regulation of research; Federal fiscal and administrative law and procedure; international law and agreements; and national security restrictions of scientific research (including export controls).

118 Office of Equal Opportunity Programs (OEOP)

OEOP is responsible for responding to all civil rights matters pertaining to NSF programs or activities receiving Federal financial assistance. (See GPM 700 for additional information.)

119 Office of Inspector General (OIG)

OIG is an independent oversight office that reports directly to the National Science Board and the Congress. It is responsible for conducting audits, reviews, and investigations of NSF programs and organizations that receive NSF funding. OIG also evaluates allegations of research misconduct, such as plagiarism or the falsification or fabrication of data, involving researchers who request or receive NSF funding (see GPM 931, “NSF Policies and Responsibilities”). The OIG staff includes scientists, attorneys, certified public accountants, investigators, evaluators, and information technology specialists. OIG audits focus on NSF’s internal agency programs, as well as grants, contracts, and cooperative agreements funded by NSF. Their purpose is to ensure that the financial, administrative, and program activities of NSF and its awardee organizations are conducted efficiently and effectively. OIG investigations focus on program integrity and possible financial or nonfinancial wrongdoing by organizations and individuals who submit proposals to, receive awards from, conduct business with, or work for NSF. Grant recipients and administrators should contact OIG (1-800-428-2189) to report any instances of possible misconduct, fraud, waste, or abuse.

120 THE NSF GRANT POLICY MANUAL

121 Purpose and Applicability

a. Purpose. This NSF *Grant Policy Manual* (GPM) sets forth NSF policies regarding the award and administration of grants and implements Office of Management and Budget (OMB) Circular A-110, *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations* (2 CFR §215.30), and 45 CFR §602 (the Common Rule implementing OMB Circular A-102), *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*.[2] This Manual also implements other OMB Circulars, Public Laws, Executive Orders (E.O.) and other directives[3] listed in Exhibit I-1 insofar as they apply to grants, and is issued pursuant to the authority of Section 11(a) of the NSF Act (42 USC §1870).

b. Applicability. This Manual is applicable to NSF grants and cooperative agreements, unless noted otherwise in the award instrument. This Manual does not apply to NSF contracts.

122 General Organization and Citation

The GPM is organized into chapters that correspond, in general, to the process from issuance and administration of a grant through closeout. Other requirements or considerations that either are not universally applicable or which do not necessarily follow the award cycle are contained in Chapters VII-IX. Chapters are subdivided into sections that cover single subjects within the scope of the chapter. Specific sections may be cited by the section number, e.g., GPM 122, "General Organization and Citation."

123 Changes

The GPM is periodically revised to update existing information, reflect changes in NSF policies and procedures, and incorporate additions or changes in applicable Federal statutes or regulations. The NSF website will always display the most current version of the GPM. Notification of periodic updates or revisions to the GPM will be sent electronically to users via the Custom News Service. Questions or comments concerning GPM chapters and subchapters should be directed to the Policy Office, which can be reached by e-mail at policy@nsf.gov.

130 PROPOSAL SUBMISSION AND MERIT REVIEW

General guidance for the preparation, (content, format, budget, etc.), submission, review and processing of proposals is contained in the *Grant Proposal Guide* (GPG). Proposers are advised that some NSF programs issue or utilize more specific program solicitations that may modify the guidance contained in the GPG. The latest version of

[2] For purposes of this Manual, references to OMB Circular A-110 also include comparable portions of 45 CFR §602, where appropriate.
[3] Consult Exhibit I-1 for information on obtaining these types of documents.

the GPG is available electronically on NSF's website at http://www.nsf.gov/pubsys/ods/getpub.cfm?gpg.

Exhibit I-1

STATUTES, EXECUTIVE ORDERS AND OTHER DIRECTIVES

Following are lists of the various statutes, executive orders and other directives referred to or implemented by the GPM section indicated.

1. Statutes (Names in quotes are unofficial)

Title	*United States Code*	*GPM*
Age Discrimination Act	42 USC §§6101 et seq.	705
Animal Welfare Act	7 USC §§2131-59	713
Bayh-Dole Act	35 USC §§200-212	730
Cash Management Improvement Act	31 USC §6503	443
Civil Rights Act of 1964, Title IX	42 USC §§2000d et seq.	702
Cost-type Research and Development Contracts with Educational Institutions	41 USC §254(a)	630
Davis-Bacon Act	40 USC §§276a et seq.	721
Demonstration Cities and Metropolitan Development Act of 1966, Sec. 204	42 USC §3334	800
Education Amendments of 1972, Title IX	20 USC §§1681-86	704
Federal Grant and Cooperative Agreement Act of 1977	31 USC §§6301-08	210
Freedom of Information Act	5 USC §552	812.3
Government in the Sunshine Act	5 USC §552b	812.3
Intergovernmental Cooperation Act of 1968	31 USC §6502	800
Internal Revenue Code of 1954	26 USC 501(c)	730
International Air Transportation Fair Competitive Practices Act of 1974	49 USC §1517	760
Marine Mammal Protection Act of 1972	16 USC §§1361-1421h	714
Metric Conversion Act of 1975, as amended	15 USC §205a-k	863
National Environmental Policy Act of 1969, Sec. 102	42 USC §4332	830
National Flood Insurance Act of 1968	42 USC §4012a 42 USC §4106	723
National Historic Preservation Act	16 USC §470	840
National Science Foundation Act of 1950, as amended	42 USC §§1861-75	100, 120, 333, 722, 731
Paperwork Reduction Act of 1980	44 USC §§3501-11	811.1
Rehabilitation Act of 1973, Sec. 504	29 USC §794	703
Resource Conservation and Recovery Act	42 USC §6962	830
Single Audit Act	31 USC §§7501-07	350

2. Executive Orders

Number	*Short Title*	*GPM*
11246	Equal Employment Opportunity, as amended	701, 706
12250	Leadership and Coordination of Nondiscrimination Laws	702

11988	Floodplain Management	723
11593	Protection and Enhancement of the Cultural Environment	840
12958	Classified National Security Information	850
12372	Intergovernmental Review of Federal Programs	800
12549	Debarment and Suspension	912
12699	Seismic Safety of Federal and Federally-assisted or Regulated New Building Construction	724
12770	Metric Usage in Federal Government Programs	863
12958	National Security	850

3. NSF Regulations (45 CFR, Chapter VI)

Part Number	*Subject*	*GPM*
602	Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments	Entire Manual
605, 611, 617, 618	Nondiscrimination in Federally Assisted Programs	700
612, 613, and 614	Freedom of Information, Privacy, and Government in the Sunshine Acts	812.3
620	Debarment and Suspension 912, 930	
630	Drug Free Workplace	
640	National Environmental Policy Act	830
650	Patents	731
660	Intergovernmental Review of NSF Programs	800
689	Research Misconduct	930
690	Protection of Human Subjects	711

4. Other Federal Regulations

Title	*Code of Federal Regulations*	*GPM*
Contract Cost Principles and Procedures (Federal Acquisition Regulations)	48 CFR §31	600
Controlling Paperwork Burdens on the Public	5 CFR §1320	811
Council on Environmental Quality	40 CFR §§1500-1508	830
Disposition (Government-owned Federal Information Processing Equipment)	41 CFR §201.23	546.6
Equal Employment Opportunity	41 CFR §60	706
Metric Usage in Federal Government Programs	3 CFR,1991 comp	863
Principles for Determining Costs Applicable to Research and Development Under Grants and Contracts with Hospitals	45 CFR, Part 74, Appendix E	601
Withdrawal of Cash from the Treasury for Advances Under Federal Grant and Other Programs	31 CFR, 205	430
Protection of Historic and Cultural Properties	36 CFR §800	840
Rights to Inventions Made by Nonprofit	37 CFR §§401 et seq.	731

Organizations and Small Business Firms Under Government Grants, Contracts, and Cooperative Agreements		
Rules and Procedures for Funds Transfers	31 CFR §205	Chapter 4
Small Business Size Regulations	13 CFR §121	501
Utilization of Personal Property	41 CFR §101.43	543

5. Office of Management and Budget Circulars

Number	*Short Title*	*GPM*
A-21	Cost Principles for Educational Institutions	601
A-87	Cost Principles for State and Local Governments	601
A-110	Uniform Administrative Requirements for Grants and Other Agreements to Non-Profit Organizations	Entire Manual
A-122	Cost Principles for Non-Profit Organizations	601
A-133	Audits of States, Local Governments and Non-Profit Organizations	350

6. How to Obtain

Volumes of the *United States Code* and the *Code of Federal Regulations* can be purchased from the Government Printing Office by contacting Superintendent of Documents, Attn: New Orders, Box 371954, Pittsburgh, PA 15250-7954. Telephone orders can be made with a credit card by dialing: (202) 512-1800 (voice), (202) 512-2250 (fax), or (202) 512-2265 (TDD). In addition, the Government Printing Office distributes these documents to U.S. Government Depository Libraries in each state. These documents are also often available in the reference sections of major libraries.

Copies of pending and enacted federal legislation can be requested by bill or law number by calling either the Senate Document Room at (202) 224-7701 or the House Document Room at (202) 225-3456. For further information about ordering other congressional documents, contact the Government Printing Office on (202) 512-2465.

Copies of *Executive Orders* and *Office of Management and Budget Circulars* can be obtained by contacting: The Executive Office of the President (EOP), Publications Distribution Services, 725 17th Street, NW, Room 2200, Washington, DC 20503 or by telephone at (202) 395-7332. In addition, electronic copies of almost all of these documents are available on the World Wide Web. A convenient starting point for locating them is the General Services Administration's Fedlaw site at http://fedlaw.gsa.gov/.

CHAPTER II
NSF AWARDS

This chapter discusses the award process and specifically highlights the following topics:

200 BACKGROUND
210 DEFINITIONS
220 NSF-GRANTEE RELATIONSHIPS
230 AWARD INSTRUMENT
240 NSF AWARD CONDITIONS
250 NSF GRANT PERIODS
260 ADDITIONAL FUNDING SUPPORT

200 BACKGROUND

The types of activities funded by NSF and the purposes of NSF funding vary. Consequently, the degree of NSF responsibility for and the management control of such activities also varies. NSF traditionally uses grants for fundamental research and other support activities. The key factor in determining the appropriate award terms and conditions is the type of project that is to be funded, not the type of performing organization which will be the recipient of the award or the NSF program recommending the award.

210 DEFINITIONS

a. An AUTHORIZED ORGANIZATIONAL REPRESENTATIVE is the administrative official who on behalf of the proposing organization is empowered to make certifications and assurances and can commit the organization to the conduct of a project that NSF is being asked to support as well as adhere to various NSF policies and grant requirements.

b. ASSISTANCE AWARDS are awards that entail the transfer of money, property, services or other things of value from the Federal government to a State or local government or other recipient to accomplish a public purpose of support or stimulation. In the case of NSF, assistance awards involve the support or stimulation of scientific and engineering research, science and engineering education or other related activities. NSF is authorized to use grants or cooperative agreements for this purpose.

c. A GRANT* is a type of assistance award and a legal instrument which permits an executive agency of the Federal government to transfer money, property, services or other things of value to a grantee when no substantial involvement is anticipated between the agency and the recipient during the performance of the contemplated activity. Grants are the primary mechanism of NSF support. NSF awards the following types of grants:

1. A STANDARD GRANT is a type of grant in which NSF agrees to provide a specific level of support for a specified period of time with no statement of NSF intent to provide additional future support without submission of another proposal.

2. A CONTINUING GRANT is a type of grant in which NSF agrees to provide a specific level of support for an initial specified period of time, usually a year, with a statement of intent to provide additional support of the project for additional periods, provided funds are available and the results achieved warrant further support.

3. A COST REIMBURSEMENT GRANT is a type of grant under which NSF agrees to reimburse the grantee for work performed and/or costs incurred by the grantee up to the total amount specified in the grant. Such costs must be allowable in accordance with the applicable cost principles (e.g., OMB Circular A-21, *Cost Principles for Educational Institutions* or A-122, *Cost Principles for Non-Profit Organizations*). Accountability is based primarily on technical progress, financial accounting and fiscal reporting. Except under certain programs and under special circumstances, NSF grants and cooperative agreements are normally cost reimbursement type awards.

4. A FIXED AMOUNT AWARD is a type of grant used in certain programs and situations under which NSF agrees to provide a specific level of support without regard to actual costs incurred under the project. The award amount is negotiated using the applicable cost principles or other pricing information as a guide. This type of grant reduces some of the administrative burden and record-keeping requirements for both the grantee and NSF. Except under unusual circumstances, such as termination, there is no governmental review of the actual costs subsequently incurred by the grantee in performance of the project. There typically is a requirement for the grantee to certify that the approximate number of person-months or other activity called for in the grant was performed. Payments are based on meeting specific requirements of the grant and accountability is based primarily on technical performance and results.

d. A COOPERATIVE AGREEMENT* is a type of assistance award which may be used when the project being supported requires substantial agency involvement during the project performance period. Substantial agency involvement may be necessary when an activity: is technically or managerially complex; requires extensive or close coordination with other Federally supported work; or helps assure suitability or acceptability of certain aspects of the supported activity. Examples of projects which might be suitable for cooperative agreements are systemic reform efforts, research centers, policy studies, large curriculum projects, multi-user facilities, projects which involve complex subcontracting, construction or operations of major in-house university facilities and major instrumentation development.

e. A GRANTEE* is the organization or other entity that receives a grant and assumes legal and financial responsibility and accountability both for the awarded funds and for the performance of the grant-supported activity. NSF grants are normally made to organizations rather than to individual Principal Investigator/Project Director(s) . Categories of eligible proposers may be found in GPG Chapter I.

f. PRINCIPAL INVESTIGATOR/PROJECT DIRECTOR (PI/PD) is the individual designated by the grantee, and approved by NSF, who will be responsible for the scientific or technical direction of the project. If more than one, the first one listed will have primary responsibility for the project and the submission of reports. All others listed are considered co-PI/PD, and share in the responsibility of the scientific or technical direction of the project. The term "Principal Investigator" generally is used in research projects, while the term "Project Director" generally is used in science and engineering education and other projects.

* For purposes of this Manual, except where explicitly noted, the term “grant” is interchangeable with the term “cooperative agreement”, and the term “grantee” is interchangeable with the “awardee” of a cooperative agreement.

220 NSF-GRANTEE RELATIONSHIPS

221 Basic Requirements

a. Grants will be used by NSF when the accomplishment of the project objectives requires minimal NSF involvement during performance of the activities. Grants establish a relationship between NSF and the grantee in which:

1. NSF agrees to provide up to a specified amount of financial support for the project to be performed under the conditions and requirements of the grant. NSF will monitor grant progress and assure compliance with applicable standards.
2. The grantee agrees to the performance of the project, to the prudent management of the funds provided and to carry out the supported activities in accordance with the provisions of the grant. (See GPM 230, “Grant Instrument”, for the documents that comprise an NSF grant.)

b. Cooperative agreements will be used by NSF when the accomplishment of the project objectives requires substantial ongoing agency involvement during the project performance period. Substantial agency involvement may be necessary when an activity is technically and/or managerially complex and would require extensive or close coordination between NSF and the awardee. This, however, does not affect NSF’s right to unilaterally suspend or terminate support for cause or consider termination if it is in the best interest of NSF or the Government. NSF will notify the awardee before any action of this nature is taken.

1. Cooperative agreements will specify the extent to which NSF will be required to advise, review, approve or otherwise be involved with project activities, as well as require more clearly defined deliverables.
2. Although active NSF involvement usually takes place under cooperative agreements, awardees have primary management responsibility for conduct of their projects. To the extent that NSF does not reserve responsibility for coordinating or integrating the project activities with other related activities or does not assume a degree of shared responsibility for certain aspects of the project, all such responsibilities remain with the awardee. As appropriate, NSF may provide advice, guidance or

assistance of a technical, management, or coordinating nature and require NSF approval of specific decisions, milestones, procedures or subawards. While NSF will monitor cooperative agreements, it will not assume overall control of a project or unilaterally change or direct the project activities. All cooperative agreements will state the nature and extent of expected NSF involvement to ensure that the responsibilities of each party are fully understood.

3. Some cooperative agreements are funded through the Foundation's Major Research Equipment and Facilities Construction (MREFC) account. The MREFC appropriation provides a separate budget account for major research equipment and facilities. Once an award for an MREFC project is established with MREFC funds, no other funding will be commingled with these funds. Operating funds for MREFC activities and supplements will be funded under a separate award to support the MREFC activities. The awardee is required to segregate MREFC from Operations accounts to avoid the commingling of MRE funds with other appropriations under NSF assistance awards. In special cases, as in the awards for the NSF-supported Federally Funded Research and Development Centers (FFRDCs), a cooperative agreement will be used as an umbrella award, establishing the overall basic provisions of the agreements. Separate cooperative support agreements with specific terms and conditions will be issued for MREFC and Operations activities.

222 Acceptance of Assistance Agreements

a. Grant Acceptance. Grantees are free to accept or reject the grant. Normally, a request to drawdown NSF funds constitutes acceptance, however, in limited circumstances, NSF may require formal acceptance of a grant.

b. Cooperative Agreement Acceptance. The awardee's request to drawdown NSF funds constitutes acceptance of the award.

230 AWARD INSTRUMENT

a. Composition of an NSF award includes:

1. the award notice, including any special conditions applicable to the award and any numbered amendments thereto;
2. the budget, which indicates the amounts, by categories of expense, on which NSF has based its support;
3. the proposal referenced in the award notice;
4. the applicable NSF conditions referenced in the award notice (see GPM 240, "NSF Award Conditions," for listing); and
5. any NSF program announcement, program solicitation or other documents or special requirements incorporated by reference in the award notice.

b. Award Transmission. NSF transmits awards to organizations via e-mail. In addition to the e-mail notification, awardees also may access NSF award notices in FastLane. Sponsored projects offices are able to view, print and/or download NSF

award notices for their organizations. PIs also may access their award notices via FastLane.

240 NSF AWARD CONDITIONS

a. NSF Award Conditions. Each NSF award notice specifically identifies certain conditions that are applicable to, and become part of, that award. When these conditions reference a particular GPM section, that section becomes part of the award requirements through incorporation by reference.

b. Basic Conditions. The following types of basic conditions may be made a part of an NSF award, as appropriate.

1. Grant General Conditions.

(a) Grant General Terms and Conditions (GC-1) are used in most NSF grant awards;

(b) Federal Demonstration Partnership General Terms and Conditions (FDP) and NSF Agency Specific Requirements are used in most grants to participants in the FDP; and

(c) Small Business Innovation Research (SBIR) Phase II Grant General Conditions are used in Phase II grants under the SBIR program.

(d) Foreign Grant General Conditions (FGG) are used for awards to foreign grantees.

(e) Foreign and International Awardee Conditions for Non-research Projects are used for non-research projects.

2. Standard Conditions. These types of conditions may either supplement or modify the applicable General Conditions described above.

(a) Administration of NSF Conference or Group Travel Award Grant Special Conditions (FL 26) are used for conference or travel grants.

(b) Construction Conditions are used for grants which include rearrangements/alterations over $25, 000 (construction).

(c) Fixed Amount Award General Conditions (FAA) are used in NSF fixed amount grants. (Note: these conditions may establish different financial and other requirements that are not generally used in cost reimbursement type grants.)

3 Cooperative Agreement[4] Programmatic Terms and Conditions (CAPTC) and Cooperative Agreement Financial/Administrative Terms and Conditions (CAFATC) are used in NSF cooperative agreements.

(a) CA Programmatic Terms and Conditions provide guidance on project governance, reporting, management and oversight of the project.

[4] See also the section 221 above on cooperative agreements that involve MREFC and operations activities.

(b) CA Financial/Administrative Terms and Conditions outline both government-wide and NSF policies regarding assistance awards as well as the management of funds that support the project.

c. Availability. The latest version of each set of these general and standard conditions, as well as prior archived versions, is available electronically on NSF's website at http://www.nsf.gov/awards/managing/.

250 NSF GRANT PERIODS

251 Definitions

a. EFFECTIVE DATE is the date specified in the grant notice on or after which, except for fixed amount awards, expenditures may be charged to the grant. With the exception of PI transfers, the effective date used by NSF is either the 1st or the 15th day of the month. If no effective date is specified, then the date of the grant notice is the effective date. (See, however, GPM 602.2, "Pre-Award Costs.")

b. EXPIRATION DATE is the date specified in the grant notice after which expenditures may not be charged against the grant except to satisfy obligations to pay allowable project costs committed on or before that date. The expiration date is the last day of a month.

c. GRANT PERIOD is the period of time between the effective date and the expiration date of an NSF grant shown as the duration.

252 Significance of Grant Period

a. Except in fixed amount awards, an NSF grant gives authority to the grantee to commit and expend funds for allowable costs (see Chapter VI) in support of the project up to the grant amount specified in the grant notice at any time during the grant period.

b. Except as provided in GPM 602.2, "Pre-Award Costs", GPM 602.3, "Post-Expiration Costs", or GPM 617, "Publication, Documentation and Dissemination", expenditures may not be charged prior to the effective date or subsequent to the expiration date under an NSF cost reimbursement grant.

253 Changes in Grant Periods

253.1 Expiration Date

The expiration date may be changed as a result of approval of a request for continued support of a continuing grant, for a no-cost grant extension, or by approval of a request for supplemental support. If approved, the NSF Grants Officer will issue an amendment to the grant.

253.2 No-Cost Extension

a. Grantee-Approved Extension. Grantees may authorize a one-time extension of the expiration date of the grant of up to 12 months if additional time beyond the established expiration date is required to assure adequate completion of the original scope of work within the funds already made available.[5] This one-time extension may not be exercised merely for the purpose of using the unliquidated balances. Grantees are not authorized to extend an award that contains a zero balance. The grantee shall notify NSF, providing supporting reasons for the extension and the revised expiration date, at least ten days prior to the expiration date specified in the grant to ensure accuracy of NSF's grant data. All grantee-approved extension notifications must be submitted via the FastLane system. For grantee-approved extensions, no amendment will be issued.

b. NSF-Approved Extension.

1. If additional time beyond the extension provided by the grantee is required and exceptional circumstances warrant, a formal request must be submitted to NSF via FastLane. The request must be submitted to NSF at least 45 days prior to the expiration date of the grant. The request must explain the need for the extension and include an estimate of the unobligated funds remaining and a plan for their use. As indicated above, that unobligated funds may remain at the expiration of the grant is not in itself sufficient justification for an extension. The plan must adhere to the previously approved objectives of the project. All requests for NSF-approved extensions must be submitted via the FastLane system. Grantees are not authorized to extend an award that contains a zero balance. NSF program officers are authorized to approve the first no cost extension request on current active awards.

2. The first no-cost extension request will be subject to the approval of the cognizant Program Officer. The sponsored projects office and PI will be electronically notified of the disposition of this request by the cognizant NSF Program Officer. The second no-cost extension will continue to be subject to the approval of an NSF Grants Officer, and, if approved, will be in the form of an amendment to the grant specifying a new expiration date. Grantees are cautioned not to make new commitments or incur new expenditures after the expiration date in anticipation of a no-cost extension.

3. Grantees are not authorized to extend an award that contains a zero balance.

253.3 Two-Year Extensions for Special Creativity

A Program Officer may recommend the extension of funding for certain research grants beyond the initial period for which the grant was awarded for a period of up to two years. The objective of such extensions is to offer the most creative investigators an extended opportunity to attack adventurous, "high-risk" opportunities in the same

[5] Small Grants for Exploratory Research (SGER) awards are not eligible for this authority.

general research area, but not necessarily covered by the original/current proposal. Awards eligible for such an extension are generally three-year continuing grants. Special Creativity Extensions are generally initiated by the NSF Program Officer based on progress during the first two years of a three-year grant; PIs will be informed of such action a year in advance of the expiration of the grant. In response to the Program Officer's recommendation, the PI should submit the required information electronically via the supplemental funding request module in FastLane.

260 ADDITIONAL FUNDING SUPPORT

261 Types of Additional Funding Support

Additional funding of a project beyond the original grant period will be in the form of renewed support, continued support or supplemental support.

262 Renewed Support (Standard Grants)

a. Renewed support is defined as additional funding for a support period subsequent to that provided by a standard grant. Renewals to standard grants, if any, will be in the form of a new grant with a new grant number. Costs incurred under the old grant cannot be transferred to the new grant. Residual funds remaining in the old grant cannot be transferred to the new grant.

b. A proposal for renewed support of a project is evaluated in competition with all other pending proposals. Instructions for preparation of renewal proposals are contained in the GPG, Chapters II and V.

263 Continued Support (Continuing Grants)

a. Funding increments for projects being supported under continuing grants, as defined in GPM 210, "Definitions", receive high priority within NSF and normally are not considered in competition with proposals for new grants or for renewed support of standard grants.

b. Unless otherwise provided for in the original grant notice, each increment of a continuing grant will be funded at the level indicated in that notice without a formal request, provided the required annual project report has been received and subject to NSF's judgment of satisfactory progress and availability of funds. NSF makes every attempt to honor continuing grant commitments. In order to adjust to changes in the general level of funds for a particular field of science or engineering or to major new opportunities in that field, however, NSF may reduce continuing grant increments below the levels indicated in original grant notices. This requires full written justification by program staff and management review and approval. In the absence of major unanticipated fiscal year constraints, reductions are rare. Continuing grant increments will be approved by the cognizant NSF Program Officer. The sponsored projects office and PI will be notified by the cognizant NSF Program Officer of NSF's approval via an electronic notification.

c. In order to obtain a committed funding increment and ensure continuity of funding, an annual project report must be submitted electronically via the NSF FastLane System by the PI at least three months before the end of the period currently being funded. (See GPM 340, “Technical Reporting Requirements” for additional information on submission of project reports.)

264 Supplemental Support

a. In unusual circumstances, small amounts of supplemental funding and up to six months of additional support may be requested to assure adequate completion of the original scope of work. Such requests for supplemental funding support should be submitted to the cognizant NSF Program Officer at least two months prior to the need for the additional funds and must be adequately justified. Program Officers may make decisions regarding whether or not to recommend a small supplement without merit review of the supplemental request. Requests for larger supplements may require external merit review.

b. A request for supplemental support must be submitted electronically via FastLane and must include:

1. A summary of the proposed work;
2. A justification of the need for the supplemental funds; and
3. A budget, highlighting the use by budget category of the additional funding as distinguished from the original funding provided in those categories of cost. AORs are required to electronically sign the supplemental funding request via the Authorized Organizational Representative Functions in FastLane.

c. NSF will not approve requests for supplemental support for such purposes as defraying the costs of increases in salaries, wages or staff benefits or for additional indirect cost reimbursement, whether caused by a change in the indirect cost rate or by changes in direct cost expenditures which affect the indirect cost base. (See GPM 602.1, "Maximum Obligation," and GPM 635, "Rebudgeting of Indirect Cost Funds Provided Under NSF Grants.")

d. If approved, the NSF Grants Officer will amend the grant to provide additional funding for the current support period. The amendment notice will specify both the amount of supplemental funding and the cumulative amount awarded through the expiration date, which normally will remain unchanged.

e. Special NSF programs such as *Research Experiences for Undergraduates* may provide their funding through supplements to other NSF grants. In such instances, the guidance in this section may not be applicable.

CHAPTER III
GRANT ADMINISTRATION

This chapter implements various requirements contained in OMB Circular A-110 and is applicable to all NSF grants and to all types of performing organizations. It contains the following topics:

300 MONITORING PROJECT PERFORMANCE
310 CHANGES IN PROJECT DIRECTION OR MANAGEMENT
320 CHANGES IN THE GRANT BUDGET
330 COST SHARING AND MATCHING
340 TECHNICAL REPORTING REQUIREMENTS
350 RECORDS RETENTION AND AUDIT

300 MONITORING PROJECT PERFORMANCE

301 Grantee Responsibilities

a. A grantee has full responsibility for the conduct of the project or activity supported under an NSF grant and for the results achieved. The grantee should monitor the performance of the project to assure adherence to performance goals, time schedules or other requirements as appropriate to the project or the terms of the grant. In order to carry out these responsibilities, each grantee organization shall agree to comply with the applicable Federal requirements for grants and to the prudent management of all expenditures and actions affecting the grant. Documentation for each expenditure or action affecting the grant shall reflect appropriate organizational reviews or approvals, which should be made in advance of the action. Organizational reviews are intended to help assure that expenditures are allowable, necessary and reasonable for the conduct of the project, and that the proposed action:

1. is consistent with grant terms and conditions;
2. is consistent with NSF and grantee policies;
3. represents effective utilization of resources; and
4. does not constitute a change in objective or scope.

b. Notwithstanding these responsibilities, NSF continues to encourage communication between NSF Program Officers and PI/PDs on the progress of projects supported by NSF as well as on project changes.

c. NSF, through authorized representatives, has the right, at all reasonable times, to make site visits to review project accomplishments, grantee management control systems and administration and management of the grant and to provide technical assistance as may be required. If any site visit is made by the Foundation on the premises of the grantee or a subawardee under a grant, the grantee shall provide and shall require its subawardees to provide all reasonable facilities and assistance for the safety and convenience of the NSF representatives.

302 Grantee Notifications to NSF and Requests for NSF Approval

a. Exhibit III-1 provides a listing of grantee notifications to and requests for approval from NSF. While the listing is not intended to be all-inclusive, it does highlight the most frequent areas where specific notifications and requests for approval are called for.

b. All notifications and requests contained in Exhibit III-1, and described below, must be submitted electronically via the NSF FastLane system.

310 CHANGES IN PROJECT DIRECTION OR MANAGEMENT

311 Changes in Objectives, Scope or Methodology

311.1 Changes in Objectives or Scope

Neither the phenomena under study nor the objectives of the project stated in the proposal or agreed modifications thereto should be changed without prior NSF approval. Such changes should be proposed to the cognizant NSF Program Officer by the PI/PD. If approved by NSF, the Grants Officer will amend the grant.

311.2 Changes in Methodology

NSF believes that the PI/PD, operating within the established policies of the grantee organization, should feel free to pursue interesting and important leads that may arise during the conduct of a research (or other grant-supported) project or to adopt an alternative approach which appears to be a more promising means of achieving the objectives of the project. Significant changes in methods or procedures should be reported to appropriate grantee official(s) and the cognizant NSF Program Officer.

311.3 Significant Changes, Delays or Events of Unusual Interest

a. In the event there are problems, delays or adverse conditions that will materially affect the ability to attain the objectives of the project or to meet such time schedules as may have been proposed, appropriate grantee officials should notify the NSF Program Officer.

b. NSF should be informed of any events of unusual interest that occur during the course of the project. Reports, communications or photographs should be submitted via the interim report capability in FastLane.

312 Changes in PI/PD or Person-Months Devoted to the Project

312.1 Background

The NSF decision to support or not to support a proposed project is based to a considerable extent upon its evaluation of the proposed PI/PD knowledge of the field of

study and his/her capabilities to conduct the project in an efficient and productive manner. This is reflected in the NSF criteria for the selection of projects for funding (see GPG Chapter III). The named PI/PD should be continuously responsible for the conduct of the project and be closely involved with the effort.

312.2 Basic Requirements

If the PI/PD plans to, or becomes aware that he/she will: (a) devote substantially less effort to the project than anticipated in the approved proposal; (b) sever his/her connection with the grantee organization; or (c) otherwise relinquish active direction of the project, he/she shall advise the appropriate official at the grantee organization, who shall initiate action appropriate to the situation under the guidelines that follow.

312.3 Short-Term Absence of PI/PD

If the PI/PD will be absent from the project for short periods of up to three months, he/she shall notify appropriate officials of the grantee organization. The grantee shall then notify the NSF Program Officer of arrangements for conduct of the project during the PI/PD's temporary absence.

312.4 Long-Term Absence of PI/PD

a. In the event the PI/PD will be away from the project for a period greater than three months (e.g. sabbatical leave) but intends to return, arrangements for oversight of the project shall be sent electronically to NSF for approval. This information must be provided at least 30 days before departure or as soon as practicable after the prospective absence is known. The NSF Program Officer will provide written approval to the grantee if the arrangements are satisfactory, but no formal amendment to the grant will be made.

b. If the arrangements are not satisfactory to NSF, the grant may be terminated as prescribed in GPM 910, "Suspension and Termination Procedures." If the PI/PD's temporary activities might constitute a conflict of interest (e.g., working for a Federal agency), a substitute PI/PD shall be appointed as described in GPM 312.7, "Substitute PI/PD."

312.5 Change in Person-Months Devoted to the Project

If the PI/PD will devote substantially less time to the project than anticipated in the proposal, (defined in the NSF Grant Conditions (GC-1) as a reduction of 25% or more in time) he/she should consult with appropriate officials of the grantee organization and with the NSF Program Officer. If either determines that the reduction of effort will substantially impair the successful execution of the project, the Program Officer will consult the NSF Grants Officer. The NSF Grants Officer may:

a. request the grantee to nominate a replacement PI/PD acceptable to the NSF Program Officer;

b. initiate the termination procedures described in GPM 910, "Suspension and Termination Procedures"; or

c. negotiate an appropriate modification to the grant.

312.6 Withdrawal of PI/PD

In the event the PI/PD severs his/her connection with the grantee organization or otherwise relinquishes active direction of the project, the grantee, or equivalent, must notify the NSF Program Officer via the Notification and Request module in FastLane, and either:

a. initiate transfer of the grant as described in GPM 312.8, "Disposition of a Grant When a PI/PD Transfers from One Organization to Another Organization";

b. nominate a substitute as described in GPM 312.7, "Substitute PI/PD" or

c. initiate grant closeout procedures through submission of final reports (GPM 342, "Final Project Report," and GPM 452, "Final Disbursement Reporting").

312.7 Substitute PI/PD

In the event the grantee desires to continue the project with a substitute PI/PD, the appropriate officials at the grantee organization must advise the NSF Program Officer of the substitute PI/PD's name, qualifications, and current and pending support for research from all sources. If approved by NSF, the Grants Officer will amend the grant. If not approved, NSF may take steps, pursuant to GPM 910, "Suspension and Termination Procedures," to suspend or terminate the grant.

312.8 Disposition of a Grant When a PI/PD Transfers from One Organization to Another Organization

a. Policy. When a PI/PD plans to leave an organization during the course of a grant, the organization has the prerogative to nominate a substitute PI/PD or request that the grant be terminated and closed out. In those cases where the PI/PD's original and new organizations agree, NSF will facilitate a transfer of the grant and the assignment of remaining unobligated funds to the PI/PD's new organization. This should normally be done with a tripartite agreement (involving NSF, the PI/PD's original organization and new organization), or by a subaward arrangement (in certain circumstances) between the PI/PD's original and new organizations, subject to NSF's consent. (See GPM 313 "Contracting or Transferring the Project Effort (Subawards).")

b. Procedures. When a PI/PD plans to leave an organization during the course of a grant, the PI/PD or the Sponsored Projects Office, or equivalent, shall notify the NSF Program Office. If the project is to continue with the original organization, the NSF Program Officer should advise the grantee to nominate a substitute PI/PD (see GPM

312.7, “Substitute PI/PD”). If the project is to be continued at the PI/PD’s new organization, and if NSF and both organizations agree, formal notification of the impending transfer can be electronically initiated by either the PI/PD or the PI/PD's organization.

The request shall include:

1. a brief summary of progress to date;
2. a description of work yet to be accomplished;
3. a completed on-line transfer request, including total estimated disbursements to date (transfer amount will be automatically calculated, based on the amount entered in total estimated disbursements). The original organization is responsible for including in the total estimated disbursements, any anticipated costs yet to be incurred against the original grant.
4. a detailed line item budget for the transfer amount and any outstanding continuing grant increments.

The original organization concurs with the transfer of the award by electronically forwarding the request to the new organization.

The new organization completes the request by providing a detailed budget for the transfer amount agreed to by both organizations. The new organization must electronically sign the request when submitted to NSF. Submission of the request constitutes agreement by the new organization to assume responsibility for completion of the project effort and to administer the grant (as originally awarded) from the transfer date to completion in accordance with any special terms and conditions and the applicable general terms and conditions that normally govern NSF grants made to the new organization. Special terms and conditions, as appropriate, cited in the original award will convey to the new grantee organization. Note that if the PI's original award was submitted in response to a program solicitation that required cost sharing as part of the award, any unmet portion of this cost sharing requirement also must be addressed by the new organization in the budget portion of the transfer request. The cost sharing will be reflected as a condition in the award at the new grantee organization.

FastLane will assign at submission a proposal number. This proposal number will become the new grant number when the transfer is approved by an NSF Grants Officer.

c. Fund Transfer. Upon receipt of the above material, NSF will review the request and, if approved, deduct the specified transfer amount from the original grant and re-establish it under a new grant number at the new organization. Award notification by the NSF Grants Officer will constitute NSF approval of the grant transfer. The award notification also will specify the applicable basic terms and conditions that govern the grant (i.e., NSF GC-1, FDP, or other Terms and Conditions.)

d. Upon transfer of the grant to the new organization, any monetary discrepancies must be resolved between the original and the new grantee. NSF will not intervene in any disputes between the two organizations regarding the transferred amount.

e. Equipment Transfers. Equipment purchased with NSF funds for use in a specific project should remain available for use for the duration of the project. PI/PDs who are in the midst of projects that included funding for equipment and who will continue the project at a new organization with NSF support should be able to arrange with their original organization to have the equipment transferred with them. Shipping costs for such equipment may be charged to the original or transferred grant as an allowable cost. Budgets should not include funds to "buy" equipment that had been previously obtained with Federal funds.

f. Possible Alternatives to the Transfer Process. When the amount of time and funds remaining in a project are modest, and if both the original and new organizations are in agreement, the original organization may issue a subaward to the new organization for completion of the project. This and other possible alternatives should be discussed with the NSF Grants Officer.

313 Contracting or Transferring the Project Effort (Subawards)

a. Excluding the procurement of items such as commercially available supplies, materials, equipment or general support services allowable under the grant, no significant part of the research or substantive effort under an NSF grant may be contracted or otherwise transferred to another organization without prior NSF authorization. The intent to enter into such arrangements should be disclosed in the proposal submission.

b. If it becomes necessary to contract or otherwise transfer a significant part of the research or substantive effort after a grant has been made, the grantee shall submit, at a minimum:

1. a clear description of the work to be performed;
2. the basis for selection of the subawardee (except for collaborative/joint arrangements[6]); and
3. a separate budget for each subaward.

The request must be submitted electronically, and NSF authorization will be indicated by an amendment to the grant signed by the Grants Officer. The NSF grant conditions will identify which articles flow-down to subawardees. (See also GPM 731.3.g, "Standard Patent Rights Clause," regarding patent "flow-down" provisions.)

c. Procurements under NSF grants are also subject to GPM 530, "Procurement Standards," and OMB Circular A-110 Sections .41 through .48.

[6] Collaborative/joint arrangements may include closely related and coordinated activities at another organization; a joint activity by several organizations or consortia; and group proposals from multiple organizations. Submission of a paper budget signed by the Authorized Organizational Representative of the subawardee organization is not required.

320 CHANGES IN THE GRANT BUDGET

321 OMB Directives

Section .25 of OMB Circular A-110 (2 CFR §215.30) contains optional requirements regarding budgetary revisions. NSF elects NOT to impose the following requirements on its grantees:

a. prior approval requirements for appropriate transfer between direct and indirect cost categories of the grant budget; and

b. restrictions in transfers of funds among direct cost categories for grants in which the Federal share exceeds $100,000.

322 Grant Changes and Approvals

a. If required in furtherance of the project, the grantee is authorized to transfer funds from one budget category to another for allowable expenditures. Exhibit III-1, however, highlights certain budget changes that may require prior NSF approval.

b. When a change requires NSF approval, the request must be submitted electronically via use of the Notification and Request module in FastLane. The request should clearly state which budget items, if any, are to be changed and by what amounts, and should explain the reasons for any changes.

c. Whenever the amount of Federal funds authorized by an NSF grant is expected to exceed the requirements of the project, as outlined in the approved proposal, by more than $5,000 or 5 percent of the grant amount, whichever is greater, the grantee will promptly notify the NSF Program Officer.

330 COST SHARING AND MATCHING

331 Basis for NSF Requirements

331.1 Statutory Requirement

The appropriations providing funds to NSF and other independent agencies contain the following language:

> "None of the funds provided in this Act may be used for payment, through grants and contracts, to recipients that do not share in the cost of conducting research resulting from proposals for projects not specifically solicited by the Government: Provided, that the extent of cost sharing by the recipient shall reflect the mutuality of interest of the grantee or contractor and the Government in the research."

331.2 OMB Directive

Section .23 of OMB Circular A-110 (2 CFR §215.30) prescribes criteria and procedures for the allowability of cash and in-kind contributions in satisfying cost sharing and matching requirements. Cost sharing is defined as "all contributions, including cash and third party in-kind which meet seven criteria: verifiable, not included as contributions for any other federally-assisted project or program, necessary and reasonable for accomplishment of objectives, allowable, not paid by the Federal Government under another award (except where authorized by statute), provided for in the approved budget when required by the Federal awarding agency, and conform to other Circular provisions." For the purposes of the GPM, "cost sharing" and "matching" are synonymous.

332 Significance of Cost Sharing Promises in Proposals

NSF-required cost sharing is considered an eligibility rather than a review criterion. Any cost sharing offered by an organization in excess of the required amount is not a factor in the review of a proposal.

333 NSF Cost Sharing Requirements

333.1 Unsolicited Research Projects

a. In accordance with Congressional requirements (see GPM 330), NSF requires that each grantee share in the cost of research projects resulting from unsolicited proposals. In addition to proposals submitted solely in response to the *Grant Proposal Guide*, proposals submitted in response to NSF program announcements are considered unsolicited[7] and are subject to the statutory cost sharing requirement.

The statutory cost sharing is not required for grants that provide funds solely for the following purposes (not considered to be support of "research"), although such awards may be subject to other cost sharing requirements identified in a specific solicitation:

1. international travel;
2. construction, improvement or operation of facilities;
3. acquisition of research equipment;
4. ship operations;
5. education and training;
6. publication, distribution and translation of research data and information;
7. symposia, conferences and workshops; and

[7] Proposals submitted in response to program solicitations are considered "solicited." This means the resulting awards are not subject to statutory cost sharing, however, cost sharing may be stated in the solicitation.

8. special studies authorized or required by Subsections 3a(5) through 3a(7) of the NSF Act, as amended.

b. As a matter of policy, NSF does not reimburse grantees for the indirect costs associated with grants solely for the support of doctoral dissertation research and considers that as satisfaction of the cost sharing requirement. (See GPM 633.2, "Exceptions to Basic Policy.")

In accordance with Important Notice 128, *Revision of the NSF Cost Sharing Policy*, for unsolicited proposals submitted in response to the *Grant Proposal Guide* and for proposals submitted in response to NSF program announcements, only the statutory cost sharing amount (1%) is required. For these proposals, proposers are advised **NOT** to identify cost sharing amounts on Line M of the proposal budget. A set of Frequently Asked Questions (FAQs) regarding the cost sharing issue is available for use by the proposer and awardee community on the NSF Website at http://www.nsf.gov/bfa/dias/policy/docs/csfaqs.pdf.

333.2 Solicited Research Projects

The Foundation's cost sharing policies are currently under discussion by NSF Senior Management. This section will be revised accordingly based on the outcome of those discussions. Guidance regarding the October 2004 National Science Board decision can be found at: http://www.nsf.gov/publications/pub_summ.jsp?ods_key=cspolicy1004.

333.3 Cost Sharing Amount

a. NSF expects that grantees will share in the costs at a level which reflects their interest in the research, the potential benefits they may derive, and their ability to cost share, unless a specific cost share dollar amount or percentage is required by the terms of a solicitation. Proposed cost sharing must be cited on Line M of the NSF proposal budget. Organizations have a great deal of flexibility with regard to their approach to cost sharing under NSF-supported projects, and thus shall assume and exercise responsibility in determining appropriate levels of cost sharing.

b. Grantees shall share in the cost of projects requiring cost sharing as indicated in GPM 333.4, "Cost Sharing Method," except in certain instances where specific cost sharing amounts, percentages or other requirements may be included in or incorporated by reference in specific NSF grants. In such cases the provisions of the grant govern the amount, level or nature of cost sharing. A failure to provide the level of cost sharing reflected in the approved award budget may result in disallowance of award costs, refund of award funds to NSF, possible termination of the award; and may constitute a violation of the terms of the award so serious as to provide grounds for debarment or suspension.

c. Grantees should be aware that cost sharing commitments are subject to audit. Audit findings involving cost sharing have pertained to: a) grantee accounting systems not capturing cost sharing identified with a particular project; b) failure to keep adequate source documentation for claimed cost sharing; c) unclear valuation of in-kind donated contributions; d) lack of support for cost sharing contributions by sub-recipients; and e) failure to complete annual certifications for awards with cost sharing requirements of $500,000 or more. These certifications must be submitted electronically via FastLane. Additional guidance on cost sharing may be obtained at http://www.nsf.gov/bfa/dias/caar/costrev.jsp.

333.4 Cost Sharing Method

a. Except for grants that require specific cost sharing amounts or percentages (see GPM 333.3, "Cost Sharing Amount"), grantees can comply with the basic cost sharing requirement and meet the minimum amount by either of two alternative methods:

1. cost sharing a minimum of one percent on each and every project; or
2. cost sharing a minimum of one percent on the aggregate total costs of all projects requiring cost sharing. This latter approach allows organizations greater flexibility by being able to share a greater percentage on some projects and not share at all on others.

b. Decisions on which method to use may be made by the grantee and there is no requirement that NSF either be advised or approve of the method chosen. NSF does not use "organizational cost sharing agreements," such as those used by some granting agencies, to provide for aggregated cost sharing.

c. Regardless of the method chosen and unless otherwise specified in the NSF program solicitation, the amount or percentage of cost sharing need not be detailed in specific project proposals or proposal budgets, except if cost sharing is expected to be undertaken by claiming less than the approved indirect cost rate, which should be clearly stated in the proposal budget. (See GPM 333.5, "Method of Providing Contributions.")

d. Cost sharing responsibilities are assumed by the grantee upon acceptance of the grant. This accountability extends to subawardee cost share commitments made under the award.

333.5 Method of Providing Contributions

a. Unless the grant states otherwise, contributions may be made from any non-Federal source, including non-Federal grants or contracts. Contributions from non-Federal sources may be counted as cost sharing toward Federal projects only once. Thus, contributions counted as cost sharing toward projects of another Federal agency may not be counted as cost sharing toward projects supported by NSF. If such contributions however, are related to projects supported by more than one Federal agency, the recipient may elect to make a proration among the agencies involved.

b. The contributions may be in the form of either direct or indirect costs.

c. Only items that would be allowable under the applicable cost principles, if charged to the project, may be included as the grantee's contribution.

d. Organizations will not be required to obtain prior NSF approval of the manner in which contributions are to be provided. The contributions may be in any allowable budget category or combination of categories. However, when direct cost items are contributed to the project, any indirect costs related to that item may not be charged to the project. Those indirect costs may, of course, be counted as part of the contribution. This restriction also applies to fringe benefits (when treated as direct costs) applicable to direct salaries contributed by the recipient.

e. If a grantee wishes to provide cost sharing in the indirect cost category, it should merely reduce its claim for indirect costs to which it would be otherwise entitled, indicating the difference as cost sharing.

333.6 Cost Sharing Records and Reports

a. Grantee Records.

1. Grantees shall maintain records of all research project costs that are claimed by the grantee as being its contribution to cost participation, as well as records of costs to be paid by the government. Such records are subject to audit.

2. If the grantee's cost participation includes in-kind contributions, the basis for determining the valuation for volunteer services and donated property must be documented.

3. Grantees using the aggregate cost sharing method may find it useful, on a fiscal year basis, to prepare a summary of the total project costs for the year of all NSF-funded projects requiring cost sharing (excluding those grants which require specific cost sharing amounts or percentages; see GPM 333.3, "Cost Sharing Amount"), the total amount of cost sharing on those projects for the year, and the aggregate level of cost sharing expressed as a percentage of contributed costs to total project costs. Such information will facilitate organizational and Federal audit review and analysis of compliance with the cost sharing requirements on the aggregate basis.

b. Grantee Reports. Unless otherwise required by the grant or requested by NSF, the actual cost participation by the grantee need not be reported to NSF. However, in cases where the cost-sharing amount reflected on Line M of the cumulative award budget is $500,000 or more, the amount of cost sharing must be documented (on an annual and final basis), certified by the Authorized Organizational Representative, and reported to the NSF Program Officer via the reporting module in FastLane.

c. Should the awardee become aware that it may be unable to provide the cost sharing of at least the amount identified on Line M of the NSF award budget, it must: 1) immediately provide written notification to the Grants Officer of the situation; 2)

indicate steps it plans to take to secure replacement cost sharing; 3) indicate the plans it has to either continue or phase out the project in the absence of cost sharing.

334 NSF Matching Requirement

Some NSF programs have a requirement for grantees to match the Federal support in whole or in part, as outlined in the specific program solicitation. Records and reporting requirements for matching funds are the same as those outlined above. (See GPM 333.6, "Cost Sharing Records and Reports," for cost sharing amounts.)

340 TECHNICAL REPORTING REQUIREMENTS

NSF requires technical project reports for all assistance awards. Information from these reports is used in annual reports to Congress to demonstrate the Foundation's performance as mandated by the Government Performance and Results Act (GPRA) of 1993. These reports also provide NSF Program Officers and administrative offices with information on the progress of supported projects and the way these funds are used. Information in these reports may be made available to the general public through the Freedom of Information Act (FOIA).

Technical reports must be submitted via the electronic project reporting system in FastLane.

341 Annual Project Reports

Unless otherwise specified in the grant, annual project reports shall be submitted at least three months prior to the end of the current budget period. In the case of continuing grants, failure to submit timely reports may delay processing of funding increments. See also GPM 263, "Continued Support (Continuing Grants)."

Annual project reports are generally not required for fellowship awards. Specific reporting requirements for fellowships are established in the program solicitation and award conditions.

For multi-year standard grants, PIs are required to submit an annual report at the end of each 12 month period. In the case of cooperative agreements, the annual report is required before NSF approves any future funding increments.

Continuing grants also require annual reports at the end of each 12 month period. For continuing grants that have a duration of 18 months or more per increment, two annual reports are required. A report must be submitted for the first 12 months of the project, and then another report for the remaining months of the increment. Continuing grants with 24 months of duration in year one will in turn require an annual report at the end of each 12 month period.

342 Final Project Report

Within 90 days following expiration of the grant, a final project report must be submitted electronically via the NSF FastLane system. In addition, the grantee also shall provide to the cognizant NSF Program Officer, within 90 days following the expiration of the grant:

- any unique reports or other end items specified in the award, including any reporting requirements set forth in any NSF brochure, guide, solicitation, etc., referenced in the award as being directly related to either the award or the administration of the award.

- a final cost share notification documented and certified by the Authorized Organizational Representative for awards where the cost sharing amount reflected on Line M of the cumulative award budget is $500,000 or more.

Final project reports are normally not required for institutional graduate research fellowships and interagency agreements. However, final project reporting requirements for individual fellowships are established in the program solicitation.

343 Final Technical Information Items

As soon as they are available after completion of the project, the following technical items shall be submitted for NSF program management use:

a. abstracts of theses;
b. publication citations and reprints of articles;
c. data on scientific collaborations;
d. information on inventions;
e. technical description of the project and results;
f. other materials either required in the grant or considered to be useful to NSF; and
g. Universal Resource Locator numbers of electronic publications generated by the project.

344 Compliance with Technical Reporting Requirements

PIs must submit final technical reports within the time period specified. **Failure to provide these reports on a timely basis will delay NSF review and processing of pending proposals for all identified PIs and co-PIs on a given award.**

345 Grant Closeout

Grant closeout is the process by which NSF determines that all applicable administrative actions and all required work of the grant have been completed. Grants will be closed

upon receipt of the final disbursement information in the Federal Cash Transaction Report (FCTR) and Final Project Report, and after determination that any other administrative requirements in the grant have been met. In the event a final audit has not been performed prior to the closeout of the grant, NSF reserves the right to recover appropriate amounts after fully considering the recommendations on disallowed costs resulting from the final audit.

350 RECORDS RETENTION AND AUDIT

a. Financial records, supporting documents, statistical records and other records pertinent to a grant will be retained by the grantee for a period of three years from submission of the Final Project Report described in GPM 342, "Final Project Report," except that:

1. records related to audits, appeals, litigation or the settlement of claims arising out of the performance of the project will be retained until such audits, appeals, litigation or claims have been disposed of; and
2. records related to projects subject to special program income provisions (GPM 753, "NSF Policy") will be retained for three years beyond the end of the award period.

b. Unless court action or audit proceedings have been initiated, the grantee may substitute microfilm copies of original records.

c. The NSF Director and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any pertinent books, documents, papers and records, the grantee organization (and of the performing organization, if different) to make audits, examinations, excerpts and transcripts. Further, in accordance with Section .48(d) of OMB Circular A-110, any negotiated contract in excess of the small purchase threshold made by the grantee shall include a provision to the effect that the grantee, NSF, the Comptroller General or any of their duly authorized representatives, shall have access to pertinent records for similar purposes.

d. In order to avoid duplicate recordkeeping, NSF may make special arrangements with grantees to retain any records which are needed for joint use. NSF may request transfer to its custody of records not needed by the grantee when it determines that the records possess long-term retention value. When the records are transferred to or maintained by NSF, the three-year retention requirement is not applicable to the grantee. In the rare event that these provisions are exercised, NSF will negotiate a mutually agreeable arrangement with the grantee regarding reimbursement of costs.

e. It is the responsibility of grantees that are States, Local Governments or Non-Profit Organizations to arrange for the conduct of audits as required by OMB Circular A-133 "*Audits of States, Local Governments, and Non-Profit Organizations*" (including colleges and universities.) They shall provide copies of the reports of these audits to the

cognizant Federal audit agency. Any Federal audit deemed necessary by NSF shall build upon the results of such audit(s).

Exhibit III-1

GRANTEE NOTIFICATIONS TO AND REQUESTS FOR APPROVAL FROM THE NATIONAL SCIENCE FOUNDATION*

All notifications and requests for approval from the National Science Foundation must be submitted electronically via the NSF FastLane System at http://www.fastlane.nsf.gov. Questions related to the electronic processing of these notifications and requests should be forwarded to the FastLane Help Desk by phone at: 1-800-673-6188 or by e-mail to: fastlane@nsf.gov.

Type of Grantee Notification	GPM Citation
Grantee Approved No-Cost Extension[8]	253.2
Significant Changes in Methods/Procedures	311.2
Significant Changes/Delays or Events of Unusual Interest	311.3
Short-Term Absence of the PI/PD	312.3
Amount of Federal funds is expected to exceed the grant by more than $5,000 or 5%	322
Conflicts of Interest that cannot be satisfactorily managed, reduced or eliminated	510

Type of Grantee Request	GPM	GC-1	Questions should be directed to:
First NSF Approved No-Cost Extension	253.2b	Article 4	Program Office
Second NSF Approved No-Cost Extension	253.2b	Article 4	Grants Office
Request for Supplemental Support	264		Program Office**
Change in Objective or Scope	311.1	Article 8	Program Office**
Long-Term Absence of the PI/PD	312.4	Article 8	Program Office**
Change in Person-Months Devoted to Project	312.5	Article 8	Grants Office, if necessary
Withdrawal of PI/PD	312.6	Article 8	Program Office
Substitute PI/PD	312.7	Article 8	Program Office
PI/PD Transfer from One Organization to Another	312.8	Article 8	Grants Office
Contracting or Transferring the Project Effort (Subawards)	313	Article 8	Grants Office
Pre-award Costs in Excess of 90 Days	602.2	Article 3	Grants Office
Reallocation of Funds Budgeted for Participant or Trainee Support Costs	618	Article 2	Program Office
Rearrangements/Alterations in excess of $25,000	621	Article 11	Grants Office
Adjustments to cost sharing commitments reflected on Line M of the approved NSF budget	330	Article 22	Grants Office

Notes: *This listing of Notifications and Requests for Approval is not intended to be all-inclusive. **Final action by Grants Officer, when warranted

[8] Small Grants for Exploratory Research awards are not eligible for this authority.

CHAPTER IV
FINANCIAL REQUIREMENTS AND PAYMENTS

This chapter covers general grant payment methods and policies and provides instructions for obtaining payments. Topics covered are:

400 BACKGROUND
410 STANDARDS FOR FINANCIAL MANAGEMENT
420 DEFINITIONS
430 PAYMENT REQUIREMENTS
440 CASH REFUNDS AND CREDITS TO NSF
450 GRANT FINANCIAL REPORTING REQUIREMENTS

400 BACKGROUND

The acceptance of a grant from NSF creates a legal duty on the part of the grantee organization to use the funds or property made available in accordance with the conditions of the grant. Payments may be made in advance of work performed or as a reimbursement for work performed and/or costs incurred by the grantee. However, payments may not be made in advance of a grant being signed by a grants official for the project period. NSF has a reversionary interest in the unused balance of advance payments in any funds improperly applied (whether or not received as an advance payment); and in property acquired through the grant, to which NSF specifically either retains title or reserves the right to require title transfer.

The provisions of this chapter cover all NSF awards (grants and cooperative agreements). Graduate fellowship agreements with domestic colleges and universities are included but individual fellowships and contracts are excluded. All categories of grantees (academic, non-academic, profit and non-profit) are covered by this chapter. The procedures in this chapter apply primarily to the comptroller's office or business office.

410 STANDARDS FOR FINANCIAL MANAGEMENT

NSF grantees are required to have financial management systems that meet the requirements of Section .21 of OMB Circular A-110.

420 DEFINITIONS

The following definitions are either not included elsewhere in the manual or are repeated in this section because of their special applicability to this chapter.

a. AUTOMATED STANDARD APPLICATION FOR PAYMENTS (ASAP) - an electronic payments system operated by the Federal Reserve Bank of Richmond that can be utilized by Federal grantees to draw cash from multiple agencies in one transaction.

b. BUSINESS OFFICER - the financial official of the grantee organization who has primary responsibility for the accountability for and reporting on NSF grant funds.

c. CASH ON HAND - the balance remaining of the funds an organization has received from NSF.

d. DISBURSEMENTS/OUTLAYS/EXPENDITURES - charges made to the project during a given period for:

1. Goods and other tangible property received;
2. Services performed by employees, subawardees, contractors and other payees

e. FASTLANE FINANCIAL FUNCTIONS – functions of NSF's FastLane System used by grantees to transmit financial information to NSF. There are three primary Financial Functions used by grantees.

Federal Cash Transaction Report Function – electronic version of the "Federal Cash Transaction Report" (SF 272). Used by grantees to report the financial activity of NSF awards on a quarterly basis. (See section 451)

Cash Request Function – electronic version of the "Request for Advance or Reimbursement Form" (SF-270). Used by grantees to request funds. (See section 431)

Grantee EFT Update Function – electronic version of the "ACH Miscellaneous Enrollment Form" (SF3881). Used by grantees to provide NSF with their banking information. (See section 436)

f. GRANTEE - the organization or other entity that receives a grant and assumes legal and financial responsibility and accountability both for the awarded funds and for the performance of the grant-supported activity. NSF grants are normally made to organizations rather than to individual PI/PD(s).

g. NSF OBLIGATIONS - funds authorized by an NSF Grants Officer for a specific NSF award creating a balance payable to a grantee.

h. GRANTEE OBLIGATIONS - the amounts of orders placed, subawards issued, contracts awarded, services received and similar transactions during a given period that will require a future payment by the grantee.

i. PAYMENTS - funds transferred from NSF to the grantee by direct deposit (Automated Clearing House (ACH) Vendor Express) and on some rare occasions by check.

j. UNLIQUIDATED OBLIGATIONS – are expenses incurred but not paid. Such obligations are included in reports prepared by grantees whose financial records are maintained on an accrual basis.

k. UNOBLIGATED BALANCE - the portion of the funds authorized by the grant that have not been obligated by the grantee. It is determined by deducting outlays and unliquidated obligations from the funds authorized.

430 PAYMENT REQUIREMENTS

431 Requesting Payments

NSF's grantees, except for Special Payment grantees, GPM 434, some foreign grantees, and grantees using ASAP, are required to request payments electronically through the FastLane Cash Request Function. The Special Payment and foreign grantees are required to request funds by submitting a "Request for Advance or Reimbursement Form", (SF 270) (Exhibit IV-1), to NSF either through the mail or by fax.

432 Payment Policies

The purpose of this section is to prescribe the timing of advances and the procedures to be observed to assure that cash payments occur only when essential to meet the needs of a grantee for its actual disbursements.

a. Timing of Payments. Advances to a grantee shall be limited to the minimum amount needed and shall be timed to be in accordance with the actual, immediate cash requirements of the grantee in carrying out the purpose of the approved program or project. The timing and amount of cash advances shall be as close as is administratively feasible to actual disbursements for direct program costs and the proportionate share of any allowable indirect costs.

b. Payments to Subawardees. Cash advances made by primary grantees (those which receive advances directly from NSF) to others (subawardees) shall conform to the same standards of timing and amount as apply to advances by NSF to primary grantees, including the furnishing of reports of cash disbursements and balances.

c. Withholding payments. NSF reserves the right, upon written notice, to withhold future payments after a specified date if the recipient:

1. Fails to comply with the conditions of an NSF grant, including the reporting requirements; or
2. Is indebted to the U.S. Government.

d. Safeguarding Funds. In no case will NSF-furnished funds be commingled with the personal funds of, or be used for personal purposes by, any officer, employee, or agent of the grantee; nor will any of these funds be deposited in personal bank accounts for disbursement by personal check.

433 Request for Advance

a. Grantees may receive payments from NSF in advance of cost incurred provided that the following conditions exist:

1. Funds for the project period have been obligated by a Grants Officer in the form of a signed grant;
2. The grantee has established or demonstrated to NSF the willingness and ability to establish written procedures that will minimize the time elapsing between the transfer of funds from the U.S. Treasury and their disbursement by the grantee; and
3. The grantee's financial management system meets the standards for fund control and accountability prescribed in Section .21 of OMB Circular A-110.

b. The grantee's designated official (Accounting Officer, Business Officer, Treasurer, etc.) must submit their cash requests for payment by using either the ASAP or FastLane Cash Request systems. Grantees submit requests on a periodic basis (monthly, biweekly or other regular cycle) depending on their normal disbursement patterns. Such requests should be limited to the minimum amounts needed and be timed to meet the anticipated cash requirements for allowable charges to active NSF projects.

c. Grantees shall maintain advances of NSF funds in interest bearing accounts as specified in GPM 443, "Interest Earned on Advance Payments."

434 Special Payment Grantees

When grantees do not meet the conditions specified in GPM 433, "Request for Advance," or when otherwise considered appropriate by NSF, they are not allowed to request funds electronically through the FastLane Cash Request Function or to request funds in advance. NSF will make payments to these grantees on a reimbursable basis only. These grantees are required to request funds by using a "Request for Advance or Reimbursement Form", (SF 270). For a copy of the form see Exhibit IV-I. The amount requested is reported on line 11i of the form. Unless instructed otherwise in the NSF award notice, the form should be submitted to the cognizant Grants Officer either by fax to 703-292-9142 or through the mail to:

National Science Foundation
Division of Grants & Agreements
Room 480

4201 Wilson Blvd
Arlington, VA 22230

435 Working Capital Advance

In those cases where the reimbursement method described in GPM 434, "Request for Reimbursements," is not feasible, arrangements may be made whereby NSF projects are financed on a working capital advance basis. On this basis, funds may be advanced to the grantee to cover estimated disbursement needs for a given initial period. Thereafter, the grantee would be reimbursed for the amount of its actual cash disbursements. The amount of the initial advance shall be geared to the reimbursement cycle so that after the initial period, the advance approximately equals the average amount of the grantee's unreimbursed program disbursements. Under this method of payment, the NSF grant will specify if the grantee is required to use the SF 270. Section 12 of the SF270 will be used for the initial advance; thereafter, reimbursements will be requested on the SF 270, line 11i.

436 Grantee EFT Update

Grantee Electronic Funds Transfer System Update (EFT) is a FastLane Financial Function used by grantees to provide NSF with their electronic banking information. This system enables NSF to transfer funds electronically to a grantee's bank account by using the electronic banking information provided by the grantee.

437 Use of Women-Owned and Minority-Owned Banks

Recipients of NSF grants are encouraged by the Federal government to use banks, which are owned (at least 50 percent) by women or minority groups such as Asian, Black, Hispanic, Native Americans and Pacific Islanders. This action is consistent with the national goal of expanding the opportunities for women-owned and minority-owned business enterprises.

440 CASH REFUNDS AND CREDITS TO NSF

441 Final Unobligated Balance

NSF has a reversionary interest in the unobligated balance of a grant upon expiration or completion of the grant. Based on final disbursements reported on the FCTR, the final unobligated balance will be computed by NSF and reported in the "Unobligated Balance" column of the FCTR. (See GPM 452, "Final Disbursement Reporting.") The entry reduces the grantee's "Balance Authorized" as computed on line 15 of the FCTR. (Detailed instructions for submission of the FCTR are available on the FastLane website at https://www.fastlane.nsf.gov/jsp/homepage/bussoadmin.jsp.)

442 Erroneous Payments

Advances or reimbursements made in error must be refunded to the National Science Foundation if the erroneous payment creates an excess cash on hand condition or a negative "Balance Authorized" as computed on lines 6 and 15 of the FCTR. Excess funds should be promptly refunded electronically or by check. Contact the NSF Division of Financial Management at (703) 292-8280 for instruction for electronically refunding monies to NSF. Checks shall be mailed to NSF, Attn. Cashier, 4201 Wilson Boulevard, Arlington, VA 22230.

The only exception to the requirement for prompt refunding is when the funds involved will be disbursed within 30 calendar days. This exception for prompt refunding should not be construed as approval by NSF for a grantee to maintain excessive funds on hand.

443 Interest Earned on Advance Payments

Grantees shall maintain advances of NSF funds in interest bearing accounts, unless any of the following apply:

a. The grantee receives less than $120,000 in Federal grants per year;

b. The best reasonably available interest bearing account would not be expected to earn interest in excess of $250 per year on Federal cash balances; or

c. The depository would require an average or minimum balance so high that it would not be feasible within the expected Federal and non-Federal cash resources.

Interest earned on NSF advances deposited in interest bearing accounts shall be remitted annually to the Department of Health and Human Services (DHHS), Payment Management System, P.O. Box 6021, Rockville, MD 20852 (telephone number: (301) 443-9247). Grantees are authorized to retain up to $250 per year for administrative expenses. Interest on advances earned shall be reported on line 9 of the FCTR.

The requirement to annually remit interest does not apply to grantees subject to the Cash Management Improvement Act (CMIA) and its implementing regulations (i.e., State agencies and instrumentalities). State universities and hospitals shall comply with the CMIA, as it pertains to interest. In accordance with Section .22 of OMB Circular A-110, if a grantee subject to CMIA uses its own funds to pay pre-award costs without prior written approval from NSF, it waives its right to recover the interest under CMIA.

444 Program Income

If, in accordance with the grant, program income is designated for credit to grant costs, it will be recovered by NSF by crediting costs otherwise chargeable against the grant on the FCTR. (See GPM 750, "Program Income.") In these cases, income in excess of the grant will be remitted to NSF electronically or by check payable to the National Science Foundation.

445 Other Cost Credits

Purchase discounts, rebates, allowances, credits resulting from overhead rate adjustments and other credits relating to any allowable cost received by or accruing to the grantee shall be credited against NSF grant costs if the grant has not been financially closed out. A grant is financially closed out when the final net disbursements have been reported on the FCTR. Credits of $300 or more shall be credited against NSF grant costs even if the grant has been closed out. See also GPM 617, "Publication, Documentation and Dissemination."

450 GRANT FINANCIAL REPORTING REQUIREMENTS

451 Quarterly Disbursement Reporting - Federal Cash Transactions Report (FCTR)

Grantees are required to report the status of funds received from NSF on a quarterly basis through the submission of a Federal Cash Transaction Report (SF272). The reports are prepared and submitted electronically to NSF by the FastLane Federal Cash Transaction Report Function.

Within ten to twelve business days after the end of a calendar quarter, NSF will create and make the FCTR's available to grantees through the FastLane Financial Functions at https://www.fastlane.nsf.gov/jsp/homepage/faulogin.jsp. E-mail notices are sent to each grantee announcing the reports availability and its due date. Grantees are required to update, certify and submit the FCTR to NSF by the due date even if funds have not been drawn during the reporting period. Grantees certify the report's truthfulness as stated in the Certification, Save and Submission page of the FCTR. The report elements are in compliance with the uniform Federal standards applicable to financial reporting by grantees.

Failure to submit the FCTR to NSF in a timely manner can result in one or more of the following actions:

a. Suspension of all future payments;

b. Closeout of expired awards based on previously reported disbursements;

c. Suspension of unexpired awards; and

d. Suspension of review and processing of new proposals.

452 Final Disbursement Reporting

NSF does not require grantees to submit individual SF 269, Financial Status Reports, for purposes of final grant accountability. NSF procedures have been designed to extract the final financial data from the entries in the FCTR. This reporting is accomplished as follows:

a. For any grant listed on the FCTR that expired prior to the beginning of the quarter covered by the FCTR, the grantee will enter the final disbursement amount in the "Net Disbursement Reporting Quarter" column.

b. If there are valid unpaid obligations outstanding at the time final disbursements are due, the obligations must be charged against the NSF cash advance and reported in the "Net Disbursement Reporting Quarter" column as if they had actually been paid. If subsequent disbursements differ by $300 or more from the amount previously reported, the grantee must report the amount as an "Adjustments to Financially Closed Awards" and specify the reason for the adjustment under the remarks section of the FCTR.

c. If by law, regulation, and/or accounting system limitations, valid unpaid obligations cannot be charged against the NSF advance and reported as disbursed in accordance with b. above, closeout by NSF will be deferred provided that:

1. The grantee identifies grants with "unpaid obligations" in the Remarks section of the FCTR;
2. The grantee submits the FCTR before the quarterly financial closeout procedure is run; and
3. The appropriation that funds the grant has not lapsed as noted under Public Law 101-510.

d. The final disbursement amount may not exceed the amount of the award.

e. When the final disbursements have been recorded by NSF, the award will be financially closed and no additional disbursements shall be shown by the grantee in subsequent reports. When all final reporting requirements have been met, the award will be deleted from the FCTR. When this is done, the award will be shown in the next "Schedule of Awards Purged and Subsequent Adjustments During the Quarter," Part IV of the FCTR.

REQUEST FOR ADVANCE OR REIMBURSEMENT	Approved by Office of Management and Budget, No. 80-R0183	Page of

Federal sponsoring Agency to which this Report is submitted. ***National Science Foundation-DFM*** ***Phone: 703-292-4458***	1. Type of Payment	a. "X" one, or both boxes ☐ Advance ☐ Reimbursement b. "X" the applicable box ☐ Final ☐ Partial	2. Basis of Request ☐ Cash ☐ Accrual
	4. Federal Grant or Other Identifying Number	5. Partial Payment Request Number For This Request	

6. Employer Identification Number	7. Recipient's Account Number or Identifying Number	8. **PERIOD COVERED BY THIS REQUEST**	
		FROM (month, day, year)	TO (month, day, year)

9. Recipient Organization Name: Number and Street: City, State and Zip Code:	10. Payee

11

PROGRAMS/FUNCTIONS/ACTIVITIES	(a)	(b)	(c)	**TOTAL**
a. Total program Outlays to date *(As of Date)*	$	$	$	$
b. *Less:* Cumulative program income				
c . Net program outlays (*Line a minus line b)*				
d. Estimated net cash outlays for advance period				
e. Total (*Sum of lines c & d)*				
f. Non-Federal share of amount on line e				
g. Federal share of amount on line e				
h. Federal payments previously requested				
i. Federal share now requested (*Line g minus line h)*				

12

a. Estimated Federal cash outlays that will be made during period covered by the advance	$
b. *Less:* Estimated balance of Federal cash on hand as of beginning of advance period	
c. Amount requested (*Line a minus line b)*	$

13

I certify that to the best of my knowledge and belief the data above are correct and that all outlays were made in accordance with the grant conditions or other agreement and that payment is due and has not been previously requested	SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL	DATE REQUEST SUBMITTED
	TYPED OR PRINTED NAME AND TITLE	TELEPHONE (AREA CODE, NUMBER, EXTENSION)

270-102 **STANDARD FORM 270 (7-76)** **Prescribed by Office of Management and Budget** **Cir. No. A-110**

CHAPTER V
GRANTEE STANDARDS

This chapter discusses various grantee management standards with which recipients are expected to comply. It consists of the following topics:

500 BACKGROUND
510 CONFLICT OF INTEREST POLICIES
520 FINANCIAL MANAGEMENT SYSTEMS STANDARDS
530 PROCUREMENT STANDARDS
540 PROPERTY MANAGEMENT STANDARDS

500 BACKGROUND

a. NSF requires prospective grantees to furnish, upon request by DGA, basic organization and management information to assist the NSF Grants Officer in assessing the prospective grantee's financial and managerial responsibility. GPM 501 describes NSF requirements for the furnishing of organization and management information.

b. NSF encourages the increased involvement of academic researchers and educators with industry and private entrepreneurial ventures, but recognizes that such interactions carry with them an increased risk of conflict of interests. GPM 510 contains NSF's policy on conflict of interest.

c. OMB Circular A-110 prescribes three sets of standards for academic and other non-profit recipients of Federal grants. These govern financial management systems, procurement policies and procedures and property management. GPM sections 520-540 implement the OMB standards, and extend their applicability to all types of recipients of NSF grants, including commercial firms.

501 Prospective Grantee Organization and Management Data

Each proposing organization that has not received an NSF grant within the previous two years should be prepared to submit basic organization and management information and certifications, when requested, to DGA. The information required is contained in the NSF Prospective New Awardee Guide, available electronically on the NSF website at: http://www.nsf.gov/pubsys/ods/getpub.cfm?pnag. The information contained in this Guide will assist the organization in preparing documents which the National Science Foundation requires to conduct administrative and financial reviews of the organization. This Guide also serves as a means of highlighting the accountability requirements associated with Federal awards.

510 CONFLICT OF INTEREST POLICIES

a. NSF requires each grantee institution[9] employing more than fifty persons to maintain an appropriate written and enforced policy on conflict of interest. Guidance for such policies has been issued by university associations and scientific societies.[10]

b. An institutional conflict of interest policy should require that each investigator disclose to a responsible representative of the institution all significant financial interests of the investigator (including those of the investigator's spouse and dependent children) (i) that would reasonably appear to be affected by the research or educational activities funded or proposed for funding by NSF; or (ii) in entities whose financial interests would reasonably appear to be affected by such activities.

The term "investigator" means the principal investigator, co-principal investigators, and any other person at the institution who is responsible for the design, conduct, or reporting of research or educational activities funded or proposed for funding by NSF.

The term "significant financial interest" means anything of monetary value, including, but not limited to, salary or other payments for services (e.g., consulting fees or honoraria); equity interest (e.g., stocks, stock options or other ownership interests); and intellectual property rights (e.g., patents, copyrights and royalties from such rights).

The term does not include:

1. salary, royalties or other remuneration from the applicant institution;
2. any ownership interests in the institution, if the institution is an applicant under the Small Business Innovation Research Program or Small Business Technology Transfer Program;
3. income from seminars, lectures, or teaching engagements sponsored by public or non-profit entities;
4. income from service on advisory committees or review panels for public or nonprofit entities;
5. an equity interest that, when aggregated for the investigator and the investigator's spouse and dependent children, meets both of the following tests: does not exceed $10,000 in value as determined through reference to public prices or other reasonable measures of fair market value, and does not represent more than a 5% ownership interest in any single entity; or

[9] For consistency with the DHHS conflict of interest policy, in lieu of "organization", NSF is using the term "institution" which includes all categories of proposers.

[10] See *On Preventing Conflicts of Interest in Government-Sponsored Research at Universities*, a Joint Statement of the Council of the American Association of University Professors and the American Council on Education (1964); *Managing Externally Funded Programs at Colleges and Universities*, especially "Principle X. Research Ethics and Conflicts", issued by the Council on Government Relations (1989); *Guidelines for Dealing with Faculty Conflicts of Commitment and Conflicts of Interest in Research*, issued by the Association of American Medical Colleges (1990); and *Framework Document for Managing Financial Conflicts of Interest*, issued by the Association of American Universities (1993).

6. salary, royalties or other payments that, when aggregated for the investigator and the investigator's spouse and dependent children, are not expected to exceed $10,000 during the twelve month period.

c. An institutional policy must ensure that investigators have provided all required financial disclosures at the time the proposal is submitted to NSF. It must also require that those financial disclosures are updated during the period of the award, either on an annual basis, or as new reportable significant financial interests are obtained.

d. An institutional policy must designate one or more persons to review financial disclosures, determine whether a conflict of interest exists, and determine what conditions or restrictions, if any, should be imposed by the institution to manage, reduce or eliminate such conflict of interest. A conflict of interest exists when the reviewer(s) reasonably determines that a significant financial interest could directly and significantly affect the design, conduct, or reporting of NSF-funded research or educational activities.

Examples of conditions or restrictions that might be imposed to manage, reduce or eliminate conflicts of interest include, but are not limited to:

1. public disclosure of significant financial interests;
2. monitoring of research by independent reviewers;
3. modification of the research plan;
4. disqualification from participation in the portion of the NSF-funded research that would be affected by significant financial interests;
5. divestiture of significant financial interests; or
6. severance of relationships that create conflicts.

If the reviewer(s) determines that imposing conditions or restrictions would be either ineffective or inequitable, and that the potential negative impacts that may arise from a significant financial interest are outweighed by interests of scientific progress, technology transfer, or the public health and welfare, then the reviewer(s) may allow the research to go forward without imposing such conditions or restrictions.

e. The institutional policy must include adequate enforcement mechanisms, and provide for sanctions where appropriate.

f. The institutional policy must include arrangements for keeping NSF's Office of the General Counsel appropriately informed if the institution finds that it is unable to satisfactorily manage a conflict of interest.[11]

g. Institutions must maintain records of all financial disclosures and of all actions taken to resolve conflicts of interest for at least three years beyond the termination or

[11] Grantee notifications of conflict of interest that cannot be managed, reduced, or eliminated must be submitted electronically via the NSF FastLane system.

completion of the grant to which they relate, or until the resolution of any NSF action involving those records, whichever is longer.

520 FINANCIAL MANAGEMENT SYSTEMS STANDARDS

NSF grantees are required to have financial management systems which meet the requirements of Section .21 of OMB Circular A-110.

530 PROCUREMENT STANDARDS

NSF grantees shall adhere to the requirements of Sections .41 through .48 of OMB Circular A-110 which prescribe standards for use by recipients in establishing procedures for the procurement of supplies and other expendable property, equipment, real property and other services with Federal funds.

540 PROPERTY MANAGEMENT STANDARDS

541 Background

a. Sections .31 through .37 of OMB Circular A-110 prescribe standards governing the management and disposition of property furnished by the Federal government or whose cost was charged to a project supported by a Federal grant.

b. In the rare instances where NSF grants might involve the acquisition of real property and unless otherwise specified in the grant document, the real property standards of OMB Circular A-110 are applicable to such NSF grants.

c. NSF implementation of the OMB standards on intellectual property is contained in GPM 730, "Intellectual Property."

d. Title to materials developed and supplies purchased under an NSF grant will vest in the grantee.

e. Section .33(b) of OMB Circular A-110 contains a special category of "exempt property." Under that provision, any Federal agency which has statutory authority (such as NSF) may vest title in an institution of higher education, hospital or other non-profit organization without further obligation to the Federal Government and under conditions the agency considers appropriate.

542 Title to Equipment

542.1 Title to Equipment - Non-Profit Organizations

a. Normal Situations. Unless otherwise specified in the grant, title to equipment purchased or fabricated with NSF grant funds by a college or university or other non-profit organization will vest in the grantee organization upon acquisition. Such

equipment is considered "exempt property" (see GPM 541, "Background") and subject to the conditions of GPM 543, "Conditions for Acquisition and Use of Equipment."

b. Special Situations. In special situations the grant may require that title to equipment purchased, acquired or fabricated by the grantee with NSF funds pass directly to the government from the vendor.

542.2 Title to Equipment - Commercial Organizations

Unless otherwise specified in the grant, title to equipment purchased or fabricated with NSF grant funds by a small business or other commercial firm will vest in the government. Such equipment will be acquired and used in accordance with GPM 543, "Conditions for Acquisition and Use of Equipment," and managed in accordance with GPM 545, "Property Management Standards When Title Retained by NSF."

543 Conditions for Acquisition and Use of Equipment

a. Grantee Assurance. The grantee will assure that for each purchase of equipment, it is:

1. necessary for the research or activity supported by the grant;
2. not otherwise reasonably available and accessible;
3. of the type normally charged as a direct cost to sponsored agreements; and
4. acquired in accordance with organizational practice.

b. General Purpose Equipment. Expenditures for general purpose equipment (see GPM 612.2c, "Definitions") are unallowable unless the equipment is primarily or exclusively used in the actual conduct of research.

c. Equipment Usage. The equipment must remain in use for the specific project for which it was obtained in accordance with OMB Circular A-110 Section .34c., unless the provision in Section .34e. applies.

d. Equipment Sharing. The equipment must be shared on other projects or programs in accordance with OMB Circular A-110 Section .34d.

e. Property Management Standards. The grantee shall maintain a property management system which, at a minimum, meets the requirements of OMB Circular A-110 Section .34f.

f. Competition. Grantees shall not use equipment acquired with Federal funds to provide services to non-Federal outside organizations for a fee that is less than private companies charge for equivalent services, unless specifically authorized by statute, for as long as the Federal Government retains an interest in the equipment.

g. Right to Transfer Title.

1. NSF may identify items of equipment having a unit acquisition cost of $5,000 or more where NSF reserves the right to transfer the title to the Federal government or to a third party named by the Federal government.

2. In such cases where NSF elects to transfer the title, disposition instructions will be issued no later than 120 calendar days after the expiration date of the NSF-supported project for which it was acquired.

544 Principles Relating to the Use of NSF-Supported Research Instrumentation and Facilities

The following principles on use of NSF-supported instrumentation and facilities were adopted by the National Science Board:

> The National Science Foundation seeks the maximum productive use of the Nation's scientific instrumentation and research expertise. Ensuring that the highest quality instrumentation, facilities, and services are available to scientific users, both academic and industrial, is a key requirement, as are harmonious relations and cooperation between industry and universities. Private research and testing laboratories, as well as university, government, and industrial laboratories, have a contribution to make.
>
> The National Science Board recognizes that there may be circumstances where NSF grantees use NSF-supported research instrumentation to provide services in commerce for a fee, to an extent that such practice, (1) detracts from the performance of their obligation under the grant, and/or (2) may have a material and deleterious effect on the success of private companies engaged in the provision of equivalent services. It is contrary to the NSF's intent for grantees to use NSF-supported research instrumentation or facilities to provide services for a fee in competition with private companies in a manner that is prohibited by OMB Circular A-110.

Grantees should implement the above principles and related grant conditions in a reasonable manner. Grantees are expected to provide fair and adequate consideration of any complaints about use of instrumentation and facilities.

545 Property Management Standards When Title Retained by NSF

In the event that title to equipment or property is vested in the Federal Government, such property shall be marked, tagged or segregated in such a manner as to indicate clearly its ownership by the government. Unless otherwise provided in the grant, such government property shall be used only for the performance of the project. The grantee shall submit an annual inventory report by NSF grant number of such property having an original acquisition cost of $5,000 or more, to the NSF Property Administrator, Division of Administrative Services (DAS). A physical inventory of Government-Owned Equipment (GOE) shall be conducted every two years pursuant to Section .34f of OMB

Circular A-110. Upon expiration of the grant, the grantee shall report the property to the Property Section for further agency utilization. (See GPM 546, "Excess Government Personal Property.")

546 Excess Government Personal Property

546.1 Policy

a. As a means of expanding the ability of grantees to accomplish NSF objectives while conserving supply and equipment funds, NSF will continue to sponsor the transfer of excess government personal property to NSF grantees.

b. Excess government personal property includes all types of personal equipment and materials (except consumable items such as drugs, paint, etc.), new or used, owned by the Federal Government and no longer needed by the holding agency, but having additional useful life. Under regulations established by the General Services Administration (GSA), the agency charged with operating this program, excess government personal property may be reported to, or requested from, GSA by other Federal agencies, including NSF.

c. NSF will sponsor the transfer of excess government personal property to eligible organizations under one of the following conditions:

1. the use of the property significantly furthers an NSF grant-supported activity;
2. the property is such that it would have been procured under the grant for which property is being requested if additional grant funds had been available;
3. the property is used as part of the grant activity and subsequently for research or science education purposes; or
4. the property is classified by GSA as scientific or engineering research equipment and has a unit acquisition cost of $1,000 or more. (See GPM 546.6, "Restrictions".)

546.2 Eligibility

Eligible organizations are NSF grantees that are public or private institutions of higher education or non-profit organizations whose primary purpose is the conduct of research or science education activities. State and municipal governments, public health units, hospitals, profit-making firms and individual PI/PDs are not eligible for excess government personal property under NSF sponsorship.

546.3 Procedures

a. To receive information concerning the availability of property, an eligible grantee should contact the Property Administrator (fsrpts@nsf.gov), DAS. The Foundation will place the grantee on the list of eligible NSF grantees with the GSA and will provide the

grantee with the names, addresses and telephone numbers of GSA Area Utilization Officers (AUO) located near the organization. The grantee should contact an AUO to set up a "needs" list of the research equipment required for the NSF grant. It is important that the NSF grant number and the name of the PI/PD be communicated in all conversations and correspondence regarding excess property acquisitions, transfers and disposals.

b. When GSA information on available excess government personal property is received, the grantee should ascertain whether any items that are necessary to accomplish the supported project are included.

c. Materials and equipment so selected should be inspected whenever possible (see GPM 546.4, "Visiting Holding Agency Facilities"), or the holding Federal agency should be contacted by the grantee to verify the condition of the items, because interpretation of condition codes varies among agencies.

d. If the condition of the item is acceptable, the grantee should freeze (reserve) items by calling the GSA office identified in the catalog. The verbal reservation should then be followed up by a letter. Items are usually allocated on a first come, first served basis. Since GSA may have several freezes on a piece of equipment, first come, first served is interpreted as the first approved written request received by the GSA office. However, preference will be given by GSA to agencies which do not grant title to equipment.

e. The grantee should next prepare and submit to the Property Administrator, DAS, a property request in six copies. A property request consists of SF 122, *Transfer Order Excess Personal Property*, and a separate written justification statement. The justification will explain why the property is needed to reduce the cost or enhance the performance under the specific grant for which the property is requested.

f. The SF 122 should be signed by both the PI/PD and the Authorized Organizational Representative. The following information should also be provided on each SF 122:

1. name of grantee organization;
2. grant number;
3. expiration date;
4. the statement "The above equipment is requested for use by the grantee in support of research or education as outlined in the grant"; and
5. the statement "Transfer is in accordance with the provisions of 41 CFR §101.43." The transfer order should also identify the automatic release date (from the GSA catalog) to preclude loss of property before the transaction is processed.

g. The written justification should detail the scientific need for the equipment as it relates to the particular grant under which the equipment is to be used, and should cite

the conditions of this section as being binding upon the grantee, should the property be acquired.

h. Upon receipt by NSF, the property request will be reviewed. As confirmation of approval, the grantee will receive copies of the SF 122 from NSF and, subsequently, from GSA. If the request is disapproved, it will be returned to the grantee with an appropriate explanation.

i. Upon receipt of the requested property, the grantee should immediately return a copy of the SF 122 to NSF as evidence of delivery. Cancellations by GSA, or nonreceipt within a reasonable period of time, should also be reported to NSF after follow-up inquiries have been made to GSA.

546.4 Visiting Holding Agency Facilities

a. Under current GSA regulations all non-Federal grantee representatives wishing to visit holding agency facilities to screen or freeze government excess personal property must receive prior certification from GSA. This certification is not required for those grantees who do their selecting from GSA catalogs and who freeze property only via telephone requests.

b. The number of screeners on a grant should be limited to no more than two persons. The primary screener should be the PI/PD. However, if the PI/PD finds it impossible to screen, he/she may designate, in writing, a substitute.

c. Normally, certification will be on a regional basis; however, NSF will, under certain circumstances, sponsor grantee representatives who need to make interregional visits in order to secure equipment not readily available within their region. Each person who plans to visit holding agency facilities must submit to NSF a completed GSA Form 2946, *Authorization Certificate to Select/Freeze Excess Personal Property*. This form may be obtained from the Property Administrator, DAS. The GSA Regional Office in which the grantee or organization is located will authorize all regional certifications and serve as principal coordinator on interregional requests. The authorization will be forwarded to the grantee via NSF.

546.5 Dollar Limitation

To ensure equitable distribution of excess government personal property, grantees may be authorized to acquire property under each NSF project grant up to a total acquisition cost equal to the dollar value of that particular grant. Any request for excess property which causes the total to exceed the value of the grant will require additional justification beyond that requested in GPM 546.3, “Procedures.” A higher percentage of excess property requested under a particular grant by a grantee must be approved by an administrative level in NSF which is higher than the Program Officer who normally administers the grant. NSF will give full consideration to all factors in determining whether to approve transfers of excess property above the dollar value of a given grant. Grantees are therefore urged to be selective in their requests for excess government

personal property to limit quantities of each item where possible and to avoid stockpiling items for future use.

546.6 Restrictions

a. NSF will sponsor the transfer of excess government personal equipment to eligible organizations only under project grants. As defined in the GSA regulations, "project grants" refers to grants made for specific purposes with established termination dates, e.g., grants made to specific organizations to perform specific tasks within set time frames and costs. No excess property may be acquired on behalf of conference grants, publication-support grants or travel grants. In addition, on "summer-type training grants," no property may be acquired after the training period has terminated. Further, grantees should exercise careful judgment on the appropriateness of requesting excess personal property when only a short period of time exists between the date of the property request and the completion or successful accomplishment of the NSF-supported activity. GSA will consider items of personal property as research equipment for transfer without reimbursement to NSF for use by a grantee when the property requested has a unit acquisition cost of $1,000 or more and is within Federal Supply Classification Groups:

1.	14	Guided Missiles;
2.	43	Pumps and Compressors;
3.	48	Valves;
4.	58	Communication, Detection and Coherent Radiation Equipment;
5.	59	Electrical and Electronic Equipment Components;
6.	66	Instruments and Laboratory Equipment;
7.	67	Photographic Equipment;
8.	70	General Purpose Automatic Data Processing Equipment, Software,
	923	Supplies and Support Equipment; or
9.	74	Office Machines and Visible Record Equipment.

Automatic data processing equipment must be acquired under the provisions in 41 CFR §201.23.

b. GSA will give consideration to the transfer without reimbursement of items of excess property in other Federal supply classification groups and items with a unit acquisition cost of less than $1,000, when NSF certifies that the item requested is a component part of or related to a piece of research equipment or is an otherwise difficult to acquire item needed for scientific or engineering research. Items of property determined by GSA to be common-use or general purpose property, regardless of classification or unit acquisition cost, shall not be transferred to a grantee for the purpose of cannibalization, unless the granting agency sends with the transfer request a supporting statement which clearly indicates that disassembly of the requested item for secondary use of its component parts, or for repair and maintenance of a similar item, has greater potential benefit than utilization of the item in its existing form and that a clear cost savings to the government will result, subject to final determination by GSA.

546.7 Costs

Excess government personal property is usually secured without cost. However, the recipient grantee should specify the method of shipment and must pay all costs of packing, transportation and subsequent installation, rehabilitation and maintenance if required. Grant funds may be used to pay such costs.

546.8 Title

Title to excess government personal property obtained by academic and other non-profit grantees through NSF sponsorship remains with the government until the property is delivered to the grantee organization. Upon delivery, the grantee should forward to NSF a receipted SF 122 which clearly lists the items of property actually obtained by the grantee. Unless NSF informs the grantee to the contrary, when this SF 122 is received at NSF, title to all property acquired will automatically pass to and be vested in the grantee organization, subject to the understanding that the property will be used for research or for science education purposes as long as it has a useful life. At such time as the property is no longer useful for such purposes, it may be disposed of in accordance with organizational practices, but any proceeds therefrom shall be used by the grantee solely for research or science education purposes. Under certain conditions, such as when highly specialized equipment is involved, NSF may retain title to excess property. When such a condition exists, NSF will inform the grantee. Excess government personal property may not be transferred to a foreign country without the express written approval of DGA.

546.9 Accountability and Recordkeeping

a. While no particular type of classification of accounts or inventory system is required, NSF expects that the responsible officials of the grantee organization will exercise careful stewardship of excess government personal property acquired in support of projects undertaken with NSF's financial assistance. In accordance with GPM 546.5, "Dollar Limitation," relating to the dollar limitation on the amount of excess government personal property provided by NSF, grantees should maintain appropriate inventory procedures that will enable them to identify those requests which require more extensive administrative and scientific justification. In those cases where title to excess government personal property remains with the government, the grantee must maintain suitable records to identify its location, description, utilization and value. The use of excess government personal property under an NSF grant is subject to inspection and audit by representatives of NSF at all reasonable times during the life of the grant under which the property was acquired.

b. Further details may be obtained from the Property Administrator, Division of Administrative Services, National Science Foundation, 4201 Wilson Boulevard, Room 295, Arlington, VA 22230.

CHAPTER VI
Allowability of Costs

This chapter covers the general applicability of Federal cost principles to NSF cost reimbursement grants, including a discussion of selected items of cost and description of NSF prior approval requirements. It consists of the following topics:

600 BASIC CONSIDERATIONS
610 DIRECT COSTS
620 OTHER DIRECT COSTS
630 INDIRECT COSTS
640 FEE PAYMENTS UNDER NSF GRANTS

600 BASIC CONSIDERATIONS

Expenditures under NSF cost reimbursement grants are governed by the Federal cost principles and must conform with NSF policies, grant special provisions and grantee internal policies. Grantees should ensure that costs claimed under NSF grants are allowable, allocable, and reasonable. In the event a grantee anticipates charging an item of direct cost that might subsequently be disputed, an authorized official of the grantee organization should discuss the matter with the cognizant NSF Grants Officer and document the conditions or factors surrounding the item in order to avoid possible subsequent disallowance.

601 Federal Cost Principles

601.1 Applicability to Grantees

The governing Federal cost principles applicable to specific types of grantees are as follows:

Type of Organization	Applicable Federal Cost Principles
Educational Institutions	OMB Circular A-21
Non-Profit Organizations	OMB Circular A-122
State/Local Governments	OMB Circular A-87
Commercial Firms	Federal Acquisition Regulation (FAR), Part 31

601.2 Applicability to Subrecipients

Grantees are responsible for assuring that costs of all subawards under NSF grants are subject to those cost principles and procedures appropriate to the subaward type and organization involved. For example, if the subaward is a cost reimbursement type with a commercial concern, FAR Subpart 31.2 would apply.

601.3 Conflicting Guidelines

In the event of any discrepancy between the summary information contained in this chapter and any specific provision of the applicable Federal cost principles, the cost principles in effect as of the effective date of the NSF grant will govern. In the case of a discrepancy between the special provisions of an NSF grant and the standards of the applicable cost principles, the special provisions of the grant will govern.

602 Other Considerations

602.1 Maximum Obligation

The maximum obligation of NSF for support of the project will not exceed the amount specified in the grant, as amended. NSF does not amend grants to provide additional funds for such purposes as reimbursement for unrecovered indirect costs resulting from the establishment of final negotiated rates or for increases in salaries, fringe benefits and other costs.

602.2 Pre-Award Costs

a. Grantees may incur allowable pre-award costs within the 90 day period immediately preceding the effective date of the grant providing:

1. the approval of pre-award spending is made and documented in accordance with the grantee's procedures; and

2. the advanced funding is necessary for the effective and economical conduct of the project.

b. Pre-award expenditures are made at the grantee's risk. Grantee authority to approve pre-award costs does not impose an obligation on NSF: (1) in the absence of appropriations; (2) if an award is not subsequently made; or (3) if an award is made for a lesser amount than the grantee anticipated.

c. Requests for pre-award costs for periods exceeding 90 calendar days must be submitted electronically via use of the Notification and Request module in FastLane. Pre-award expenditures prior to funding of an increment within a continuing grant are not subject to this limitation or approval requirement, but are subject to paragraph b. above.

602.3 Post-Expiration Costs

NSF funds may not be expended subsequent to the expiration date of the grant except to liquidate valid commitments that were made on or before the expiration date. (See GPM 452, "Final Disbursement Reporting," and GPM 617, "Publication, Documentation and Dissemination".) For example, commitment of project funds is valid when specialized (research) equipment is ordered well in advance of the expiration date but where, due to unusual or unforeseen circumstances, delivery of such equipment is delayed beyond the expiration date. The costs of equipment ordered after the expiration date, however, may not be charged to the project.

603 Prior Approval

603.1 OMB Directive

NSF has waived most cost related and administrative prior approvals required by OMB Circulars A-21 and A-110. Grantees should refer to the general conditions referenced in the grant, and GPM Exhibit III-1 for information on NSF required prior approvals.

603.2 NSF Prior Approval Policy

a. The funding of items identified in budget constitutes NSF's authorization for the grantee to incur these costs, provided there is not a specific limitation in the grant language and the costs are otherwise allowable under the cost principles.

b. Costs not specifically budgeted in an NSF award may be allowable provided that prior approval is not required and costs are incurred consistently with the applicable cost principle.

610 DIRECT COSTS

The following subsections summarize the allowability of frequently encountered direct cost items in the order they appear in the grant budget.

611 Salaries, Wages and Fringe Benefits

611.1 Salaries and Wages

a. All Grantees. All remuneration paid currently or accrued by the organization for employees working on the NSF-supported project during the grant period is allowable to the extent that:

1. total compensation to individual employees is reasonable for the work performed and conforms to the established policy of the organization consistently applied to both government and non-government activities; and

2. the charges for work performed directly under NSF grants and for other work allocable as indirect costs are determined and documented as provided in the applicable Federal cost principles.

b. Colleges and Universities. Section J.10 of OMB Circular A-21 establishes criteria for compensation work performed on government projects by faculty members during and outside the academic year.

NSF's policy is:

1. Academic Year Salaries. To be based on the individual faculty member's regular compensation for the continuous period which, under the policy of the institution concerned, constitutes the basis of his/her salary. Except as provided in GPM 616.2, "Intra-University Consulting," charges to Federal grants, irrespective of the basis of computation, will not exceed the proportionate share of the base salary for that period.

2. Periods Outside the Academic Year. During the summer months or other periods not included in the period for which the base salary is paid, salary is to be paid at a monthly rate not in excess of the base salary divided by the number of months in the period for which the base salary is paid. NSF policy on funding of summer salaries (known as NSF's two-ninths rule) remains unchanged: proposal budgets submitted should not request, and NSF-approved budgets will not include, funding for an individual investigator which exceeds two-ninths of the academic year salary. This limit includes summer salary received from all NSF-funded grants.

3. Sabbatical Leave. Unless there are special conditions in an applicable NSF program solicitation or in the grant, charges to an NSF grant for services rendered to the project by an individual during his/her sabbatical period are allowable provided that such compensation is:

(a) proportional to the service rendered;

(b) in accordance with established institutional sabbatical policies regardless of source of funds; and

(c) at a rate which, when added to the individual's sabbatical salary rate, does not exceed the individual's base salary rate for the individual's most recent academic year or equivalent prior period.

NSF salary support during sabbatical periods is only intended to make up the difference between sabbatical rate of pay and the individual's base salary rate for periods during which the individual is performing work on an NSF-sponsored project.

611.2 Fringe Benefits

Fringe benefits are allowable as a direct cost (if not included as an indirect cost) in proportion to the salary charged to the grant, to the extent that such payments are made under formally established and consistently applied organizational policies.

612 Equipment

612.1 Related Equipment Guidelines

Additional NSF guidelines on equipment are found in GPM 540, "Property Management Standards."

612.2 Definitions

The following definitions, derived from OMB Circulars A-110 and A-21, apply to all NSF grants (or amendments thereto):

a. ACQUISITION COST OF EQUIPMENT means the net invoice price of the equipment, including the cost of modifications, attachments, accessories or auxiliary apparatus necessary to make the property usable for the purpose for which it was acquired. Other charges, such as the cost of installation, transportation, taxes, duty or protective in-transit insurance, should be included in the unit acquisition cost consistent with the grantee's regular accounting practices.

b. EQUIPMENT means tangible nonexpendable personal property including exempt property charged directly to the grant having a useful life of more than one year and an acquisition cost of $5,000 or more per unit. However, consistent with grantee policy, lower limits may be established.

c. GENERAL PURPOSE EQUIPMENT means permanent equipment (as defined in b., above) that is usable for other than research, medical, scientific or technical activities, whether or not special modifications are needed to make it suitable for a particular purpose. Examples of general purpose equipment include office equipment and furnishings, air conditioning equipment, reproduction and printing equipment, motor vehicles and computer equipment.

d. SPECIAL PURPOSE EQUIPMENT means permanent equipment (as defined in b., above) which is usable only for research, medical, scientific or technical activities. Examples of special purpose equipment include microscopes, x-ray machines, specialized drilling equipment, spectrometers, and diamond knives.

612.3 Special Purpose Equipment

Expenditures for special purpose equipment are allowable as direct costs provided the acquisition of items with a unit cost of $5,000 or more is:

a. necessary for the research or activity supported by the grant;

b. not otherwise reasonably available and accessible;

c. of the type normally charged as a direct cost to sponsored agreements; and

d. acquired in accordance with organizational practice.

NSF review and approval is required for all equipment purchases by small business or other commercial organizations.

612.4 General Purpose Equipment

Expenditures for general purpose equipment are normally unallowable unless the equipment is primarily or exclusively used in the actual conduct of research. NSF review and approval is required for all equipment purchases by small business or other commercial organizations.

613 Materials and Supplies

Materials and supplies are defined as tangible personal property other than equipment, costing less than $5,000, or other lower threshold consistent with grantee policy. Materials and supplies that are necessary to carry out the project are allowable as prescribed in the governing cost principles.

614 Travel Costs

a. Expenses for transportation, lodging, subsistence and related items incurred by project personnel and by outside consultants employed on the project (GPM 616.1, "Outside Consultants") who are on travel status on business related to an NSF-supported project are allowable as prescribed in the governing cost principles. The requirements for prior approval detailed in the governing cost principles are waived.

b. Except as provided in the governing cost principles, the difference between economy airfare and a higher-class airfare is unallowable. A train, bus or other surface carrier may be used in lieu of or as a supplement to air travel at the lowest first-class rate by the transportation facility used. However, if such travel could have been performed by air, the allowance will not normally exceed that for jet economy air fare.

c. Foreign travel costs of dependents of key project personnel is allowable provided the:

1. individual is a key person who is essential to the research on a full-time basis;

2. individual's residence away from home and in a foreign country is for a continuous period of six months or more and is essential to the effective performance of the project; and

3. dependent's travel allowance is consistent with the policies of the organization administering the grant.

d. For restrictions concerning the use of non-US flag carriers while on foreign travel see GPM 761, "Travel to Foreign Countries."

615 Computer Costs

The costs of services involving the use of highly complex or specialized facilities operated by the organization, such as computing facilities, are allowable provided the charges meet the conditions of the governing cost principles. Awardees should address lease versus purchase factors as required by OMB Circular A-110 Subpart C.44, "Procurement Procedures."

616 Consultant Services

616.1 Outside Consultants

a. Grantees normally are expected to utilize the services of their own officers or employees to the maximum extent in managing and performing the activities supported by NSF grants. Where it is necessary for a grantee to enter into a subaward for the services of persons who are not its officers or employees, it is expected to do so in accordance with written organizational standards which provide for consideration of the factors outlined in the governing cost principles.

b. If the need for consultant services is anticipated, the proposal narrative should provide appropriate rationale, and the summary proposal budget should estimate the amount of funds that may be required for this purpose. To the extent possible, consultant rates should show separate amounts for actual services and each of the components of the rate (such as fringe benefits, indirect costs, and other expenses).

c. Costs of professional and consultant services rendered by persons who are members of a particular profession or possess a special skill and who are not officers or employees of the performing organization are allowable when reasonable in relation to the services rendered. However, payment for a consultant's services may not exceed the daily equivalent of the then current maximum rate paid to an Executive Schedule Level IV Federal employee (exclusive of indirect cost, travel, per diem, clerical services, fringe benefits and supplies).

d. In determining the allowability of costs in a particular case, no single factor or any special combination of factors is necessarily determinative. However, the following factors, among others, are relevant:

1. the nature and scope of the service rendered in relation to the service required;

2. the necessity of issuing a subaward for the service considering the organization's capability in the particular area;

3. the past pattern of such costs, particularly in the years prior to the award of government contracts and grants;

4. the impact of government contracts and grants on the organization's total activity (e.g., what new problems have arisen);

5. whether the proportion of government work to the organization's total activity is such as to influence the organization in favor of incurring the cost, particularly where the services rendered are not of a continuing nature and have little relationship to work under government contracts and grants;

6. whether the service can be performed more economically by employment rather than by consulting;

7. the qualifications of the individual or concern rendering the service and the normal/customary fees charged and received by the individual for comparable services, especially on non-government contracts and grants; and

8. adequacy of the contractual agreement for the service (e.g., description of the service, estimate of time required, rate of compensation and termination provisions).

e. In addition, retainer fees to be allowable must be supported by evidence of bona fide services available or rendered.

f. Costs of legal, accounting and consulting services and related costs incurred in connection with organization and reorganization, defense of antitrust suits and the prosecution of claims against the government are unallowable. Costs of legal, accounting and consulting services and related costs incurred in connection with patent infringement litigation are unallowable unless otherwise provided for in the grant.

g. Grantees may hire consultants not identified in the grant proposal or award, provided:

1. it is in accordance with written organizational standards;

2. grant funds are reallocated in accordance with the grantee's policies which are consistent with the governing cost principles; and

3. it is within the limits of the grant funding.

616.2 Intra-University Consulting

Since intra-university consulting is assumed to be undertaken as a university obligation requiring no compensation in addition to full-time salary, the principles summarized in GPM 611, "Salaries, Wages and Fringe Benefits," also apply to those who function as consultants or otherwise contribute to a project conducted by another faculty member of the same institution. However, in unusual cases where consultation is across departmental lines or involves a separate or remote operation, and the work performed by the consultant is in addition to his/her regular appointment, any charges for such work representing extra compensation above the salary are allowable if consistent with established university policy and the applicable cost principles.

616.3 Federal Employees

Employees of the Federal government (other than NSF) may be utilized as lecturers or staff members on a project and may receive compensation and/or expenses if they obtain prior approval from their agencies to participate, and if services to the project are performed outside their regular working hours or while they are on leave status from official duties. Under no circumstances may NSF employees receive compensation from an NSF-supported project.

617 Publication, Documentation and Dissemination

a. Costs of documenting, preparing, publishing, disseminating and sharing research findings and supporting material are allowable charges against the grant.

b. Page charges for scientific and engineering journal publication are allowable where:

1. the research papers report work supported by NSF; and

2. the charges are levied impartially on all research papers published by the journal, whether by non-government or by government authors.

c. GPM 452, "Final Disbursement Reporting," permits a grantee to transfer from the grant account to an institutional account an amount equal to valid unpaid obligations outstanding at the time a grant expires. Grantees should refer to this section if it has incurred valid commitments for the costs of publication or sharing of research results and it is not possible to effect an actual payment for such charges by the time the final disbursements are due.

618 Participant Support Costs

618.1 General

a. Participant support costs are direct costs for items such as stipends or subsistence allowances, travel allowances and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with meetings, conferences, symposia or training projects.

b. Funds provided for participant support may not be used by grantees for other categories of expense without the specific prior written approval of the cognizant NSF Program Officer. Therefore, awardee organizations must account for participant support costs separately.

c. Participant support allowances may not be paid to trainees who are receiving compensation, either directly or indirectly, from other Federal government sources while participating in the project. A non-NSF Federal employee may receive participant support allowances from grant funds provided there is no duplication of funding of items and provided no single item of participant cost is divided between his/her parent agency and NSF grant funds.

d. Additional guidelines are found at GPM 734, “Dissemination and Sharing of Research Results,” and GPM 740, “Publication/Distribution of Grant Materials.”

618.2 Stipends or Subsistence Allowances

To help defray the costs of personal maintenance while participating in a conference or training activity, participants may be paid a stipend, per diem or subsistence allowance, based on the type and duration of the activity, as outlined in the pertinent program solicitation and in the grant. Such allowances must be reasonable, in conformance with the usual policy of the grantee organization and limited to the days of attendance at the conference plus the actual travel time required to reach the conference location by the most direct route available. Where meals or lodgings are furnished without charge or at a nominal cost (e.g., as part of the registration fee), the per diem or subsistence allowance will be correspondingly reduced. Although local participants may participate in conference meals and coffee breaks as provided for in GPM 625, "Meetings and Conferences," grant funds may not be used to pay per diem or similar expenses for local participants in the conference.

618.3 Travel Allowances

a. Travel costs of participants may be allowable as outlined in the pertinent program solicitation and in the grant. If so, the restrictions regarding class of accommodations (see GPM 614, "Travel Costs") and use of U.S.-flag air carriers (see GPM 761, "Travel to Foreign Countries") are applicable.

b. In training activities that involve field trips, costs of transportation of participants are allowable.

620 OTHER DIRECT COSTS

621 Rearrangements and Alterations

a. Except under certain programs, NSF does not normally make grants for construction or facility improvements. However, rearrangement and alteration costs that do not constitute construction (i.e., rearrangements and alterations aggregating less than $25,000) may be allowable under NSF grants to adapt space or utilities within a completed structure to accomplish the objective of the NSF-supported activity, provided that:

1. the grantee is not an individual or a foreign institution;

2. the building has a usable life consistent with project purposes and is architecturally suitable for conversion;

3. the rearrangement and alteration are essential to the project supported by the grant; and

4. the space involved will actually be occupied by the project. In situations where the space is rented, in order for the costs of the rearrangement and alteration to be allowable, the grantee must secure a lease for the length of the project. (See GPM 623, "Rental or Lease of Facilities or Special Purpose Equipment".)

b. Rearrangements and alterations under $25,000 may be approved by grantees. For rearrangements and alterations expenditures exceeding $25,000, the grantee must request prior approval from NSF via use of the Notification and Request module in FastLane. Otherwise, any plans for such rearrangement or alteration should be clearly set forth in the proposal. If approved by NSF, such approval will be indicated in the grant. Note that Appendix A, Contract Provisions, of OMB Circular A-110 contains various requirements concerning contracts for construction or repair in excess of $2,000.

622 News Release Costs

In amplification of the provisions of the various cost principles regarding public information service costs, the cost of news releases announcing the results of an NSF-supported project is allowable. In the event the performing organization wishes to join with NSF in a simultaneous news release, arrangements may be made through the NSF's Office of Legislative and Public Affairs, Public Affairs Group, telephone (703) 292-8070 (see GPM 812.1, "Press Releases").

623 Rental or Lease of Facilities or Special Purpose Equipment

a. Normally the grantee is expected to make appropriate facilities available without direct charge to grant funds. However, on occasion, it is necessary to use facilities not under the control of the grantee. Rental of space off-site may be allowable, for example, for a research project if laboratory facilities or other work areas of a type or coverage not normally available to the grantee are required.

b. Rental of special purpose equipment is allowable. See also GPM 615, "Computer Costs."

624 Relocation Costs

a. Relocation costs may be charged to an NSF grant as an other direct cost in accordance with the applicable governing cost principles provided that:

1. a proposal for NSF support specifically indicates that the grantee intends to hire a named individual for full-time work on the project;

2. such recruitment action is not disapproved by the grant terms; and

3. the prospective employee or visiting staff member:

   (a) is essential to the project on a full-time basis for a continuous period of at least twelve months; and

   (b) is regularly located at a place sufficiently removed from the project site that his/her employment necessitates the change.

b. The amount of actual reimbursement should be in accordance with the grantee's established policy or practice which:

1. is in conformance with the applicable governing cost principles;

2. has been approved by the cognizant governing audit agency; and

3. is consistently applied.

625 Meetings and Conferences

The points below summarize the allowability of various items of cost associated with conferences, symposia, workshops or other meetings supported by an NSF grant. Any costs charged to an NSF grant also need to be reasonable and directly allocable to the supported activity. Meeting and conference costs identified below, are only allowable if such costs are specifically and clearly identified in the proposed scope of work and budget, as modified and approved by NSF. NSF funds are not otherwise to be spent for

meals or coffee breaks for intramural meetings of an organization or any of its components, including, but not limited to, laboratories, departments and centers.

a. Conference Facilities. Rental of facilities and necessary equipment is allowable. (See GPM 623, "Rental or Lease of Facilities or Special Purpose Equipment".)

b. Supplies. Purchase of expendable materials and supplies necessary for the meeting is allowable.

c. Conference Services. Costs of translation services and of recording and transcribing the proceedings are allowable.

d. Publication Costs. Costs of publishing the proceedings are allowable if approved in the grant.

e. Salaries. Salaries of professional personnel, editorial and clerical assistants and other staff members are allowable in accordance with GPM 611, "Salaries, Wages and Fringe Benefits," in proportion to the time or effort devoted to the preparation and conduct of the conference and summarizing its results.

f. Consultant Services and Speaker Fees. Reasonable fees and travel allowances and per diem (or meals provided in lieu of per diem) are allowable as prescribed in GPM 614, "Travel Costs," and GPM 616, "Consultant Services."

g. Meals and Coffee Breaks. When certain meals are an integral and necessary part of a conference (e.g., working meals where business is transacted), grant funds may be used for such meals. Grant funds may also be used for furnishing a reasonable amount of hot beverages or soft drinks to conference participants and attendees during periodic coffee breaks.

h. Participant Support Costs. Participant support costs allowable as prescribed in GPM 618, "Participant Support Costs." (See also GPM 633.2, "Exceptions to Basic Policy.")

i. Entertainment. Costs of entertainment, amusement, diversion and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation and gratuities) are unallowable. Expenses of awardee employees who are not on travel status, serving as hosts, or otherwise participating at meals that are primarily social occasions are not allowable. Costs of employees on travel status are limited to those allowed under the governing cost principles for travel expenses (see GPM 614, "Travel Costs").

j. Alcoholic Beverages. No federal funds may be spent on alcoholic beverages.

630 INDIRECT COSTS

631 Background

As authorized by statute (41 USC §254a) and Comptroller General decision (B-157584) and recommended by governing cost principles, NSF has elected to use predetermined fixed overhead rates where appropriate. When NSF elects not to use predetermined fixed rates, the grant will indicate the type of indirect cost rate applicable to the award.

632 Indirect Costs in Proposals for NSF Support

Each proposal for NSF support of a project should include a budget indicating the total dollar amount requested from NSF with subtotals for direct and indirect costs. The amount for indirect costs should be calculated by applying the current Federally negotiated indirect cost rate(s) to the approved base(s). For grantees that do not have a current negotiated rate agreement with a cognizant Federal agency, its business officer should prepare an indirect cost proposal based on expenditures for its most recently ended fiscal year. If the proposal is recommended for funding, the grantee will be required to provide its indirect cost proposal to support the budgeted indirect rate. The contents and financial data included in indirect cost proposals vary according to the make-up of the proposing organization. Guidelines for preparing an indirect cost proposal are available at http://www.nsf.gov/bfa/dias/caar/indirect.htm. Grantees submitting a proposal to NSF for the first time are encouraged to request guidance from the Cost Analysis and Audit Resolution Branch.

633 NSF Policy

633.1 Basic Policy

a. It is NSF policy that grantees are entitled to reimbursement from grant funds for indirect costs except where specifically excluded by GPM 633.2, "Exceptions to Basic Policy," or when the grantee waives entitlement to full reimbursement of indirect costs voluntarily. Also, some types of awarded indirect cost rates limit full recovery (i.e., maximum provisional rates).

b. The awarded indirect cost rate is generally based upon a grantee's current Federally negotiated indirect cost rate agreement. When establishing an indirect rate for an award where the grantee does not have a current negotiated rate agreement, NSF will consider the rate proposed in the budget, the grantee's indirect cost proposal submission, the amount of total funding requested and other pertinent financial factors. Since some types of rates limit indirect cost recoveries and requires adjustments, grantees receiving awards should ensure that they understand the type of indirect cost rate applicable to the award. Types of indirect cost rates used on NSF awards are as follows:

1. Maximum Provisional Rate: A maximum provisional rate is a temporary rate established for an award to permit funding and reporting of indirect

costs pending establishment of a final rate (the rate determined at the end of an accounting period using "actual" direct and indirect cost data). This type of rate limits indirect cost recoveries to the lower of the maximum provisional rate established at the time of award, or the final rate established at the end of an accounting period. Grantees awarded maximum provisional rates are required to submit indirect cost proposals to the NSF Cost Analysis and Audit Resolution Branch within six months after the close of each fiscal year during which the award is active.

2. Predetermined Fixed Rate: A predetermined fixed rate is a permanent funding rate established for an award based on an estimate of costs for that period. Grantees may charge NSF projects at the rate(s) stipulated in the award. However, should negotiations between the organization and the cognizant Federal agency result in changes in the approved indirect cost rate not reflected in the NSF award, the grantee may charge NSF projects at the newly negotiated rate in effect at the time direct cost expenditures are made, provided that this method of charging indirect costs is consistently applied and meets generally accepted accounting principles; and provided further that to do so would not:

   a. reduce or adversely affect the scope of the project;
   b. result in increased costs over the NSF award amount during the award period;
   c. decrease the period of support as contemplated in the award; or
   d. be inconsistent with any special indirect cost provision of the award.

3. Fixed Rate: A fixed rate is similar to a predetermined fixed rate in that it is a permanent rate established for an award based on an estimate of costs for the award period. However, a fixed rate is fixed both for funding and reimbursement. When NSF funds an award using a fixed indirect cost rate, the grantee may recover indirect costs from grant funds at no more than the fixed rate established for the award.

4. Fixed Dollar Amount: A fixed dollar amount limits grantees to the "amount" of indirect costs specified in the approved budget. A fixed indirect dollar amount is not subject to adjustment.

c. NSF will not amend a grant solely to provide additional funds for changes in indirect cost rates.

d. NSF will generally fund continuing grant increments and supplemental support at the indirect cost rate(s) approved at the time of the initial award. (See GPM 260, "Additional Funding Support.")

e. When a project involves off-campus (off-site) activities, NSF normally will fund the indirect cost amount on the basis of the off-campus rate. When a project involves both on- and off-campus activities, NSF normally will fund the indirect cost amount on

the basis of the on-campus/off-campus policy reflected in the most recent agreement between the organization and the cognizant Federal agency. In the absence of such an agreed policy, NSF normally will compute the indirect cost amount by applying the on-campus rate to the on-campus base costs and the off-campus rate to the off-campus base costs.

f. Any negotiations with respect to business and financial matters on specific grants, including the amount of indirect cost reimbursement, are conducted by the cognizant Grants Officer in DGA with an authorized official of the grantee's organization. The NSF Cost Analysis and Audit Resolution Branch provides advisory assistance to the Grants Officer.

g. NSF program staff may not negotiate indirect costs as a discrete item of a proposal budget since only the duly authorized Grants Officer has authority to negotiate indirect costs. NSF program staff are not authorized to suggest or request that PI/PDs seek reductions or waivers of indirect costs except as explicitly specified in applicable NSF program solicitations.

633.2 Exceptions to Basic Policy

a. No Indirect or Limited Reimbursement. Program solicitations may indicate no or limited reimbursement for indirect costs. In addition, NSF generally provides no amounts for indirect costs for the following:

1. grants to individuals;

2. grants solely for the support of travel, equipment, construction of facilities, or doctoral dissertation research (see GPM 333.1, "Unsolicited Research Projects");

3. grants in which NSF support is exclusively in the form of fellowships, traineeships or other fixed amounts such as cost-of-education allowances;

4. foreign grantees; or

5. participant support costs. However, an allowance for indirect costs associated with participant support costs may be established or negotiated in advance when circumstances indicate that the grantee could be expected to incur significant expenses in administering participant payments (other than salary or other direct expenses being reimbursed under the award).

b. Independent Research and Development (IR&D). NSF does not typically fund IR&D as part of an indirect cost rate under its grants. IR&D, as defined at FAR 31.205-18(a), includes cost of effort that is not sponsored by a grant or required in performance of a contract and that consists of projects falling within the four following areas:

1. basic research;

2. applied research;

3. development; and

4. systems and other concept formulation studies.

NSF's primary purpose is to support and advance independent research within the scientific and engineering community. NSF has well recognized and established procedures for supporting research through competitive grant awards based on merit review of proposed projects. Reimbursement for independent research and development costs through the indirect cost mechanism could circumvent this competitive process.

To ensure that all projects receive similar and equal consideration, eligible organizations may compete for direct funding of independent research projects they consider worthy of support by submitting proposals for those projects to NSF. Since proposals for these projects may be submitted for direct funding, costs for independent research and development projects are not typically allowable as indirect costs under NSF grants.

c. Facilities Capital Cost of Money (FCCM). NSF does not typically fund facilities capital cost of money under its grants. FCCM is defined for commercial organizations at FAR 31.205-10 as "an imputed cost determined by applying a cost-of-money rate to facilities capital employed in contract performance."

634 Underrecovery of Indirect Costs

NSF recognizes that any inability to obtain "full reimbursement" for indirect costs means the grantee must absorb the underrecovery. Any such underrecovery may be allocated as part of the organization's required cost sharing. (See GPM 330, "Cost Sharing and Matching.")

635 Rebudgeting of Indirect Cost Funds Provided Under NSF Grants

If the actual allowable indirect costs chargeable to a grant is less than those funded by NSF under the grant, the grantee may use the difference to pay additional allowable direct costs under the grant. In addition, grantees may elect to charge less than the full amount of allowable indirect costs to grants in order to pay for additional allowable direct costs.

636 NSF Cognizant Organizations

Organizations for which NSF is their cognizant agency for negotiation of indirect cost rates are required to submit indirect cost proposals, reconciled to financial statements, within six months after the close of each accounting year during which NSF has active awards. Indirect cost proposals should be sent to the Cost Analysis and Audit Resolution Branch.

640 Fee Payments Under NSF Grants

Payment of fees (profit) are allowable only if specifically permitted by a program solicitation and only to the extent that is does not exceed the amount negotiated by the Grants Officer and specified in the award letter.

CHAPTER VII
OTHER GRANT REQUIREMENTS

This chapter discusses other grant requirements not addressed in the preceding chapters. Topics covered are:

700 NON-DISCRIMINATION STATUTES
710 PROTECTION OF LIVING ORGANISMS
715 GOVERNMENT PERMITS AND ACTIVITIES ABROAD
720 CONSTRUCTION, REARRANGEMENTS AND ALTERATIONS (INCLUDING: DAVIS-BACON ACT, BONDING AND INSURANCE, FLOOD INSURANCE, AND SEISMIC SAFETY OF BUILDINGS)
730 INTELLECTUAL PROPERTY (INCLUDING PATENTS AND INVENTIONS, AND COPYRIGHTS)
740 PUBLICATION/DISTRIBUTION OF GRANT MATERIALS
750 PROGRAM INCOME
760 INTERNATIONAL CONSIDERATIONS (INCLUDING TRAVEL GRANTS AND USE OF U.S. FLAG CARRIERS)

700 NON-DISCRIMINATION STATUTES

701 General

a. A number of statutes bar recipients of Federal financial assistance from excluding persons, because of their race, sex, color, age or national origin, from participation in Federally supported activities. These include: Title VI of the Civil Rights Act of 1964 (barring discrimination on grounds of race, color, or national origin); Section 504 of the Rehabilitation Act (barring discrimination against individuals with disabilities); and the Age Discrimination Act. Title IX of the Educational Amendments of 1972 bars sex discrimination in Federally assisted education programs or activities. In addition to statutory prohibitions, E.O. 11246 bars various types of discriminatory employment practices under grants for construction. The following sections discuss the application of each of these Acts and E.O. 11246 to NSF grantees.

b. When a recipient of an NSF grant receives an Equal Opportunity Complaint, the original complaint should be sent to the Director, Office of Equal Opportunity Programs, National Science Foundation, 4201 Wilson Boulevard, Arlington, VA 22230.

702 Civil Rights Act of 1964

702.1 Background

Section 602 of the Civil Rights Act of 1964 (42 USC §2000d et seq.) provides that no person in the U.S. shall, on the grounds of race, color or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity receiving Federal financial assistance. Section 602 requires that each Government agency which is empowered to extend such

financial assistance issue rules or regulations implementing Title VI of the Act with respect to such programs or activities administered by the agency.

702.2 NSF Regulations

NSF regulations implementing Title VI of the Civil Rights Act are found at 45 CFR §611. These regulations apply to the grantee and to any subrecipients such as subawardees, contractors and subcontractors of a grantee, and successors in interest, (other than subrecipients for commercially available supplies, materials, equipment or general support services). The regulations require that as a condition of approval of an application for assistance, the applicant must execute the Assurance of Compliance form (see Exhibit VII-1), whether or not a similar assurance form has been filed with another Federal agency.

702.3 Assurance of Compliance

Prospective grantees may either reproduce the Assurance of Compliance form or request copies from DGA. The signed original should be mailed to DGA. Once a properly executed form has been filed with NSF, it will cover all future applications to NSF. Acceptance of a subsequent grant constitutes affirmation that the Assurance of Compliance will be fully applicable to the grant.

702.4 Civil Rights Assurance-Subrecipients

Before any organization serves as a subrecipient on an NSF grant (for other than the provision of commercially available supplies, materials, equipment or general support services), it must first file an Assurance of Compliance form with either the grantee or NSF.

702.5 Grant Provisions

Each NSF grant contains as part of the standard grant conditions an article implementing Title VI.

703 Rehabilitation Act

703.1 Background

Section 504 of the Rehabilitation Act of 1973, as amended (29 USC §794) provides that "no otherwise qualified individual with a disability in the United States...shall, solely by reason of her or his disability, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance...."

703.2 NSF Regulations

NSF regulations implementing Section 504 are found at 45 CFR §605. With a few changes, these regulations follow closely the regulations issued by the DHHS at 45 CFR §84. These regulations also apply to subrecipients such as subawardees, contractors and subcontractors of a grantee, and successors in interest (other than subrecipients for the provision of commercially available supplies, materials, equipment or general support services).

703.3 Assurance of Compliance

In lieu of requiring submission of separate assurances or certifications, each NSF grant contains as part of the standard grant conditions a provision stating that acceptance of the grant constitutes assurance that the grantee will comply with Section 504 and NSF's implementing regulation.

703.4 Section 504 Assurance--Subrecipients

In lieu of requiring grantees to obtain separate assurances or certifications from subrecipients receiving financial assistance under an NSF grant, grantees will include in all subawards (for other than the provision of commercially available supplies, materials, equipment or general support services), an assurance of compliance comparable to that included in NSF grants.

703.5 Grant Conditions

Each NSF grant contains as part of the standard grant conditions an article implementing Section 504 and the NSF regulations. The assurance requirement of those conditions will be satisfied as indicated in GPM 703.3, "Assurance of Compliance" and 703.4, "Section 504 Assurance - Subrecipients."

704 Title IX - Sex Discrimination

704.1 Background

Subject to certain exceptions regarding admission policies at certain religious and military organizations, Title IX of the Education Amendments of 1972 (20 USC §§1681-1686) prohibits the exclusion of persons on the basis of sex from any education program or activity receiving Federal financial assistance. All NSF grantees are expected to comply with Title IX.

704.2 NSF Regulations

NSF regulations implementing Title IX of the Education Amendments of 1972 are found at 45 CFR 618.

704.3 Grant Conditions

Each NSF grant contains, as part of the standard grant conditions, an article implementing Title IX.

705 Age Discrimination Act

705.1 Background

The Age Discrimination Act of 1975, as amended (42 USC §§6101 et seq.), provides that pursuant to regulations issued by DHHS "no person in the United States shall, on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity receiving Federal financial assistance."

705.2 NSF Regulations

NSF regulations implementing the Age Discrimination Act are found at 45 CFR §617.

705.3 Grant Conditions

Each NSF grant contains, as part of the standard grant conditions, an article implementing the Age Discrimination Act.

706 Equal Employment Opportunity Under E.O. 11246

706.1 Background

E.O. 11246, as amended, requires contractors and subcontractors performing Federally assisted construction projects to provide equal opportunity, without regard to race, color, religion, sex or national origin, to persons employed or seeking employment with them. This E.O. may apply to some NSF grants for construction.

706.2 Grant Conditions

In instances when E.O. 11246 is applicable, the grant will include an equal opportunity clause in conformance with regulations issued by the Secretary of Labor at 41 CFR §60.

710 PROTECTION OF LIVING ORGANISMS

711 Human Subjects

711.1 Background

The grantee is responsible for the protection of the rights and welfare of human subjects involved in activities supported by NSF. All research involving human subjects supported or otherwise subject to regulation by any Federal agency is covered by a

policy set forth in a Common Rule, "*Protection of Human Subjects*" (http://www.access.gpo.gov/nara/cfr/waisidx_99/45cfr690_99.html).

711.2 NSF Regulation

NSF's Common Rule on Protection of Human Subjects is available on the NSF website at http://www.nsf.gov/bfa/dias/policy/docs/45cfr690.pdf. Guidance about the regulation is available at http://www.nsf.gov/bfa/dias/policy/guidance.htm#human.

711.3 Certification of Compliance

All projects involving human subjects must either (1) have approval from the organization's Institutional Review Board (IRB) before issuance of an NSF award or, (2) must affirm that the IRB or an appropriate knowledgeable authority previously designated by the organization (not the Principal Investigator) has declared the research exempt from IRB review, in accordance with the applicable subsection, as established in section 101(b) of the Common Rule.

The IRB must be formally approved as complying with the Common Rule in an "assurance" that is filed with any Federal agency participating in the Common Rule. Such assurances are most commonly filed with the Office of Human Research Protection, (http://ohrp.osophs.dhhs.gov/), Department of Health and Human Services (DHHS) or with NSF. Categories of research that are exempt from this requirement are described at 45 CFR §690.101(b). Required contents and procedures for approval of assurances are set forth at 45 CFR §690.103. Prospective grantees should contact the relevant Program Officer for more information.

712 Research Involving Recombinant DNA Molecules

712.1 Applicability

This section applies to all research, for which NSF research grant funds are used, that falls within the scope of the *Guidelines for Research Involving Recombinant DNA Molecules (NIH Guidelines*) (http://www4.od.nih.gov/oba/rac/guidelines/guidelines.html), as amended in January 2001, hereafter referred to as the "Guidelines".

712.2 Policy

NSF grantees performing research within the U.S. that falls within the scope of the Guidelines shall comply with the Guidelines, including the procedural requirements and any subsequent revisions as they are published in the Federal Register. Grantee responsibilities include:

a. Each organization involved in the conduct of NSF-supported recombinant DNA research subject to the Guidelines must have a standing Institutional Biosafety Committee (IBC) as specified in Section IV of the Guidelines.

b. Recombinant DNA research subject to the Guidelines must be registered with the IBC indicating compliance with the containment requirements specified in Part III of the Guidelines. IBCs are required to keep records of recombinant DNA research conducted at their organization in a form that is available to NSF upon request.

712.3 Research Requiring Prior Approval of the Director, NIH

In certain instances research should not be initiated or registered with IBCs prior to approval and determination of containment level by the Director, NIH. Normally such experiments are reviewed by the Recombinant DNA Advisory Committee before a decision is made by the Director, NIH. Such instances are:

a. research for which containment levels are not explicitly specified by the Guidelines;
b. research involving experiments prohibited by the Guidelines, i.e., requests for exceptions to the Guidelines; and
c. requests to perform experiments without regard to the containment specified in the Guidelines, i.e., exemptions from the Guidelines.

712.4 Recombinant DNA Research Outside the U.S.

Recombinant DNA research within the scope of the Guidelines that is performed outside of the U.S. using funds provided by NSF for transportation, salaries or direct research expenses must comply with the U.S. or host country standards. If the research is to be carried out in a country that has adopted guidelines comparable to those of the U.S., a document with information and endorsements assuring compliance to the host organization standards must be submitted to NSF. NSF funds may not be used to carry out research using recombinant DNA in a country that has not adopted national guidelines unless the research is in full compliance with the Guidelines and the procedures required for NSF-supported research within the U.S.

713 Animal Welfare Requirements

a. The grantee is responsible for the humane care and treatment of any vertebrate animal used or intended for use in such activities as field or laboratory research, development, training, experiments, biological testing or for related purposes supported by NSF grants.

b. Any grantee performing research on vertebrate animals[12] shall comply with the Animal Welfare Act [7 U.S.C. 2131 et seq.] and the regulations promulgated thereunder by the Secretary of Agriculture [9 CFR 1.1-4.11] pertaining to the humane care, handling, and treatment of vertebrate animals held or used for research, teaching or other activities supported by Federal awards. The awardee is expected to ensure that the guidelines described in the National Academy of Science (NAS) Publication, "*Guide for*

[12] In addition to vertebrate animals covered by the Animal Welfare Act, the requirements specified in this coverage also are extended to rats, birds and mice.

the Care and Use of Laboratory Animals" (1996) are followed and to comply with the *Public Health Service Policy and Government Principles Regarding the Care and Use of Animals* (included as Appendix D to the NAS Guide).

c. NSF proposal preparation requirements for projects involving the use of vertebrate animals are contained in the GPG Chapter II, Section C.II.d.

d. Prior to the issuance of an award for a project involving use of vertebrate animals, the project must be approved by an Institutional Animal Care and Use Committee (IACUC) established through a multi-project assurance with the Office of Laboratory Animal Welfare (OLAW) of the NIH, or else through a single-project assurance approved by the NSF.

e. During the life of the award, additional IACUC approval must be obtained if the protocols for use of vertebrate animals have been changed substantively from those originally proposed and approved, or if the previous approval is more than three years old. In the event the grantee's multi-project Assurance is cancelled or lapses, the grantee must immediately notify the NSF Grants Officer identified in the award.

f. Research facilities subject to the Animal Welfare Act using or intending to use live animals in research and who receive Federal funding are required to register the facility with the Animal and Plant Health Inspection Service (APHIS), U.S. Department of Agriculture. A current listing of licensed animal dealers may also be obtained from APHIS. The location of the nearest APHIS Regional Office, as well as information concerning this and other APHIS activities, may be obtained at <http://www.aphis.usda.gov/>.

g. Awards to U.S. grantees for projects involving the care or use of vertebrate animals at a foreign institution or foreign field site also require approval of research protocols by the U.S. grantee's IACUC. If the project is to be funded through an award to a foreign institution or through an individual fellowship award that will support activities at a foreign institution, NSF will require a statement of compliance that the activities will be conducted in accordance with all applicable laws in the foreign country and that the International Guiding Principles for Biomedical Research Involving Animals (see <http://www.cioms.ch/>) will be followed.

714 Marine Mammal Protection Act

The protection of marine mammals in research activities supported by NSF grants is the responsibility of the grantee. Proposals submitted to NSF in support of marine research activities must include a statement that the grantee will comply with the Marine Mammal Protection Act of 1972, (16 USC §§1361-1421h).

715 Government Permits and Activities Abroad

a. For awards that include activities requiring permits from appropriate Federal, state, or local government authorities, the awardee should obtain any required permits prior to undertaking the proposed activities.

b. The awardee should assure that activities carried on outside the U.S. are coordinated as necessary with appropriate U.S. and foreign government authorities and that necessary licenses, permits or approvals are obtained prior to undertaking proposed activities. NSF does not assume responsibility for awardee compliance with the laws and regulations of the country in which the work is to be conducted.

720 CONSTRUCTION, REARRANGEMENTS AND ALTERATIONS

721 Davis-Bacon Act

The Davis-Bacon Act (40 USC §§276a et seq.) establishes minimum wages to be paid to laborers and mechanics on construction contracts to which the U.S. is a party involving public buildings or public works within the U.S. A number of other statutes have extended this provision to specific Federal grant programs involving construction. However, unless specifically stated in the grant, the Davis-Bacon Act does not normally apply to NSF grants since grantees normally retain title to property acquired under the grant and the construction, if any, is normally on non-Government land.

722 Bonding and Insurance

The NSF Act (42 USC §1870c) provides NSF with authority to enter into grants, contracts or other agreements without performance or other bonds. Therefore, unless the grant specifically provides otherwise, NSF does not require performance or other bonds or insurance.

723 Flood Insurance

a. Two sections of the National Flood Insurance Act of 1968 (42 USC §4012a and §4106) bar Federal agencies from giving financial assistance for acquisition or construction purposes in any area identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards unless:

1. the community in which that area is located participates in the national flood insurance program; and
2. the building (and any related equipment) is covered by adequate flood insurance.

b. By electronically signing the NSF cover sheet, prospective grantees located in FEMA-designated special flood hazard areas certify that adequate flood insurance has been or will be obtained:

1. for NSF grants for the construction of a building or facility, regardless of the dollar amount of the grant; and
2. for other NSF grants when more than $10,000 has been budgeted in the proposal for repair, alteration or improvement of a building or facility.

c. Prospective grantees should contact their local government or a federally-insured financial institution to determine what areas are identified as having special flood hazards and the availability of flood insurance in their community.

724 Seismic Safety of Buildings

E.O. 12699 *Seismic Safety of Federal and Federally-assisted or Regulated New Building Construction* dated January 5, 1990, requires that consideration be given to seismic hazards in the design of buildings. Very seldom are NSF grantees involved with federally-assisted construction and rarely are new buildings involved. NSF ensures compliance with the Order through its grantees and grantee organizations by inclusion of a specific grant condition in any appropriate grant.

730 INTELLECTUAL PROPERTY

731 Patents and Inventions

731.1 Background

a. The disposition of rights to inventions made by small business firms and non-profit organizations, including universities and other institutions of higher education, during NSF-assisted research is governed by Chapter 18 of Title 35 of the USC, commonly called the Bayh-Dole Act. In accordance with a Presidential Memorandum entitled *Government Patent Policy* issued on February 18, 1983 and under the authority of Section 12 of the National Science Foundation Act of 1950, as amended (42 USC §1871), NSF applies the policies of that Act to all its grantees. The Department of Commerce (DOC) is the lead agency for implementing the Bayh-Dole Act and has published guidance to Federal agencies in 37 CFR §401. NSF's implementing rules are published in 45 CFR §650.

b. NSF's standard Patent Rights clause, published at 45 CFR §650.4(a) and below at GPM 731.3, "Standard Patent Rights Clause" is identical to that prescribed in the DOC guidance (37 CFR §401.14(a)) except that:

1. NSF has tailored the clause to apply to grants and to identify NSF;
2. pursuant to section 401.5(d) of the DOC guidance (37 CFR §401.5(d)), NSF has added to paragraph b. of the clause a stipulation that NSF reserves the right to direct a grantee to transfer to a foreign government or research performer such rights to any subject invention as are required to comply with any international treaty or agreement identified when the grant is made as being applicable to the assisted research;

3. as permitted by section 401.5(f) of the DOC guidance (37 CFR §401.5(f)), NSF has added a subparagraph to the end of paragraph f. of the clause to require grantees or their representatives to send NSF confirmations of the Government licenses for subject inventions and of the page of any United States patent application that contains the Federal support clause; and
4. since NSF normally uses the same clause for all subcontractors, the first two subparagraphs of paragraph g. of the clause specified in the DOC guidance have been reduced to one.

731.2 National Science Foundation Patent Policy

As authorized by the National Science Board (NSB), the Director of the NSF has adopted the following NSF patent policy.

a. In accordance with the Bayh-Dole Act and the Presidential Memorandum entitled *Government Patent Policy* issued February 18, 1983, NSF will use the Patent Rights clause prescribed by DOC in all its funding agreements for the performance of experimental, developmental or research work, including grants made to foreign entities, unless NSF determines that some other provision would better serve the purposes of that Act or the interests of the U.S. and the general public.

b. In funding agreements covered by a treaty or agreement that provide that an international organization or foreign government, research institute or inventor will own or share patent rights, NSF will acquire such patent rights as are necessary to comply with the applicable treaty or agreement.

c. If a grantee elects not to retain rights to an invention, NSF will allow the inventor to retain the principal patent rights unless the grantee, or the inventor's employer, if other than the grantee, shows that it would be harmed by that action.

d. NSF will normally allow any patent rights not wanted by the grantee or inventor to be dedicated to the public through publication in scientific or engineering journals or as a statutory invention registration. However, if another Federal agency is known to be interested in the relevant technology, NSF may give it an opportunity to review and patent the invention so long as that does not inhibit the dissemination of the research results to the research community.

731.3 Standard Patent Rights Clause

The following Patent Rights clause will be used in every funding agreement awarded by NSF that relates to scientific or engineering research unless a special patent clause has been negotiated (see GPM 733.1, "Special Grant Provisions"). When the clause is used in a funding agreement other than a grant, "grant" and "grantee" may be replaced by "cooperative agreement" and "awardee" or other appropriate terms.

PATENT RIGHTS (APRIL, 1992)

a. Definitions.

1. INVENTION means any invention or discovery which is or may be patentable or otherwise protectable under Title 35 of the USC, to any novel variety of plant which is or may be protected under the Plant Variety Protection Act (7 USC §§2321 et seq.).

2. SUBJECT INVENTION means any invention of the grantee conceived or first actually reduced to practice in the performance of work under this grant, provided that in the case of a variety of plant, the date of determination (as defined in section 41(d)) must also occur during the period of grant performance.

3. PRACTICAL APPLICATION means to manufacture in the case of a composition or product, to practice in the case of a process or method, or to operate in the case of a machine or system; and, in each case, under such conditions as to establish that the invention is being utilized and that its benefits are to the extent permitted by law or Government regulations available to the public on reasonable terms.

4. MADE when used in relation to any invention means the conception or first actual reduction to practice of such invention.

5. NON-PROFIT ORGANIZATION means a domestic university or other institution of higher education or an organization of the type described in Section 501(c)(3) of the Internal Revenue Code of 1954 (26 USC §501(c)) and exempt from taxation under Section 501(a) of the Internal Revenue Code (26 USC §501(a)) or any domestic non-profit scientific or educational organization qualified under a State non-profit organization statute.

b. Allocation of Principal Rights. The grantee may retain the entire right, title, and interest throughout the world to each subject invention subject to the provisions of this Patent Rights clause and 35 USC §203. With respect to any subject invention in which the grantee retains title, the Federal Government shall have a non-exclusive, nontransferable, irrevocable, paid-up license to practice or have practiced for or on behalf of the U.S. the subject invention throughout the world. If the grant indicates it is subject to an identified international agreement or treaty, the National Science Foundation (NSF) also has the right to direct the grantee to convey to any foreign participant such patent rights to subject inventions as are required to comply with that agreement or treaty.

c. Invention Disclosure, Election of Title and Filing of Patent Applications by Grantee.

1. The grantee will disclose each subject invention to NSF within two months after the inventor discloses it in writing to grantee personnel responsible for the administration of patent matters. The disclosure to NSF shall be in the form of a written report and shall identify the grant under which the invention was made and the inventor(s). It shall be sufficiently complete in technical detail to convey a clear understanding of the nature, purpose, operation, and, to the extent known, the physical, chemical, biological or electrical characteristics of the invention. The disclosure shall

also identify any publication, on sale or public use of the invention and whether a manuscript describing the invention has been submitted for publication and, if so, whether it has been accepted for publication at the time of disclosure. In addition, after disclosure to NSF, the grantee will promptly notify NSF of the acceptance of any manuscript describing the invention for publication or of any on sale or public use planned by the grantee.

2. The grantee will elect in writing whether or not to retain title to any such invention by notifying NSF within two years of disclosure to NSF. However, in any case where publication, on sale, or public use has initiated the one-year statutory period wherein valid patent protection can still be obtained in the U.S., the period for election of title may be shortened by NSF to a date that is no more than 60 days prior to the end of the statutory period.

3. The grantee will file its initial patent application on an invention to which it elects to retain title within one year after election of title or, if earlier, prior to the end of any statutory period wherein valid patent protection can be obtained in the U.S. after a publication, on sale, or public use. The grantee will file patent applications in additional countries or international patent offices within either ten months of the corresponding initial patent application, or six months from the date when permission is granted by the Commissioner of Patents and Trademarks to file foreign patent applications when such filing has been prohibited by a Secrecy Order.

4. Requests for extension of the time for disclosure to NSF, election, and filing under subparagraphs 1., 2., and 3. may, at the discretion of NSF, be granted.

d. Conditions When the Government May Obtain Title. The grantee will convey to NSF, upon written request, title to any subject invention:

1. if the grantee fails to disclose or elect the subject invention within the times specified in paragraph c. above, or elects not to retain title; provided that NSF may only request title within 60 days after learning of the failure of the grantee to disclose or elect within the specified times;

2. in those countries in which the grantee fails to file patent applications within the times specified in paragraph c. above, but prior to its receipt of the written request of NSF, the grantee shall continue to retain title in that country; or

3. in any country in which the grantee decides not to continue the prosecution of any application for, to pay the maintenance fees on, or defend in a reexamination or opposition proceeding on, a patent on a subject invention.

e. Minimum Rights to Grantee.

1. The grantee will retain a non-exclusive royalty-free license throughout the world in each subject invention to which the Government obtains title, except if the grantee fails to disclose the subject invention within the times specified in paragraph c. above. The grantee's license extends to its domestic subsidiaries and affiliates, if any, within the corporate structure of which the grantee is a party and includes the right to grant sublicenses of the same scope to the extent the grantee was legally obligated to do so at the time the grant was awarded. The license is transferable only with the approval

of NSF except when transferred to the successor of that part of the grantee's business to which the invention pertains.

2. The grantee's domestic license may be revoked or modified by NSF to the extent necessary to achieve expeditious practical application of the subject invention pursuant to an application for an exclusive license submitted in accordance with applicable provisions at 37 CFR §404. This license will not be revoked in that field of use or the geographical areas in which the grantee has achieved practical application and continues to make the benefits of the invention reasonably accessible to the public. The license in any foreign country may be revoked or modified at discretion of NSF to the extent the grantee, its licensees, or its domestic subsidiaries or affiliates have failed to achieve practical application in that foreign country.

3. Before revocation or modification of the license, NSF will furnish the grantee a written notice of its intention to revoke or modify the license, and the grantee will be allowed thirty days (or such other time as may be authorized by NSF for good cause shown by the grantee) after the notice to show cause why the license should not be revoked or modified. The grantee has the right to appeal, in accordance with applicable regulations in 37 CFR §404 concerning the licensing of Government-owned inventions, any decision concerning the revocation or modification of its license.

f. Grantee Action to Protect Government's Interest.

1. The grantee agrees to execute or to have executed and promptly deliver to NSF all instruments necessary to: (i) establish or confirm the rights the Government has throughout the world in those subject inventions for which the grantee retains title; and (ii) convey title to NSF when requested under paragraph d. above, and to enable the Government to obtain patent protection throughout the world in that subject invention.

2. The grantee agrees to require, by written agreement, its employees, other than clerical and non-technical employees, to disclose promptly in writing to personnel identified as responsible for the administration of patent matters and in a format suggested by the grantee each subject invention made under this grant in order that the grantee can comply with the disclosure provisions of paragraph c. above, and to execute all papers necessary to file patent applications on subject inventions and to establish the Government's rights in the subject inventions. The disclosure format should require, as a minimum, the information requested by paragraph c.1. above. The grantee shall instruct such employees through the employee agreements or other suitable educational programs on the importance of reporting inventions in sufficient time to permit the filing of patent applications prior to U.S. or foreign statutory bars.

3. The grantee will notify NSF of any decision not to continue prosecution of a patent application, pay maintenance fees, or defend in a reexamination or opposition proceeding on a patent, in any country, not less than 30 days before the expiration of the response period required by the relevant patent office.

4. The grantee agrees to include, within the specification of any U.S. patent application and any patent issuing thereon covering a subject invention, the following statement: "This invention was made with Government support under (identify the grant) awarded by the National Science Foundation. The Government has certain rights in this invention."

5. The grantee or its representative will complete, execute and forward to NSF a confirmation of a License to the U.S. Government and the page of a United States patent application that contains the Federal support clause within two months of filing any domestic or foreign patent application.

g. Subcontracts.

1. The grantee will include this Patent Rights clause, suitably modified to identify the parties, in all subcontracts, regardless of tier, for experimental, developmental or research work. The subcontractor will retain all rights provided for the grantee in this Patent Rights clause, and the grantee will not, as part of the consideration for awarding the subcontract, obtain rights in the subcontractors' subject inventions.

2. In the case of subcontracts, at any tier, when the prime award by NSF was a contract (but not a grant or cooperative agreement), NSF, subcontractor, and contractor agree that the mutual obligations of the parties created by this Patent Rights clause constitute a contract between the subcontractor and the Foundation with respect to those matters covered by this Patent Rights clause.

h. Reporting on Utilization of Subject Inventions. The grantee agrees to submit on request periodic reports no more frequently than annually on the utilization of a subject invention or on efforts at obtaining such utilization that are being made by the grantee or its licensees or assignees. Such reports shall include information regarding the status of development, date of first commercial sale or use, gross royalties received by the grantee and such other data and information as NSF may reasonably specify. The grantee also agrees to provide additional reports in connection with any march-in proceeding undertaken by NSF in accordance with paragraph j. of this Patent Rights clause. As required by 35 USC §202(c)(5), NSF agrees it will not disclose such information to persons outside the Government without the permission of the grantee.

i. Preference for United States Industry. Notwithstanding any other provision of this Patent Rights clause, the grantee agrees that neither it nor any assignee will grant to any person the exclusive right to use or sell any subject invention in the U.S. unless such person agrees that any products embodying the subject invention or produced through the use of the subject invention will be manufactured substantially in the U.S. However, in individual cases, the requirement for such an agreement may be waived by NSF upon a showing by the grantee or its assignee that reasonable but unsuccessful efforts have been made to grant licenses on similar terms to potential licensees that would be likely to manufacture substantially in the U.S. or that under the circumstances domestic manufacture is not commercially feasible.

j. March-in Rights. The grantee agrees that with respect to any subject invention in which it has acquired title, NSF has the right in accordance with procedures at 37 CFR §401.6 and NSF regulations at 45 CFR §650.13 to require the grantee, an assignee or exclusive licensee of a subject invention to grant a non-exclusive, partially exclusive, or exclusive license in any field of use to a responsible applicant or applicants, upon terms that are reasonable under the circumstances and if the grantee, assignee, or exclusive

licensee refuses such a request, NSF has the right to grant such a license itself if NSF determines that:

1. such action is necessary because the grantee or assignee has not taken or is not expected to take within a reasonable time, effective steps to achieve practical application of the subject invention in such field of use;
2. such action is necessary to alleviate health or safety needs which are not reasonably satisfied by the grantee, assignee, or their licensees;
3. such action is necessary to meet requirements for public use specified by Federal regulations and such requirements are not reasonably satisfied by the grantee, assignee, or licensee; or
4. such action is necessary because the agreement required by paragraph i. of this Patent Rights clause has not been obtained or waived or because a licensee of the exclusive right to use or sell any subject invention in the U.S. is in breach of such agreement.

k. Special Provisions for Grants with Non-profit Organizations. If the grantee is a non-profit organization, it agrees that:

1. rights to a subject invention in the U.S. may not be assigned without the approval of NSF, except where such assignment is made to an organization which has as one of its primary functions the management of inventions, provided that such assignee will be subject to the same provisions as the grantee;
2. the grantee will share royalties collected on a subject invention with the inventor, including Federal employee co-inventors (when NSF deems it appropriate) when the subject invention is assigned in accordance with 35 USC §202(e) and 37 CFR §401.10;
3. the balance of any royalties or income earned by the grantee with respect to subject inventions, after payment of expenses (including payments to inventors) incidental to the administration of subject inventions, will be utilized for the support of scientific or engineering research or education; and
4. it will make efforts that are reasonable under the circumstances to attract licensees of subject inventions that are small business firms and that it will give preference to a small business firm if the grantee determines that the small business firm has a plan or proposal for marketing the invention which, if executed, is equally likely to bring the invention to practical application as any plans or proposals from applicants that are not small business firms; provided that the grantee is also satisfied that the small business firm has the capability and resources to carry out its plan or proposal. The decision whether to give a preference in any specific case will be at the discretion of the grantee. However, the grantee agrees that the Secretary of Commerce may review the grantee's licensing program and decisions regarding small business applicants, and the grantee will negotiate changes to its licensing policies, procedures or practices with the Secretary when the Secretary's review discloses that the grantee could take reasonable steps to implement more effectively the requirements of this paragraph k.4.

l. Communications. All communications required by this Patent Rights clause should be sent to:

Patent Assistant
Office of the General Counsel
National Science Foundation
4201 Wilson Boulevard
Arlington, VA 22230

[END OF CLAUSE]

731.4 Electronic Invention Handling

Grantees are encouraged to use the Edison Invention Information Management System maintained by the National Institutes of Health to disclose NSF subject inventions. Detailed instructions for use of that system are provided at http://era.info.nih.gov/Edison/ and should be followed for NSF subject inventions except that:

a. All written communications required should be addressed to the Patent Assistant, Office of the General Counsel, National Science Foundation, 4201 Wilson Boulevard, Arlington, VA 22230.

b. NSF does not require either an Annual Utilization Report or a Final Invention Statement and Certification.

732 Copyright

732.1 Rights to Copyrightable Material

The following principles governing the treatment of copyrightable material produced under NSF grants were adopted by the NSB.

a. NSF normally will acquire only such rights to copyrightable material as are needed to achieve its purposes or to comply with the requirements of any applicable government-wide policy or international agreement.

b. To preserve incentives for private dissemination and development, NSF normally will not restrict, or take any part of income earned from, copyrightable material except as necessary to comply with the requirements of any applicable government-wide policy or international agreement.

c. In exceptional circumstances, NSF may restrict or eliminate an awardee's control of NSF-supported copyrightable material and of income earned from it, if NSF determines that this would best serve the purposes of a particular program or grant.

732.2 Standard Copyrightable Material Clause

The following copyrightable material clause will be used in every funding agreement awarded by NSF that relates to scientific or engineering research unless a special copyrightable material clause has been negotiated. (See GPM 733.1, "Special Grant Provisions," and GPM 733.2, "Grants Not Primarily for Research.") When the clause is used in a funding agreement other than a grant, "grant" and "grantee" may be replaced by "cooperative agreement" and "awardee" or other appropriate terms.

COPYRIGHTABLE MATERIAL

a. SUBJECT WRITING means any material that:

1. is or may be copyrightable under Title 17 of the United States Code; and
2. is produced by the grantee or its employees in the performance of work under this grant.

"Subject writings" include such items as reports, books, journal articles, software, sound recordings, video tapes and video discs.

b. Copyright Ownership, Government License. Except as otherwise specified in the grant or by this paragraph, the grantee may own or permit others to own copyright in all subject writings. The grantee agrees that if it or anyone else does own copyright in a subject writing, the Federal government will have a non-exclusive, nontransferable, irrevocable, royalty-free license to exercise or have exercised for or on behalf of the U.S. throughout the world all the exclusive rights provided by copyright. Such license, however, will not include the right to sell copies or photorecords of the copyrighted works to the public.

c. Grants Affected by International Agreements. If the grant indicates it is subject to an identified international agreement or treaty, NSF can direct the grantee to convey to any foreign participant or otherwise dispose of such rights to subject writings as are required to comply with that agreement or treaty.

d. Grantee Action to Protect Government Interests. The grantee agrees to acquire, through written agreement or an employee relationship, the ability to comply with the requirements of the preceding paragraphs and, in particular, to acquire the ability to convey rights in a subject writing to a foreign participant if directed by NSF under the previous paragraph. The grantee further agrees that any transfer of copyright or any other rights to a subject writing, by it or anyone whom it has allowed to own such rights, will be made subject to the requirements of this article.

[END OF CLAUSE]

733 Special Patent and Copyright Situations

733.1 Special Grant Provisions

At the request of the prospective grantee or on recommendation from NSF staff, a Grants Officer, with the concurrence of the cognizant Program Officer, may negotiate special patent or copyright provisions when he/she determines that exceptional circumstances require restriction or elimination of the right of a prospective grantee to control principal rights to subject inventions or writings in order to better achieve the objectives of the program, the National Science Foundation Act, or (in the case of inventions) Chapter 18 of Title 35 of the USC. Every special copyright or patent provision will allow the grantee, after an invention has been made or copyrightable material created, to request that it be allowed to retain principal rights to that invention or material, unless doing so would be inconsistent with an obligation imposed on NSF by statute, international agreement or pact with other participants in, or supporters of, the research.

733.2 Grants Not Primarily for Research

a. Grants not primarily intended to support scientific or engineering research generally do not contain patent or copyrightable material provisions. Examples of such grants are travel, conference and equipment grants.

b. NSF Fellowships and Traineeships. In accordance with Section 212 of Title 35 of the USC, NSF claims no rights to inventions made by fellows or trainees. The following provision will be included in each fellowship or traineeship program solicitation and made part of the grant:

INTELLECTUAL PROPERTY RIGHTS

The National Science Foundation claims no rights to any inventions or writings that might result from its fellowship or traineeship grants. However, fellows and trainees should be aware that the NSF, another Federal agency, or some private party may acquire such rights through other support for particular research. Also, fellows and trainees should note their obligation to include an Acknowledgment and Disclaimer in any publication.

[END OF PROVISION]

733.3 Grants Affected by International Agreements

a. Many of the bilateral and multilateral treaties and agreements underlying NSF's international cooperative research programs contain provisions on allocation of rights to inventions or writings. These sometimes require an allocation of rights different from that provided by the standard Copyrightable Material or Patent Rights clauses. In those cases, the standard clauses will be modified through the addition of the following to the grant:

"This project is supported under the cooperative program listed below. Your rights in inventions, writings, and data may be affected."

The applicable agreement or treaty will be identified immediately beneath that sentence.

b. After an invention is disclosed to the Patent Assistant, the grantee of a grant subject to an international agreement will be informed as to what rights, if any, it must transfer to foreign participants. Grantees also may ask the NSF Program Officer for copies of the identified international agreement before or after accepting a grant.

734 Dissemination and Sharing of Research Results

a. Investigators are expected to promptly prepare and submit for publication, with authorship that accurately reflects the contributions of those involved, all significant findings from work conducted under NSF grants. Grantees are expected to permit and encourage such publication by those actually performing that work, unless a grantee intends to publish or disseminate such findings itself.

b. Investigators are expected to share with other researchers, at no more than incremental cost and within a reasonable time, the primary data, samples, physical collections and other supporting materials created or gathered in the course of work under NSF grants. Grantees are expected to encourage and facilitate such sharing. Privileged or confidential information should be released only in a form that protects the privacy of individuals and subjects involved. General adjustments and, where essential, exceptions to this sharing expectation may be specified by the funding NSF Program or Division for a particular field or discipline to safeguard the rights of individuals and subjects, the validity of results, or the integrity of collections or to accommodate the legitimate interest of investigators. A grantee or investigator also may request a particular adjustment or exception from the cognizant NSF Program Officer.

c. Investigators and grantees are encouraged to share software and inventions created under the grant or otherwise make them or their products widely available and usable.

d. NSF normally allows grantees to retain principal legal rights to intellectual property developed under NSF grants to provide incentives for development and dissemination of inventions, software and publications that can enhance their usefulness, accessibility and upkeep. Such incentives do not, however, reduce the responsibility that investigators and organizations have as members of the scientific and engineering community, to make results, data and collections available to other researchers.

735 Tangible Property

735.1 Background

Some NSF grants support collection or creation of tangible property, such as insects, marine life, drilling core samples and genetically-altered micro-organisms. As used in this section "tangible property" means any personal property other than equipment (see GPM 612, "Equipment"), and intellectual property.

735.2 Legal Rights to Tangible Property

Unless otherwise provided in the grant, all legal rights to tangible property collected or created during NSF-assisted research remain with the grantee or investigators as determined by the policies of the organization. As members of the scientific and engineering community, both grantees and investigators are responsible for making such tangible property appropriately available to other researchers.

740 PUBLICATION / DISTRIBUTION OF GRANT MATERIALS

741 NSF Policy

NSF advocates and encourages open scientific and engineering communication. NSF expects significant findings from research it supports to be promptly submitted for publication, with authorship that accurately reflects the contributions of those involved.

742 Costs

Cost of documenting, preparing, publishing, disseminating and sharing research findings and supporting material are allowable charges against the grant. (See GPM 617 "Publication, Documentation, and Dissemination".)

743 Responsibilities

Unless otherwise provided in the grant, preparation, content, editing, identification of authorship and submission for publication of significant research findings are the responsibility of the investigators, consistent with such policies and procedures as the grantee may prescribe.

744 Grantee Obligations

a. Acknowledgement of Support. Unless otherwise provided in the grant, the grantee is responsible for assuring that an acknowledgment of NSF support is made:

1. in any publication (including World Wide Web pages) of any material based on or developed under this project, in the following terms:

"This material is based upon work supported by the National Science Foundation under Grant No. (NSF grant number)."

2. NSF support also must be orally acknowledged during all news media interviews, including popular media such as radio, television and news magazines.

b. Disclaimer. The awardee is responsible for assuring that every publication of material (including World Wide Web pages) based on or developed under this award, except scientific articles or papers appearing in scientific, technical or professional journals, contains the following disclaimer:

> "Any opinions, findings, and conclusions or recommendations expressed in this material are those of the author(s) and do not necessarily reflect the views of the National Science Foundation."

c. Copies for NSF. The grantee is responsible for assuring that the cognizant NSF Program Officer is provided access to, either electronically or in paper form, a copy of every publication of material based on or developed under this award, clearly labeled with the award number and other appropriate identifying information, promptly after publication.

d. Grantees should also note their obligations in regard to copyrights (see GPM 732, "Copyright") and their responsibilities as members of the scientific and engineering community to disseminate and share research results (see GPM 734, "Dissemination and Sharing of Research Results").

750 PROGRAM INCOME

751 Background

The following provisions implement the applicable portions of OMB Circular A-110 on program income as well as the principle on income from copyrightable material adopted by the NSB (GPM 732.1, "Rights to Copyrightable Material").

752 Definition

PROGRAM INCOME means gross income earned by the grantee that is directly generated by a supported activity or earned as a result of the grant. Program income includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property acquired under the grant, the sale of commodities or items fabricated under the grant, license fees for, and royalties on, copyrights and interest on loans made with grant funds. Interest earned on advances of Federal funds is not program income. Program income does not include the receipt of principal on loans, rebates, credits, discounts, etc., or interest earned on any of them.

753 NSF Policy

a. Standard Treatment. Unless otherwise specified in the grant, program income received or accruing to the grantee during the period of the grant is to be retained by the grantee, added to the funds committed to the project by NSF, and thus used to further project objectives. The grantee has no obligation to NSF with respect to: 1) license fees and royalties for copyrighted material, patents, patent applications, trademarks and inventions; or 2) program income received beyond the period of the grant.

b. Special Treatment. In exceptional circumstances, the NSF Grants Officer, in collaboration with Program Officers and other appropriate NSF offices, may approve use of a special grant provision to restrict or eliminate a grantee's control of income earned through NSF-supported activities if it determines that this would best serve the purposes of a particular program or grant. The special provisions may require the Federal share of program income be kept in a separate account, reported on and/or remitted for such periods as may be reasonable under the circumstances.

760 INTERNATIONAL CONSIDERATIONS

761 Travel to Foreign Countries

761.1 Policy

a. Expenses for transportation, lodging, subsistence and related items incurred by project personnel and by outside consultants employed on the project (GPM 614, "Travel Costs") who are on travel status on business related to an NSF-supported project are allowable as prescribed in the governing cost principles. The requirements for prior approval detailed in the governing cost principles are waived.

b. Support for the foreign travel of an investigator's dependents is allowable only under the conditions identified in GPM 614, "Travel Costs".

761.2 Use of U.S.-Flag Air Carriers

a. The General Services Administration issued an amendment to the Federal Travel Regulations in the November 13, 1998 edition of the Federal Register (Vol. 63, No. 219). The amendment relates to the use of U.S. flag air carriers under the provisions of 49 U.S.C. 40118, which is commonly referred to as the Fly America Act.

b. Any air transportation to, from, between or within a country other than the U.S. of persons or property, the expense of which will be assisted by NSF funding, must be performed by, or under a code-sharing arrangement with, a U.S.-flag air carrier if service provided by such a carrier is "available" (see Comp. Gen. Decision B-240956, dated September 25, 1991). Tickets (or documentation for electronic tickets) must identify the U.S.-flag air carrier's designator code and flight number.

c. For the purposes of this requirement, U.S.-flag air carrier service is considered "available" even though:

1. comparable or a different kind of service can be provided at less cost by a foreign-flag air carrier;
2. foreign-flag air carrier service is preferred by or is more convenient for NSF or traveler; or
3. service by a foreign-flag air carrier can be paid for in excess foreign currency.

d. The following rules apply unless their application would result in the first or last leg of travel from or to the U.S. being performed by a foreign-flag air carrier:

1. a U.S.-flag air carrier shall be used to destination or, in the absence of direct or through service, to the farthest interchange point on a usually traveled route;
2. if a U.S.-flag air carrier does not serve an origin or interchange point, a foreign-flag air carrier shall be used only to the nearest interchange point on a usually traveled route to connect with a U.S.-flag air carrier; or
3. if a U.S.-flag air carrier involuntarily reroutes the traveler via a foreign-flag carrier, the foreign-flag air carrier may be used notwithstanding the availability of alternative U.S.-flag air carrier service.

761.3 Use of Foreign-Flag Air Carriers

a. Travel To and From the U.S. Use of a foreign-flag air carrier is permissible if the airport abroad is:

1. the traveler's origin or destination airport, and use of U.S.-flag air carrier service would extend the time in a travel status by at least 24 hours more than travel by a foreign-flag carrier; or
2. an interchange point, and use of U.S.-flag air carrier service would increase the number of aircraft changes the traveler must make outside of the U.S. by 2 or more, would require the traveler to wait four hours or more to make connections at that point, or would extend the time in a travel status by at least six hours more than travel by a foreign-flag air carrier.

b. Travel Between Points Outside the U.S. Use of a foreign-flag air carrier is permissible if travel by a:

1. foreign-flag air carrier would eliminate two or more aircraft changes en route;
2. U.S.-flag air carrier would extend the time in a travel status by at least four hours more than travel by a foreign-flag air carrier and the travel is not part of the trip to or from the U.S.; or

3. U.S.-flag air carrier would require a connecting time of four hours or more at an overseas interchange point.

c. Short Distance Travel. For all short distance travel, regardless of origin and destination, use of a foreign-flag air carrier is permissible if the elapsed travel time on a scheduled flight from origin to destination airport by a foreign-flag air carrier is three hours or less and service by a U.S.-flag air carrier would double the travel time.

762 Charter Flights

Because of the risk of catastrophic loss, NSF does not encourage the use of charter flights as a means of mass transportation for groups of scientists and engineers nor does it make arrangements for purchase of charter flight airline tickets.

763 Projects in a Foreign Country

a. For awards that include activities requiring permits from appropriate Federal, state, or local government authorities, the grantee should obtain any required permits prior to undertaking the proposed activities.

b. The grantee must comply with the laws and regulations of any foreign country in which research is to be conducted. Areas of potential concern include: (1) requirements for advance approval to conduct research or surveys; (2) special arrangements for the participation of foreign scientists and engineers; and (3) special visas for persons engaged in research or studies. NSF does not assume responsibility for grantee compliance with the laws and regulations of the country in which the work is to be conducted.

c. The grantee also should assure that activities carried on outside the U.S. are coordinated as necessary with appropriate U.S. and foreign government authorities and that necessary licenses, permits or approvals are obtained prior to undertaking the proposed activities.

d. NSF-Supported Activities in Greenland. All research projects in Greenland must be approved in advance by the Government of Denmark. Applications for projects in which U.S. citizens and U.S. nationals are involved in any way (logistical, operational and/or financial support) shall be submitted to the Danish Government through diplomatic channels (i.e., through the U.S. Department of State and the American Embassy, Copenhagen) to the Danish Ministry of Foreign Affairs. Application forms, deadline dates and instructions are available from the Director, Office of Polar Programs, National Science Foundation, 4201 Wilson Boulevard, Arlington, VA 22230.

764 Passports and Visas

NSF assumes no responsibility for securing passports or visas required by any person because of participation in an NSF-supported project. It should be noted that some countries that normally do not require visas for tourists do require special visas for scientists and engineers engaged in research or studies.

765 International Travel Grants

Funding Limitations. Funds for international travel grants will normally not exceed the cost of a round-trip, economy class airline ticket between the approved points of origin and destination. Group travel grants awarded to a university, professional society or other non-profit organization to enable it to coordinate U.S. participation in one or more scientific or engineering meetings held abroad may include a flat rate of $50 per traveler for the general administration of this type of project. NSF international travel grants may not be supplemented by funds from any other NSF grant or fellowship.

Exhibit VII-1

NATIONAL SCIENCE FOUNDATION
ARLINGTON, VA 22230

ASSURANCE OF COMPLIANCE
with
NATIONAL SCIENCE FOUNDATION REGULATION
UNDER TITLE VI OF THE CIVIL RIGHTS ACT OF 1964

_____ (hereinafter called the "Applicant") HEREBY AGREES THAT it will comply with Title VI of the Civil Rights Act of 1964 (42 USC §2000d) and all requirements imposed by or pursuant to the Regulation of the National Science Foundation (45 CFR Part 611) issued pursuant to that title, to the end that, in accordance with Title VI of that Act and the Regulation, no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the Applicant receives Federal financial assistance from the Foundation; and HEREBY GIVES ASSURANCE THAT it will immediately take any measures necessary to effectuate this agreement.

If any real property or structure thereon is provided or improved with the aid of Federal financial assistance extended to the Applicant by the Foundation, this Assurance shall obligate the Applicant, or in the case of any transfer of such property, any transferee, for the period during which the real property or structure is used for a purpose for which the Federal financial assistance is extended or for another purpose involving the provision of similar services or benefits. If any personal property is so provided, this Assurance shall obligate the Applicant for the period during which it retains ownership or possession of the property. In all other cases, this Assurance shall obligate the Applicant for the period during which the Federal financial assistance is extended to it by the Foundation.

THIS ASSURANCE is given in consideration of and for the purpose of obtaining any and all Federal grants, cooperative agreements, loans, contracts, property, discounts or other Federal financial assistance extended after the date hereof to the Applicant by the Foundation, including installment payments after such date on account of applications for Federal financial assistance which were approved before such date. The Applicant recognizes and agrees that such Federal financial assistance will be extended in reliance on the representations and agreements made in this Assurance, and that the United States shall have the right to seek judicial enforcement of this Assurance. This Assurance is binding on the Applicant, its successors, transferees, and assignees.

PLEASE TYPE OR PRINT

_____
NAME OF APPLICANT, STREET ADDRESS OR P.O. BOX, CITY , STATE, ZIP CODE

_____
I CERTIFY THAT THE ABOVE INFORMATION IS COMPLETE AND CORRECT TO THE BEST OF MY KNOWLEDGE

_____
SIGNATURE AND TITLE OF AUTHORIZED OFFICIAL **DATE**

CHAPTER VIII
OTHER PROPOSAL AND AWARD CONSIDERATIONS

The chapter discusses other proposal and award considerations not addressed in the preceding chapters. Topics covered are:

800 INTERGOVERNMENTAL REVIEW OF FEDERAL PROGRAMS
810 HANDLING OF INFORMATION
820 TAX STATUS
830 ENVIRONMENTAL IMPACT
840 PROTECTION OF PROPERTIES IN THE NATIONAL REGISTER OF HISTORIC PLACES
850 NATIONAL SECURITY
860 MISCELLANEOUS (INCLUDING LIABILITIES AND LOSSES, PRE-COLLEGE STUDENTS AND EXPERIMENTAL CURRICULUM DEVELOPMENT PROJECTS AND USE OF METRIC MEASUREMENTS)

800 INTERGOVERNMENTAL REVIEW OF FEDERAL PROGRAMS

a. The Foundation's regulation on Intergovernmental Review of National Science Foundation Programs and Activities is published in 45 CFR Part 660.

b. The Federal Assistance Award Data System (FAADS) http://www.census.gov/govs/www/faads.html notifies the States of Federal assistance awards. FAADS is a computer-based management information system that provides information on assistance awards, including NSF grants, on a quarterly basis. These reports are distributed to the States, and meet the objective of 6502 of Title 31 of the USC.

810 HANDLING OF INFORMATION

811 Questionnaires: Data Collection Under NSF Grants

811.1 Paperwork Control

Under the OMB regulation, *Controlling Paperwork Burdens on the Public* (5 CFR §1320), a grantee's obtaining of information from ten or more persons by means of identical questions is considered to be "sponsored" by NSF only if:

a. the grantee is collecting the information at the specific request of NSF; or

b. the terms of the grant require specific approval by NSF of the collection or its procedures. If either of these conditions is met, OMB approval of the data collection is generally required and grantees should obtain the necessary control number from the cognizant NSF Program Officer.

811.2 NSF Policy

Data collection activities of NSF grantees are the responsibility of grantees, and NSF support of a project does not constitute NSF approval of the survey design, questionnaire content or data collection procedures. No representation may be made to respondents that such data are being collected for, or in association with, NSF or the government. However, this requirement is not intended to preclude mention of NSF support of the project in response to an inquiry or acknowledgment of such support in any publication of this data (see GPM 744, "Grantee Obligations").

812 Release of Information by NSF

812.1 Press Releases

Grants for projects which appear to be of special interest to the general public may be made the subject of an NSF or joint NSF/grantee organization press release to the news media. (See GPM 622, "News Release Costs.")

812.2 Open Government Legislation

a. Pursuant to the Freedom of Information Act (FOIA) (5 USC §552), NSF will provide agency records, with certain exceptions, if the request is in writing, includes the requester's name and mailing address, is clearly identified as a FOIA request, and describes the records sought with sufficient specificity to permit identification. The requester must also agree to pay fees that are chargeable under the NSF regulations. Detailed procedures are contained in 45 CFR §612. Further information is available at http://www.nsf.gov/policies/foia.jsp.

b. The Government in the Sunshine Act (5 USC §552b) requires that all meetings of the National Science Board be open to public observation unless the subject falls within one of ten exemptions. NSF's Sunshine Act regulations are contained in 45 CFR §614. The Sunshine Act and the FOIA cited above, may require NSF to release to the public information, correspondence and documents received by NSF from grantees, unless they fall within the Acts' limited exceptions.

812.3 Release of Project Reports

NSF expects significant findings from research it supports to be promptly submitted for publication. To the extent permitted by law, NSF will honor requests from grantees that release of Annual and Final Project Reports be delayed to permit orderly dissemination of significant findings through refereed channels. Unless such a request is received or material is marked as proprietary, such reports may be made available to others without notice to the grantee. Information, the disclosure of which might invade personal privacy, will be redacted before release.

820 TAX STATUS

Determination of the tax status of an organization or person receiving compensation in any form as a result of an NSF grant is the responsibility of the IRS, State and local tax authorities and the courts.

830 ENVIRONMENTAL IMPACT

a. The National Environmental Policy Act of 1969 (NEPA) (42 USC §4332) requires that Federal agencies consider the environmental impacts of major Federal actions significantly affecting the quality of the human environment.

b. If a proposed project might have an environmental impact, the proposal should furnish sufficient information to assist Foundation officials in assessing the environmental consequences of supporting the project. NSF will determine:

1. the adequacy of the information submitted;
2. whether or not additional information is needed; and
3. whether or not an environmental assessment or environmental impact statement will be necessary.

c. NSF regulations governing compliance with NEPA are found at 45 CFR §640. NSF regulations supplement the Council on Environmental Quality's regulations, published at 40 CFR §§1500-1508. Categories of activities for which an NSF Program Officer may be required to prepare an environmental assessment are set forth at 45 CFR §640.3(b).

840 PROTECTION OF PROPERTIES IN THE NATIONAL REGISTER OF HISTORIC PLACES

NSF is required by 16 USC §470f to take into account the effect of grant activities on properties included in the National Register of Historic Places. Occasionally, an NSF grant may involve activities that require mitigation or other actions under the National Historic Preservation Act and implementing regulations of the Advisory Council on Historic Preservation (36 CFR §800). In such cases, as deemed appropriate by NSF, conditions executing the goals of the National Historic Preservation Act may be included in the grant and grantees or prospective grantees may be required to coordinate with State or local historical preservation officers.

850 NATIONAL SECURITY

a. NSF does not have original classification authority and does not normally support classified projects. It therefore does not expect that results of NSF-supported research projects will be classifiable. Under certain circumstances, however, a classification review of information originated under an award may be required. NSF may review research work generated under this award at any time to determine if it requires classification.

b. Executive Order 12958 (60 Fed. Reg. 19,825 (1995)), as amended by Executive Order 13292 (68 Fed. Reg. 15315 (2003)) states that basic research information not clearly related to the national security may not be classified. Nevertheless, some information concerning, among other things, scientific, technological or economic matters relating to the national security, which includes defense against transnational terrorism, or cryptology may require classification. If a recipient originates information during the course of an award that it believes requires classification under the Executive orders mentioned above, the recipient must promptly:

1. Notify the appropriate NSF Program Officer or the person identified in the Agency Specific Requirements.

2. Submit the information for classification review as directed by the program official or by registered mail directly to the address specified in the Agency Specific Requirements.

3. Restrict access to the information to the maximum extent possible until the recipient is informed that the information is not classified, but no longer than thirty (30) days after receipt by the Federal agency performing the classification review.

c. If the agency performing the classification review determines any of the information requires classification, the recipient agrees that NSF may terminate the award by mutual agreement in accordance with the termination provisions of the award, or otherwise amend it. All material deemed to be classified must be handled in accordance with agency instructions.

d. If the agency performing the classification review does not respond within the specified time periods, the recipient is under no further obligation to restrict access to the information.

e. The Executive Order requires the agency with appropriate subject matter interest and classification authority to decide within 30 days whether to classify the material. If it determines the information will require classification, the grantee shall cooperate with that agency, NSF or other appropriate agencies in securing all related project notes and papers.

f. If the information is determined to require classification, the performing organization may wish or need to discontinue the project. (See GPM 913, “Termination by Mutual Agreement.”)

860 MISCELLANEOUS

861 Liabilities and Losses

NSF assumes no liability with respect to accidents, bodily injury, illness, breach of contract, any other damages or loss, or with respect to any claims arising out of any activities undertaken with the financial support of an NSF grant, whether with respect to persons or property of the grantee or third parties. The grantee is advised to insure or otherwise protect itself or others, as it may deem desirable.

862 Pre-College Students and Experimental Curriculum Development Projects

As required by 42 USC §1869 a and b, grantees of projects which involve pre-college students in research or development, or pilot-testing, evaluation or revision of, experimental or innovative curriculum development projects will:

a. provide to the school board, or comparable authority responsible for the schools considering participation in the project, information concerning the need for and purposes of, the particular education project, the proposed content of the material to be used, the expected benefits to be derived and other information to assist the jurisdiction in arriving at a decision on participation;

b. obtain written approval for participation in the project activities after the responsible authority has carried out its procedures;

c. provide information and materials to the responsible school authority to assist it in carrying out its own established procedures regarding the participation of students in project activities;

d. provide information to NSF describing compliance with the above provisions; and

e. provide in every publication, testing or distribution agreement involving instructional material developed under a grant (including but not limited to teacher's manuals, textbooks, films, tapes or other supplementary material) that such material will be made available within the school district using such material, for inspection by parents or guardians of children engaged in educational programs or projects of that school district.

863 Use of Metric Measurements

The Metric Conversion Act of 1975 (15 USC §§205a-k) and E.O. 12770 (3 CFR, 1991 comp.) encourage Federal agencies to use the Metric System in procurement, grants and other business-related activities. The NSF grant will contain a provision encouraging PI/PDs to submit project reports, final reports, other reports and publications produced under grants that employ the metric system of measurements.

CHAPTER IX
RECONSIDERATION / SUSPENSION AND TERMINATION / DISPUTES /RESEARCH MISCONDUCT

This chapter provides basic information regarding the NSF reconsideration process, resolution of problems arising from the performance of a grant and research misconduct. Topics covered are:

900 RECONSIDERATION OF PROPOSALS DECLINED OR RETURNED BY THE FOUNDATION
910 SUSPENSION AND TERMINATION PROCEDURES
920 INFORMAL RESOLUTION OF GRANT ADMINISTRATION DISPUTES
930 RESEARCH MISCONDUCT

900 RECONSIDERATION OF PROPOSALS DECLINED OR RETURNED BY THE FOUNDATION

901 General

This section describes the types of reconsideration that NSF makes available to individuals and organizations concerning proposals for grants. It does not apply to:

a. procurements governed by the Federal Property and Administrative Services Act or the Federal Acquisition Regulations;

b. "discourage" (i.e., non-binding) decisions resulting from submission of a preliminary proposal;

c. proposals for:

1. fellowships;
2. travel grants;
3. Small Grants for Exploratory Research (SGER); or
4. Phase I proposals submitted under the SBIR program.

d. proposals returned without review by NSF for failure to:

1. be submitted with sufficient lead time before the activity is to begin;
2. meet an announced proposal deadline date (and time, where specified); or
3. meet NSF proposal preparation requirements, such as page limitations, formatting instructions, and electronic submission, as specified in the *Grant Proposal Guide* or program solicitation.

902 Policy

a. A proposer for NSF assistance whose proposal has been declined may ask the cognizant NSF Program Officer or the cognizant Division Director for information over and above the explanatory materials received with the declination notice. If the PI/PD is not satisfied that the proposal was fairly handled and reasonably reviewed, he/she may request reconsideration by the responsible Assistant Director (AD) or Office Head. An organization (or an unaffiliated PI/PD) still not satisfied after reconsideration by the responsible AD/Office Head may request further reconsideration by the Deputy Director of the Foundation. If a proposal has been declined after review by the NSB, only an explanation will be available.

b. When a proposal has been returned by the Foundation as being inappropriate for NSF consideration, the proposer may request reconsideration of such a determination.

c. The aim of any reconsideration is to ensure that NSF's review has been fair and reasonable, both substantively and procedurally. The scientific and technical merits may be examined within the context of budget availability and program priorities. Reconsideration may also address any procedural errors in peer review or other aspects of proposal review, including unaccounted-for conflict of interests or inappropriate consideration of records, information or rumor.

d. Award of NSF assistance is discretionary and reconsideration is not an adversarial process. A formal hearing, therefore, is not provided. Because factors such as program budget and priorities factor into the decision on a proposal, NSF cannot ensure proposers that reconsideration will result in an award even if error is established in connection with the initial review.

e. No revisions made to the proposal after declination will be considered in connection with the original proposal. However, a substantially revised proposal may be submitted for review as a new proposal under the usual procedures. NSF reserves the right to return without review a proposal that is substantially the same as one that was previously reviewed and declined whether or not a request for reconsideration was made.

903 Explanations by the NSF Program Officer or Division Director

When a proposal is declined, the PI/PD receives verbatim but unattributed copies of the ad hoc reviews and the panel summary (if applicable), a description of how the proposal was reviewed, and, if not otherwise provided in the panel summary, an explanation (written or telephoned) of the basis for the declination. A returned proposal also will be accompanied by an explanation. A PI/PD who is considering asking for reconsideration should first contact the cognizant NSF Program Officer or Division Director, who will afford the PI/PD an opportunity to present his/her point of view, provide additional information if any exists, and take any further action that seems appropriate.

904 Reconsideration by the Assistant Director

a. If dissatisfied with the explanation provided by the NSF Program Officer or Division Director, the PI/PD may request in writing that NSF reconsider its action. Such a request will be considered only if the PI/PD has first sought and obtained an explanation from the cognizant NSF Program Officer or Division Director and only if the request is received by the Foundation within 90 days after the declination or the return. The request should be addressed to the AD/Office Head for the directorate or office that handled the proposal and should explain why the PI/PD believes that the declination or return was unwarranted.

b. The AD/Office Head will reconsider the record to determine whether NSF's review of the declined proposal was fair and reasonable, substantively and procedurally, taking into account availability of funds and the policies and priorities of the program and NSF. In the case of a returned proposal, the record will be reviewed to determine whether the proposed project was inappropriate for NSF consideration. The AD/Office Head may request additional information from the PI/PD and may obtain additional reviews. If additional reviews are sought, they are subject to standard review procedures (e.g., instructions must be provided to reviewers and conflicts-of-interest policies must be followed). The AD/Office Head may conduct the reconsideration personally or may designate another NSF official who had no part in the initial review to do so. As used here, "AD/Office Head" includes such a designated official.

c. Within 30 days after the date of the request, the AD/Office Head will furnish the results of the reconsideration, in writing, to the PI/PD. If results cannot be furnished within 30 days, the AD/Office Head will send the PI/PD a written explanation of the need for more time, indicating the date when the results can be expected. If the AD/Office Head reaffirms the declination or return, he/she will inform the PI/PD that the PI/PD's organization may obtain further reconsideration by the Deputy Director of NSF as provided below.

905 Further Reconsideration by the Deputy Director

a. Within 60 days after the AD/Office Head has notified the PI/PD of the results of the reconsideration, the proposing organization or an unaffiliated PI/PD may request further reconsideration by the Deputy Director of NSF.

b. A request for further reconsideration need not be in any particular format, but it must be in writing, and must be signed by the organization's president or other chief executive officer and by the PI/PD. For declinations, it should explain why the organization believes that an error may have occurred in the initial evaluation and why it is not entirely satisfied with the reconsideration by the responsible AD/Office Head. For returned proposals, it should explain why the organization believes that an error may have occurred in the initial determination that the proposal was inappropriate for NSF consideration.

c. The Deputy Director will review the request for further reconsideration and the record of earlier NSF actions, including the original review and the reconsideration by the AD/Office Head, to determine whether NSF's review of the declined proposal was fair and reasonable, or, in the case of a returned proposal, whether the proposed project was inappropriate for NSF consideration. The Deputy Director may request additional information from the PI/PD or the proposing organization and may obtain additional reviews. If additional reviews are sought, they are subject to standard review procedures (e.g., instructions must be provided to reviewers and conflicts-of-interest policies must be followed).

d. The Deputy Director may conduct the further reconsideration personally or may designate another NSF official who had no part in the initial evaluation of the proposal or the earlier reconsideration to do so. As used here, "Deputy Director" includes such a designated official.

e. Within 30 days after a request for further reconsideration is received at NSF, the Deputy Director will furnish the results of the further reconsideration, in writing, to the organization. If results cannot be furnished within 30 days, the Deputy Director will send the organization a written explanation of the need for more time, indicating the date when the results can be expected.

f. The decision made by the Deputy Director is final.

910 SUSPENSION AND TERMINATION PROCEDURES

911 Definitions

a. SUSPENSION is an action by NSF that temporarily withholds Federal support of a project pending corrective action by the grantee or a decision by NSF to terminate the grant.

b. TERMINATION is the cancellation of a grant, in whole or in part, at any time prior to its expiration.

912 Suspension and Termination

912.1 NSF Policy

a. A grant may be suspended or terminated in whole or in part in any of the following situations by:

1. NSF when the grantee has materially failed to comply with the terms and conditions of the grant;
2. NSF when the Foundation has other reasonable cause;
3. NSF when ordered by the Deputy Director under NSF's Regulation on Research Misconduct (45 CFR §689);

4. NSF and the grantee by mutual agreement (if NSF and the grantee cannot reach an agreement, NSF reserves the right to unilaterally terminate the grant); or

5. the grantee on written notice to NSF setting forth the reasons for such action, the effective date, and, in the case of partial termination, the portion to be terminated or suspended (with the understanding that if NSF determines that the unterminated portion will not accomplish the purposes of the grant it may suspend or terminate the entire grant).

b. Normally, action by NSF to suspend or terminate a grant will be taken only after the grantee has been informed by NSF of the proposed action, or informed of any deficiency on its part and given an opportunity to correct it. However, NSF may immediately suspend or terminate a grant without notice when it believes such action is reasonable to protect the interests of the government.

c. No costs incurred during a suspension period or after the effective date of a termination will be allowable, except those costs which, in the opinion of NSF, the grantee could not reasonably avoid or eliminate, or which were otherwise authorized by the suspension or termination notice, provided such costs would otherwise be allowable under the terms of the grant and the governing cost principles.

d. Within 30 days of the termination date the grantee will furnish a summary of progress under the grant and an itemized accounting of costs incurred prior to the termination date or pursuant to c, above. Final allowable costs under a termination settlement shall be in accordance with the terms of the grant, including this section, and the governing cost principles, giving due consideration to the progress under the grant. In no event will the total of NSF payments under a terminated grant exceed the grant amount or the NSF pro rata share when cost sharing was anticipated, whichever is less.

e. A notice of termination other than by mutual agreement and/or the final settlement amount may be subject to review pursuant to GPM 920, "Informal Resolution of Grant Administration Disputes."

912.2 Procedures for Suspension or Termination by NSF

a. When it is believed that a grantee has failed to comply with one or more of the terms and conditions of a grant, the NSF Grants Officer will normally advise the grantee in writing of the nature of the problem and that failure to correct the deficiency may result in suspension or termination of the grant. The grantee will be requested to respond in writing within 30 calendar days of the date of such letter, describing the action taken or the plan designed to correct the deficiency. Copies of such correspondence will be furnished to the PI/PD and to the NSF Program Officer. However, NSF may immediately suspend or terminate a grant without notice when it believes such action is reasonable to protect the interests of the government.

b. If a satisfactory response is not received within the above period, the NSF Grants Officer may issue a notice immediately suspending authority to further obligate grant funds, in whole or in part. Notice of suspension is sent by certified mail (return receipt

requested) to the Authorized Organizational Representative, with a copy to the PI/PD. Within NSF, copies are furnished to DFM and to the NSF Program Officer. The notice will set forth the terms of the suspension and its effective date.

c. Normally, the suspension will remain in effect for a maximum of 60 days to allow the grantee to take corrective action. In the event that the deficiency is not corrected to the satisfaction of NSF, the NSF Grants Officer may issue a notice of termination, addressed as in b., above. The notice will set forth the reasons for the action and its effective date.

d. The remedies described in GPM 920, "Informal Resolution of Grant Administration Disputes," do not preclude a grantee being subject to Debarment and Suspension under the Government-wide Non-procurement Procedures published at 45 CFR §620.

e. Suspension or termination due to research misconduct will be imposed as provided in that regulation.

913 Termination by Mutual Agreement

913.1 NSF Policy

Circumstances may arise in which either NSF or the grantee wishes to terminate a project. If both parties agree that continuation of the project would not produce results commensurate with the further expenditure of funds, or if there arises any other reason, the grant may be terminated by mutual agreement.

913.2 Procedures

a. If the grantee wishes to terminate the project, the Authorized Organizational Representative should advise the NSF Grants Officer in writing and send a copy to the NSF Program Officer.

b. If NSF wishes to terminate the project, the NSF Grants Officer will advise the grantee's Authorized Organizational Representative in writing and send copies to the PI/PD and the NSF Program Officer.

c. Within 30 days after receipt of request from either party for termination by mutual agreement, the other party will provide an appropriate written response. In the event of disagreement between the parties, the NSF Grants Officer will make a final decision, subject to the review procedures prescribed by GPM 920 "Informal Resolution of Grant Administration Disputes."

d. Following termination, grant closeout procedures will be initiated.

914 NSF Suspension or Termination Review Procedure

Grantees should refer to GPM 923, "Procedures," for procedures to request review of a suspension or termination notice. Pending resolution of the request for review, a notice of termination shall remain in effect.

920 INFORMAL RESOLUTION OF GRANT ADMINISTRATION DISPUTES

921 Background

Consistent with the *Recommendation on Grant Disputes* by the Administrative Conference of the U.S., and with the intent of the provisions of Alternative Dispute Resolution, the Foundation provides the informal resolution processes described below concerning disputes or disagreements that may arise over Grants Officer post-award decisions under an NSF grant.

922 Scope of Post-Award Disputes Covered

a. The disputes below are covered under the process described in GPM 923, "Procedures":

1. cost disallowances pursuant to a Grants Officer's decision, e.g., specific disallowances under an individual grant or as a result of an audit report;
2. termination orders; and
3. the final settlement amount under a termination.

b. Requests for reconsideration of a declined proposal or a proposal returned without review by NSF are covered in GPM 900, "Reconsideration of Proposals Declined or Returned by the Foundation."

923 Procedures

a. The grantee should submit a certified letter to the Director, Division of Grants and Agreements, National Science Foundation, 4201 Wilson Boulevard, Arlington, VA 22230, noting the grantee's disagreement or dispute and identifying the NSF Grants Officer's decision in question, giving reasons for the request for review and providing any other material pertinent to the request.

b. The letter to the Director, DGA, must be postmarked no later than 30 days after the date of the letter notifying the grantee of the decision in question. The time for filing a request for review is strictly enforced and no extensions for the purpose of preparing it will be granted.

c. The request for review need not follow a prescribed format; however, it must contain a full statement of the grantee's position with respect to the disputed matter and the facts and reasons in support of the grantee's position. Requests will be reviewed if the grantee submits new information (which was unavailable at the time of the original

decision); if an error in fact or application of NSF policy is noted in the original decision; or improper procedures were followed in the original decision.

d. The Director, DGA, will review or designate one or more individuals to review the matter. One reviewing official will be at least at a management level equivalent to the official who made the decision that is being reviewed. In no case, will the review be undertaken by any individual involved with the decision or involved in recommending and/or monitoring the scientific and engineering aspects of the project or responsible for negotiating and/or administrating its business aspects.

e. The designated individual(s) will review and consider all relevant information available. A report which identifies the conclusion and recommendation will be completed and in disputes covered under:

1. GPM 922.a.1 and 3, the report will be completed within 30 days and forwarded to the Director, DGA or his/her designee for a final and unappealable written decision for the agency. The Director, DGA or his/her designee will communicate the decision in writing to the grantee, normally within 15 days of receipt of the report, unless otherwise specified by NSF.

2. GPM 922a.2, the report will be completed within 90 days and forwarded to the NSF Deputy Director or his/her designee. The NSF Deputy Director or his/her designee will make the final and unappealable decision for the agency and will communicate the decision in writing to the grantee within 15 days of receipt of the report unless otherwise specified by NSF.

930 RESEARCH MISCONDUCT

RESEARCH MISCONDUCT means fabrication, falsification, or plagiarism in proposing or performing research funded by NSF, reviewing research proposals submitted to NSF, or in reporting research results funded by NSF.

931 NSF Policies and Responsibilities

a. The NSF will take appropriate action against individuals or organizations upon a determination that misconduct has occurred. It may also take interim action during an investigation. Possible actions include sending a letter of reprimand to the individual or organization, requiring prior NSF approval of particular activities by an individual or organization, requiring special assurances of compliance with particular policies, restricting designated activities or expenditures under particular grants, suspending or terminating grants, debarring or suspending an individual or organization and prohibiting participation by an individual as an NSF reviewer, advisor or consultant.

b. NSF will find misconduct only after careful inquiry and investigation by a grantee organization, by another Federal agency or by NSF. An “inquiry” consists of preliminary information-gathering and preliminary fact-finding to determine whether an allegation or apparent instance of misconduct has substance. An investigation must be undertaken if the inquiry determines the allegation or apparent instance of misconduct

has substance. An "investigation" is a formal development, examination, and evaluation of a factual record to determine whether misconduct has taken place or, if misconduct has already been confirmed, to assess its extent and consequences or determine appropriate action.

c. Before NSF makes any final finding of misconduct or takes any final action on such a finding, NSF will normally afford the accused individual or organization notice, a chance to provide comments and rebuttal and a chance to appeal. In structuring procedures in individual cases, NSF may take into account procedures already followed by other entities investigating or adjudicating the same allegation of misconduct.

d. Debarment or suspension for misconduct will be imposed only after further procedures described in applicable debarment and suspension regulations (45 CFR §620). Severe misconduct is an independent cause for debarment or suspension.

e. The OIG (GPM 118, "Office of Inspector General") oversees investigations of research misconduct and conducts any NSF inquiries and investigations into suspected or alleged research misconduct.

f. The Deputy Director adjudicates research misconduct proceedings and the Director decides appeals.

g. After receiving an investigation report, the subject's rebuttal and recommendations of the OIG, the NSF Deputy Director may initiate further investigation or hearings or order interim or final actions. A written disposition specifying actions to be taken will be sent to affected individuals or organizations and will include instructions on how to pursue an appeal to the Director of the Foundation.

932 Role of Grantees

a. Grantees bear primary responsibility for prevention and detection of misconduct. In most instances, NSF will rely on grantees to promptly:

1. initiate an inquiry into any suspected or alleged misconduct;
2. conduct a subsequent investigation, if the inquiry finds substance;
3. take action necessary to ensure the integrity of research, the rights and interests of research subjects and the public and the observance of legal requirements or responsibilities; and
4. provide appropriate safeguards for subjects of allegations as well as informants.

b. If a grantee wishes NSF to defer independent inquiry or investigation, it should:

1. inform NSF immediately if an initial inquiry finds substance;
2. keep NSF informed during such an investigation;
3. notify NSF even before deciding to initiate an investigation or as required during an investigation:

(a) if there is reasonable indication of possible violations of civil or criminal law;

(b) if public health or safety are at risk;

(c) if NSF's resources, reputation, or other interests need protecting;

(d) if Federal action may be needed to protect the interests of a subject of the investigation or of others potentially affected; or

(e) if the research community or the public should be informed;

(f) if research activities should be suspended; and

4. provide NSF with the final report from any investigation.

c. If a grantee wishes NSF to defer independent inquiry or investigation, it should complete any inquiry and decide whether an investigation is warranted within 90 days. It should similarly complete any investigation and reach a disposition within 180 days. If completion of an inquiry or investigation is delayed, but the grantee wishes NSF deferral to continue, NSF may require submission of periodic status reports.

d. Grantees should maintain and effectively communicate to their staffs appropriate policies and procedures relating to misconduct, which should indicate when NSF must or should be notified.

933 Reporting Possible Misconduct

Possible misconduct in activities funded by NSF should be reported to the Office of Inspector General, National Science Foundation, 4201 Wilson Boulevard, Arlington, VA 22230, (703) 292-7100 or (800) 428-2189 or via e-mail at oig@nsf.gov.

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