

Guidance for Mid-Scale Projects on Supplemental Funding Requests due to COVID-19 Impacts
NSF Large Facilities Office
March 1, 2021

For mid-scale projects in the implementation/construction stage with funding shortfalls due to pandemic-related issues, there are four potential options:

1. Re-budgeting,
2. Supplemental funding,
3. Reduction in project scope, or a
4. Combination of the above options.

The focus of this guidance is on supplemental funding. However, Recipients are reminded of the re-budgeting authority allowed per the award terms and conditions. Recipients must document any re-budgeting and the costs due to COVID-19. **Recipients should seek guidance from the Program Officer regarding when to submit a supplemental funding request and whether to consider any scope reduction to offset COVID-19 impacts.**

Per NSF [Proposal & Award Policies & Procedures Guide \(PAPPG\)](#) and [Major Facilities Guide \(MFG\) Section 5](#) and [NSF Guidance related to OMB Memorandum M-20-26](#), the following principles apply regarding COVID-19 impacts and associated supplemental funding requests:

- Recipients should not use budget contingency identified as part of the Total Project Cost (TPC) to offset COVID-19 impacts.
- The No Cost Overrun Policy does not apply to Mid-scale research infrastructure projects per Section 5 of the MFG.
- Any added costs due to COVID-19 should be tracked separately to help document and justify any future supplemental funding requests.
- Recipients may submit a supplemental funding request to NSF when the costs are sufficiently understood. Ideally, one supplemental funding request should be processed to cover the COVID cost impacts. See Section I below for further discussion on the process.
- The standard rules for supplemental requests as outlined in the PAPPG and other internal NSF procedures apply to these requests.
- Per internal guidance, supplemental funding requests are typically processed when nearly all funds are exhausted, or when plans to exhaust the funds in the near-term can be projected. However, Program may consider supplemental funding requests at any time in alignment with Program's priorities.

I. COVID-19 Supplemental Funding Process and Documentation:

- A. For each project, the Program Officer and the Recipient will collectively determine when the COVID-19 situation has stabilized sufficiently, and the impacts of COVID-19 can be reasonably bounded to start the supplemental funding process, or when immediate funding is needed.
- B. Supplemental funding requests should be presented in the cost categories by the work breakdown structure (WBS) and the NSF budget categories. Provide budget justification with the overall basis of estimate for the additional funding in each WBS cost category as distinguished from the original funding. COVID-19 cost impacts should be determined by an assessment of:
 1. Costs incurred to date,
 2. Estimated future costs due to COVID-19 (i.e., reduced efficiencies due to new safety

protocols), and

3. Additional budget contingency (i.e., transfer of remaining COVID-19 related risks to be managed by the Recipient).
- C. For mid-scale projects with a Project Execution Plan (PEP), the following PEP components should be updated to reflect the revised project plan. Lower tier documents such as schedules, cost estimates, risk analysis will capture the details.
1. Total Project Cost (TPC) with baseline budget and budget contingency
 2. Project completion date with milestone dates and schedule contingency
 3. Scope contingency
 4. Funding profile
 5. Risk register
- D. Unless amended by the agency, Program Officers will make decisions regarding whether to recommend a supplement without merit review in accordance with the PAPPG and NSF policies. Requests for larger supplements may require external merit review¹. For mid-scale upgrades to a major facility, the Core IPT should collectively determine what level and types of cost reviews to conduct, and the extent to which an expert panel may be used to assess other aspects of the revised project baseline, including any scope changes.²
- E. Approvals will follow internal NSF procedures. The supplemental funding could be R&RA or MREFC. For MREFC-funded awards, NSB authorization is required if the supplement funding exceeds the threshold allowed under the NSB delegation order (currently \$10M or 20%, whichever is less). Discussion with the CORF will be required to identify the necessary MREFC funding.
- F. Upon recommendation for funding by Program, the NSF Grants Officer/Grants and Agreements Officer will approve the COVID supplement by amending the award to specify both the amount of supplemental funding added to the baseline budget and contingency and the revised award end date, as applicable. The supplement should be coded appropriately to be identify as a COVID-19 impact.
- II. Management of the project's baseline:
- A. **NSF anticipates project performance indicators will progressively decline due to COVID impacts and inefficiencies.** Baseline changes should not be made just to improve the performance indicators. It is more important that indicators accurately reflect progress against the baseline plan for better management insight and decision-making.
 - B. Recipients should, to the extent possible, make separate baseline changes for COVID-19 replanning efforts from non-COVID changes to isolate and document the impacts of COVID-19. Approval of COVID-19 baseline changes should follow the project's established configuration control process including NSF approvals as required.
 - C. Mid-scale projects utilizing earned value management systems (EVMS) for performance management and measurement may want to refer to the NSF LFO [Guidance on Construction Project Re-baselining due to COVID-19 Impacts](#) dated November 12, 2020 for further guidance on the management of performance measurement baseline (PMB) and implementation of supplemental funding, if provided.

¹ External review is required if the request exceeds 20% (cumulative of all supplements) of the original award total, including all actual and anticipated increments.

² Supplements are not to be used to restore activities excluded from the scope of work during the review and negotiation process.