PROPOSAL DEVELOPMENT
CRA EXAM BODY OF KNOWLEDGE

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Collection and Dissemination of Information
- Types of Sponsors
- Information Sources
- Grants.gov

Proposal Development
- Proposal Writing
- Budget Preparation
- Documentation to Meet Sponsor Requirements
- Internal Proposal Processing
- Negotiation Techniques
- Contracting Basics
COLLECTION AND DISSEMINATION OF INFORMATION
TYPES OF SPONSORS

- Federal
- State
- Foundations
- Not-for-profit organizations
- Local Governments
- Industry
- Industrial Affiliates
- Research Partnership/Consortia
- Foreign
- Internal Funding
INFORMATION SOURCES

- CFDA
  - Catalog of Federal Domestic Assistance
- GRANTS.GOV
- FEDBIZ OPPS
- FEDERAL REGISTER
- AGENCY WEBSITES
- COMMERCIAL SERVICES (COS/PIVOT, SPIN)
- Meta-Search Engines (Google, Dogpile, etc.)
- FOUNDATION CENTER (foundationcenter.org)
- NIH provides a list of other funding sources under NIAD (National Institute of Allergy and Infectious Disease)
PROPOSAL DEVELOPMENT
When you have located a potential source, determine if it is a gift or a grant.

- Gifts are generally handled through the entity’s fundraising arm
- Sponsored Projects are generally handled through the research or grant administration division
A gift or donation is:

- A voluntary, non-reciprocal, and irrevocable transfer of money, services or property (e.g., equipment, personnel time and skill, etc.)
- Without any expectation of or receipt of goods or services from the recipient (i.e., preferential access to intellectual property)
- Without performance requirements either written or oral
- Do not (generally) specify a period of performance
- Do not require financial reporting (other than stewardship reports) or formal deliverable
- May be directed to or restricted for use in a specific department, lab or research area
Proposal Writing

Gift

- Gifts determined to be Research:
  - Are still GIFTS, not Grants
  - Are not necessarily managed by Research or Grants Administration Division
  - Are generally not subject to F&A (indirect) costs

- Research Gift Accounts exist in order to properly classify research expenditures pursuant to GASB/NACUBO guidelines (see GASB stmts 34 and 35)
A sponsored project (grant, contract, cooperative agreement) is:

- Externally funded activity with a statement of work or set of objectives that provides a basis for sponsor expectations
- Enforceable by law
- Subject to revocation for cause
- A sponsor and recipient exchange of items that have economic value (including knowledge, IP)
- A government entity (Federal, State, or Local) or includes governmental flow-thru funds
Determined a sponsored project if the sponsor:

- Is a government entity (Federal, State, or Local) or includes governmental flow-thru funds
- Awarded funds through a competitive bid process or in answer to an RFP (Request for Proposal)
- Requires the signature of an authorized Official and/or the PI/Grant Director
- Issued a contract, cooperative agreement, consortium agreement, sub-grant, subcontract, or purchase order
- Funds a project for a specific scope of work, product, service or other deliverable
- Impose publication restrictions
- Stipulate compliance with federal or state regulations, unallowable costs, subcontracting, insurance, warranties, indemnification, proprietary or confidential information, modifications, terminations, penalties, or applicable law
Determined a sponsored project if financial restrictions include:

- How funds are to be used or include a line item budget
- A start or end date on the use of funds
- Facilities and Administration Costs (Indirect)
- The return of unexpended funds for any reason
- Invoicing or detailed financial reports
- Funding based on cost reimbursement contingent upon programmatic and fiscal reporting
- Return/Control/Accounting for equipment purchased
**Grant**  A grant is used to support a particular project conceived and proposed by the principal investigator, with minimal involvement and control by the sponsor. Grants generally contain fewer administrative requirements than other funding instruments such as contracts. Idea originates with recipient.

**Cooperative Agreement**  A cooperative agreement is a type of federal award that provides assistance to a particular project with substantial federal involvement throughout the life of the project. Idea MAY originate with recipient.

**Contract**  A sponsor issues a contract to procure goods or services for their direct benefit. Goods or services to be procured are specifically defined in the request for proposals inviting bids or quotes. Many contracts provide for substantial sponsor involvement in the performance of the contracted activity. Contracts tend to be governed by fairly restrictive administrative requirements. Idea generally originates with sponsor (federal) or recipient (industry) or both.
<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Grant</th>
<th>Cooperative Agreement</th>
<th>Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Purpose</td>
<td>Provide Assistance with few restrictions</td>
<td>Provide assistance with substantial involvement between parties</td>
<td>Procure tangible goods or services</td>
</tr>
<tr>
<td>Solicitation Method</td>
<td>Application kit or guidelines</td>
<td>Request for proposals</td>
<td>Request for bid or quote</td>
</tr>
<tr>
<td>Award Instrument</td>
<td>Short, may refer to general conditions</td>
<td>Describes involvement, party relationships</td>
<td>Long, detailed specs, clauses, regulations and expected results</td>
</tr>
<tr>
<td>Involvement by Sponsor</td>
<td>Generally, none</td>
<td>Substantial involvement</td>
<td>May be extensive</td>
</tr>
<tr>
<td>Re-budgeting</td>
<td>Flexible</td>
<td>Usually allowed</td>
<td>Occasionally allowed within restrictions</td>
</tr>
<tr>
<td>Equipment Title</td>
<td>Grantee</td>
<td>Varies</td>
<td>Contractor/may be negotiable</td>
</tr>
<tr>
<td>Patent Rights</td>
<td>Generally liberal</td>
<td>May be involved</td>
<td>Provision in contract</td>
</tr>
<tr>
<td>Publication</td>
<td>Unrestricted</td>
<td>May ask to be informed</td>
<td>May require prior review/deletion of proprietary information</td>
</tr>
<tr>
<td>Technical</td>
<td>Annual summary report</td>
<td>Frequent reports</td>
<td>Detailed, often monthly</td>
</tr>
</tbody>
</table>
Used when:

- Purpose is to transfer money, property, services or anything of value to recipient in order to accomplish a public purpose.
- No substantial involvement is anticipated between government and recipient during performance of activity.
Used when:

- **Purpose is to transfer money, property, services or anything of value to recipient in order to accomplish a public purpose.**

- **Substantial involvement is anticipated between government and recipient during performance of activity.**
Used when:

- Principal purpose is to acquire property or services for direct benefit or use of the federal government.
- Government determines that procurement contract is appropriate.
  - Very restrictive, can have high demands
  - No expectation of cost sharing
- Industry/University collaboration
  - Complicated negotiation
  - Industry often sees it as “I bought it, I own it”
WHAT IS A FUNDING OPPORTUNITY ANNOUNCEMENT?

- Commonly known as a Solicitation
- Sponsor’s mechanism for funding programs
- Notices conveyed in multiple formats
- Provides guidelines for proposal content and submission
- Requires strict adherence to guidelines
- May include terms and conditions of an award
PROPOSAL WRITING

HOW TO READ AN RFP

- MOST IMPORTANT THING TO DO: READ THE SOLICITATION AND INSTRUCT YOUR RESEARCHER TO READ IT AS WELL
  - Agency, title, #, CFDA
  - Due date and time
  - Method of submission
  - Basic requirements
  - Formatting, page limits
  - Allowable documents
  - Budget considerations
  - Eligibility
  - Funding limits
  - Project periods
Make sure you have complete guidelines (including FAQs, amendments, and links to related sites)

Review for eligibility

Contact Program Officer for clarification of guidelines if necessary

Be aware of the limited period to request clarification and the procedures for doing so (specifically for a BAA)

Allow time for contractual review of any terms and conditions that you may need to take exception to upon submission. If not, your contract negotiators may not be able to take exception at the time of award

Address compliance issues and when they must be met (i.e. human subjects review. Just in time?)

Read or encourage PI to read any information given on points given during review

Read award information (there may be stipulations that affect the submission or exceptions that need to be taken)
Proposals (applications) request support for a defined activity.
PROPOSAL WRITING

TYPICAL PROPOSAL FORMAT

- Constructed according to guidelines established by sponsor
- Follow forms and format required by sponsor
  - Title/cover page
  - Abstract
  - Statement of work
  - Personnel vitae/biosketches
  - Detailed budget with justification
  - Facilities/resources statement
  - Current and Pending
  - Appendices
Function as a major proposal component

Identify the costs of a project

Reflect the scope of a project

Demonstrate the investigator’s ability to plan and manage a project
BUDGET PREPARATION

PRE-BUDGETING CONSIDERATIONS

- OMB A-21 (Allowable; Allocable; Consistently Applied; Reasonable)
- Sponsor Guidelines
- Solicitation
  - Limitations or requirements
  - Special Budget forms/formats (time and material, milepost, etc.)
  - Does Sponsor require use of CY or FY framework
- NIH-modular vs detailed budget
- Cost share requirements
- Appropriate and allowable F&A
- Institutional policies
- Order of precedence
Direct Costs: Costs which can be identified specifically with a particular sponsored project or that can be directly assigned to such activities readily with a high degree of accuracy.

Facilities & Administrative (AKA Indirect Costs): Costs incurred for common or joint objectives and therefore cannot be identified readily and specifically with a sponsored project.
BUDGET PREPARATION

DIRECT COSTS (OVERVIEW)

- Elements of Direct Cost
  - Salaries and wages
  - Fringe benefits
  - Equipment
  - Materials & supplies
  - Travel (foreign v. domestic)
  - Independent Consultants
  - Subrecipients vs. Vendors
  - Other: Publications, Animals, Patient Care, Tuition, Postage and Copying, Phone/Fax....
**Salaries & Wages**

- Must follow institutional policy on salary recovery
  - Effort commitment
  - Consistency

**Personnel**

- Summer salary
- Academic year effort
- Graduate students (salaries vs fellowship)
- Technical support
- Clerical support
- Undergraduate students
- Postdoctoral research associates

**Percent of effort**
Salaries & Wages

- Increases (cost of living and merit-based) “annual increase” (if allowed by sponsor)
- NIH and NSF limits
- Solicitations requesting ‘hourly’ salaries
- OMB Circular A-21
  - Salaries of administrative and clerical staff should normally be treated as F&A costs. Direct charging of these costs may be appropriate where a major project or activity.
  - “Major project” is defined as a project that requires an extensive amount of administrative or clerical support, which is significantly greater than the routine level of such services provided by academic departments (defined in Exhibit C).
Fringe Benefits

- Use current “negotiated” rate or rate established in accordance with federally approved process
  - FICA
  - Retirement
  - Disability insurance
  - Worker’s compensation
  - Life insurance
  - Unemployment insurance
  - Health insurance
  - Defined contributions
BUDGET PREPARATION

DIRECT COSTS

- Equipment
  - Definition (sponsor vs. institution)
  - an item of property having an cost of $5,000 or more and a useful life of two years or more

- Travel
  - Domestic or foreign
  - Adhere to Institutional Policy and Agency Guidelines
  - Distinguish Between Domestic and Foreign Travel
  - If Foreign Travel is Sponsored by the Federal Government, Use Federal International Per Diem Rates
  - Fly America Act
Participant Support Costs
- Non employee
- Limited use

Other Direct Costs
- Materials & Supplies
- Publications
- Computer software
- Copying
- Communications
- Animal care costs
- Human subject care costs
- Computer/IT Support fees
- Tuition
- Consultant

- Shop charges/fees
- Maintenance/service contracts/fees
- Audio/visual services
- Lease of facilities
- Construction
- Renovation
- Remodeling costs
- Subcontract
- Vendor/Contractor
BUDGET PREPARATION

THE “SUBS”

- **Pass Thru:** A non-Federal entity that provides a Federal award to a subrecipient to carry out a Federal program.

- **Subrecipient:** A non-Federal entity that expends Federal funds received from a pass-through entity to carry out a Federal program.

- **Subaward:** The funding instrument to establish the collaborative relationship between Pass-through entity and Subrecipient Organization.
SUBRECIPIENTS vs. CONTRACTUAL SERVICES

**SUBCONTRACTOR/SUBRECIPIENT/SUBAWARDEE:**
- When a collaborator will have programmatic decision-making responsibility
- When a collaborator will manage technical and administrative aspects of a portion of the overall project statement of work
- When a collaborator will be using institutional facilities, students and staff
- Recipients are subject to A-133

**CONSULTANT/CONTRACTUAL SERVICE:**
- Will NOT have programmatic decision-making responsibility
- An individual and/or firm/organization retained to provide professional advice or services for a fee
- Provides goods and services within normal business operations
- Not subject to A-133
Indirect Costs (F&A, Overhead, IDC)

Costs that are incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project.

- Lights
- Water supply
- Maintenance of buildings
- Internet connections
- University administrative/clerical personnel
- Library
- Office supplies
**BUDGET PREPARATION**

**FACILITIES AND ADMINISTRATIVE COSTS**

- **Modified Total Direct Costs (MTDC) base**
  - Excludes
    - Capital equipment
    - Patient Care Cost
    - Tuition
    - Rent (off-site locations)
    - Scholarships and fellowships
    - Subrecipient charges after first 25k

- **Salaries and Wages base**
  - Indirect costs charges ONLY on salaries and wages
  - There are two types under this rate:
    - Total Direct Salaries and Wages, excluding Fringe Benefits (S&W)
    - Total Direct Salaries and Wages, including Fringe Benefits (SWF)
Budget Justification and Narrative -
  Explains the budget in narrative form.
  - A good budget justification will...
    - clearly explain what cost will be paid by the sponsor and how the expense was calculated.
    - clearly explain any unusual expenses.
    - match the statement of work and the budget.
    - provide answers, not raise new questions.
**Example MTDC Base:**

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$100,000</td>
</tr>
<tr>
<td>Benefits</td>
<td>25,000</td>
</tr>
<tr>
<td>Equipment</td>
<td>20,000</td>
</tr>
<tr>
<td>Supplies</td>
<td>2,000</td>
</tr>
<tr>
<td>Subcontract</td>
<td>40,000</td>
</tr>
<tr>
<td>Other</td>
<td>5,000</td>
</tr>
<tr>
<td><strong>Direct Total</strong></td>
<td><strong>192,000</strong></td>
</tr>
<tr>
<td><strong>F&amp;A 50%</strong></td>
<td><strong>78,500</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>270,500</strong></td>
</tr>
</tbody>
</table>

*Negotiated rate = 50% MTDC*

**Excludes equipment, subawards > $25k, tuition remission, patient care, space rental, construction, alteration, scholarships and fellowships**
Defined by OMB Circular A-110: Cost sharing or matching means that portion of project or program costs not borne by the Federal Government.
- Mandatory
- Voluntary
- Inadvertent

Cost Sharing is the difference between the effort expended on a project and the effort that is paid by a project.

Cost Sharing
- Contributed effort
- Equipment purchases
- Tuition
- Contributed indirect costs/F&A costs
- Volunteer time
- Existing equipment
- Federal – Incompliance with OMB A-110

% of total project cost vs. % of request

NSF Cost Sharing policy
INTERNAL PROPOSAL PROCESSING

SPONSORED PROGRAMS REVIEW

- All applicable policies followed:
  - Budgets follow sponsor guidelines, Federal regulations, institutional policy
  - Internal approvals obtained

- Costs and activities relate
  - Inflation rate reasonable (and allowed)
  - Cost estimates reasonable to activity
  - Type of institutional rate appropriate to activity
    - Research vs. other activity
    - On, off-campus rate
  - Budget items, or narrative is in line with special oversight protections
Special considerations addressed
  ▪ Protection oversight (human, animal)
  ▪ Space, renovation needs

Proposal package complete
  ▪ Budget, face page, budget justification, internal routing form relate
  ▪ Current forms; sponsor criteria followed
  ▪ Certifications/assurances
  ▪ Internal approvals
Correct Forms
Internal Review Checklist
- intellectual property
- space needs
- renovation requirements
- cost sharing/matching
- human use review and approval
- animal use review and approval
- recombinant DNA review and approval
- conflict of interest policy
- publications/proprietary information restrictions
- hazardous materials
- consultants
INTERNAL REVIEW CHECKLIST (cont’d)
- Page limitations
- Type size limitation
- All elements of proposal included
- Correct rates used
- Budget correct
- Signatures
- Subcontractor commitment letter
- All certifications included
- If RFP, is exception letter needed
- If foundation/corporation, on "restricted" list
- Requirement for state review ascertained
- Correct number of copies, deadline date, mailing address
- Method of transmittal, packaging instructions
- Limitation on number of proposals from institution
Proposal Authorization:
- Principal Investigator
- Co-Principal Investigator
- Department Chair/Director
- Dean
- Vice President
- Center Director
- Account Sponsors for Cost Sharing
- Development Office
- Technology Transfer Office
- Compliance (export control, IRB, IACUC, hazardous waste, etc.)
- Research/Sponsored Programs Office
- AUTHORIZED OFFICIAL (CERTIFYING REPRESENTATIONS AND CERTIFICATIONS)
INTERNAL PROPOSAL PROCESSING

METHODS OF SUBMISSION

- Hardcopy/Mail
- Email
- Fax
- Hand Delivery
- Electronic Submission Systems
  - S2S (System to System)
  - Grants.gov
  - eRA Commons
  - Research.gov
  - NSPIREs
  - Fastlane
  - Sponsor Systems
NEGOTIATION TECHNIQUES

- Protect your organization
- Try to suggest that any new relationship with an organization use your template for agreement
- Look for a win-win
- Don’t forget that legal and other offices may need time to review the agreement (OTD, Export Control, Compliance, etc.)
CONTRACTING BASICS

TYPES OF CONTRACTS/AGREEMENTS

- Sponsored Research Agreement/Grant
- Cooperative Agreement
- Contract
- Memorandum of Understanding/Agreement
- Material Transfer Agreement
- Non-Disclosure Agreements
- Teaming Agreements
- Intellectual Property Agreements
CONTRACTING BASICS

SPONSORED RESEARCH AGREEMENTS

- Cost reimbursable
- Firm fixed price
- Time and materials
- Cost plus fixed fee
- Fixed rate
What is it?
- Guiding principles for government contracts
- Codification of uniform policies and procedures
- Includes agency specific regulations (i.e. DFAR)

Government contracts contain standard solicitation provisions and clauses
- Provisions are in the solicitation only
- Clauses are included in the resulting contract
Certain clauses are required to be flowed down to subcontractors
  - See handout

See Penn State’s website for an excellent matrix of FAR flow down guidance:

FAR (and agency specific regulations):
Common Issues

- Invoicing/Payment
- Warranty/Guarantee
- Governing Law (State and US)
- Disputes/Binding Arbitration
- Indemnification
- Termination
- Conflict of Interest
- Confidential/Proprietary Information
- Export Control
- Purchase Orders as Contracts
- On-Site Issues (compliance)
- Publication
- Patents/IRS UBIT
CONTRACTING BASICS

TROUBLESOME CLAUSES

- Publication
- Confidential and Proprietary Information
- Intellectual Property – Patents and UBIT Issues
Authorized official

PI concurrent required (either through signature on the award or via an email indicating that the PI has “read, understands, and agrees to the terms of the award.”)

Original or scanned copies

Unilateral agreement (no signature required)