

OVERVIEW

On December 26, 2013, the Office of Management and Budget (OMB) released what is commonly known as Uniform Guidance (UG), or OMB Circular A-81, which consolidates eight sets of federal regulations that govern grants and contracts into one. This change will have a substantial impact on the way federal agencies will solicit grant applications. **The UG will take effect on December 26, 2014.**

This Proposal Preparation Guide describes the impact these regulations will have on preparing and submitting grant proposals. In some instances, the changes will be subtle; in other cases, the changes will be more drastic. Many of the new regulations will also require changes to policies by UW System or the State of Wisconsin.

The UWM Office of Sponsored Programs (OSP) will monitor and assess impact of the UG on operations affecting the preparation and submission of grant proposals. Principal investigators and campus administrators are encouraged to monitor the OSP Web site for updates. At this time, only one federal agency, the National Science Foundation, has published its policies and procedures that will officially implement the new UG as of December 26, 2014; it is highly likely that the majority of federal agencies will not publish their revised policies until on or after this date.

Below are key concepts that will impact proposal development beginning on December 26, 2014. If you have questions related to proposal development, please contact the Pre-Award Specialist assigned to your Division/School/College.

SUBAWARDS

The UG addresses new requirements for subrecipients on federal awards.

Facilities and Administrative Costs

The federal government recognizes the importance of subawards to support the work of multiple organizations on a federal grant award. To provide greater flexibility to institutions, subrecipients that do NOT have a federally-negotiated Facilities and Administrative Cost rate may use a minimum standard rate of 10% (known as the 'de minimis rate' of modified total direct costs [MTDC]). Subrecipients that use the 10% de minimis rate will not be required to submit additional documentation in support of the rate and may use this rate indefinitely. Please note, however, that subrecipients with an existing federally negotiated Facilities and Administrative cost rate should continue to use their negotiated rate.

There will be no changes to the UWM Facilities and Administrative Cost rate or the method of calculation with the implementation of UG.

Project Closeout

The new UG appears to take a very firm stance on the project closeout timeframe. (Federal agencies are using either a 90 or 120 day closeout timeframe under the Uniform Guidance.) Under the old OMB Circulars, project closeouts that did not occur in the prescribed timeframe typically did not incur penalties; however, the UG makes it clear that federal awards must be closed out within 90 or 120 days of the end-date for the period of performance or face potential penalties. Therefore, it is important to communicate with subrecipients at the time of the proposal submission that their organization must be able to comply with timely final reporting and invoicing.

DIRECT CHARGES FOR ADMINISTRATIVE AND CLERICAL SALARIES

Previously, direct charges for administrative and clerical salaries were permitted only in "major project" proposals (such as "Center" grants), and for most projects, administrative and clerical salaries were treated as Facilities and Administrative Costs. The new UG, however, recognizes that administrative and clerical salaries may be "integral" to project success and are now eligible expenses. "Integral, for purposes of administrative and clerical salaries," is defined as support essential to the project's activities. Examples where direct charging of administrative and clerical salaries would be considered integral include:

- Large, complex programs/projects, research centers, or other grants and contracts that require developing and managing teams of investigators from a number of organizations;
- Projects that involve extensive data management, including accumulation, entry, analysis, reporting, cataloging, etc.;
- Projects that require the coordination of travel and meeting reservations and arrangements, such as those associated with conference or seminar awards; or
- Projects that involve the preparation of large manuals, reports, books, or monographs (but excluding routine progress, technical, or financial reports).

The list above is not meant to be exhaustive. Each Principal Investigator is responsible for clearly articulating the need for clerical and administrative support in the (budget) narrative.

The following are guidelines for including administrative and clerical salaries in federal grant budgets:

1. The administrative and clerical personnel involved must devote 20% or more of their time to the project. A detailed description of how these expenses are integral to the project must be included in the budget justification.
2. The administrative and clerical personnel involved must be specifically identified.
3. The administrative and clerical expenses must be included in the budget submitted to the sponsor and recognized in the official award documentation if the project is selected for funding.

By addressing Items 1 through 3 above at the proposal stage, the Principal Investigator has demonstrated “allocability”; that is, the Principal Investigator has clearly indicated that these administrative expenses can be allocated to the specific project. Approval of the expenses in the award documentation demonstrate that the federal agency has confirmed that they are allowable and reasonable, and will likely satisfy audit requirements.

DIRECT CHARGES FOR COMPUTING DEVICES

Principal Investigators may include computing devices that cost less than \$5,000 in their budgets to federal sponsors. Devices that cost more than \$5,000 are still classified as “equipment” and typically cannot be included in the project budget unless specifically authorized by the sponsor/program guidelines or with the permission of the program officer, manager, or grants management specialist.

Computing devices do not need to be solely dedicated to the project—the UG considers the unique nature of research projects and universities with regard to the use of computing devices; however, Principal Investigators should carefully explain in the budget justification why a computer device may be directly charged to a project. In cases where the budget form and/or specific details may not be permitted or require a justification (e.g., NIH modular budgets), please insert a brief justification for the computing device in the “comments” tab of the WISPER record.

COST-SHARING

Cost-sharing (or “match-funding”) occurs when UWM provides resources (cash or in-kind) towards a project. There are two types of cost share: *voluntary committed cost-share* and *mandatory cost-share*. *Voluntary committed cost-share* occurs when UWM pledges cash or in-kind resources towards a project, but is not obligated to do so by the program solicitation/announcement. *Mandatory cost-share* is required in order for a proposal to receive review; failure to provide mandatory cost-share will result in the return of the proposal without review. Mandatory cost-share is typically required by the program solicitation or legislative requirements.

Under UG, federal agencies are no longer allowed to use voluntary committed cost-share as a consideration in the merit review process. For the past several years, the National Science Foundation has prohibited the inclusion of voluntary committed cost-share in proposals and has excluded it from the merit review process; this requirement will now be implemented by all federal grantmaking agencies.

Since the inclusion of voluntary committed cost-share will no longer be a factor in the merit review process, UWM discourages the inclusion of these costs in proposals, because they will be subject to tracking and audit during the award term. Mandatory cost-share will still be required by some sponsors/programs; in that case, UWM Divisions/Schools/Colleges and departments must continue to track these costs, even with the implementation of UG.