

March 2022

Grants Innovation Exchange Session

Fixed Amount Awards and Other Innovative Award Designs



Agenda

I. Introduction

II. Agency Examples

- a. National Institutes of Health
- b. US Agency for International Development
- c. US Department of State

III. Q & A



Panelists

Michelle Bulls, NIH

- *Michelle is the Director of the Office of Policy for Extramural Research Administration (OPERA) with policy and compliance oversight for the 24 Institutes and Centers grants management offices within the National Institutes of Health (NIH).*

Jonathan Ng, USAID

- *Jonathan is an Attorney Advisor in the Office of the General Counsel at USAID and has covered several portfolios, including Power Africa and the Private Sector Engagement Hub. He most recently served as the Acting Managing Director of USAID's Innovation Division, which focused on evidence-based grantmaking.*

Thomas Kodiak, State

- *Tom is the Director of Federal Assistance for Financial Management at the State Department.*



Introduction



Fixed Amount Award

What is a fixed amount award?

- A fixed amount award is a type of grant or cooperative agreement that provides funding **without regards to actual costs incurred under the Federal award.**

When should a fixed amount award be used?

- Appropriate when the work that is to be performed can be determined with a reasonable degree of certainty.

What are the benefits of fixed amount awards?

- Reduce some of the administrative burden and record-keeping requirements.
- Accountability is based primarily on performance and results.



NIH Grant Applications – Modular Budgets

Michelle G. Bulls, Director, Office of Policy for Extramural Research Administration (OPERA)



NIHs Uses Modular Awards as a Version of Fixed Amount Awards

- NIH does not issue Fixed Amount Awards.
- With prior approval, NIH recipients may issue fixed amount subawards for low-cost activities that fall under the simplified acquisition threshold.
- While NIH does not issue fixed amount awards, we use a similar approach to reduce applicant and recipient burden – e.g., modular budgets.
- Modular budgets streamline the application process and minimize the need to submit detailed budget information at the time of application submission.

FIXED AMOUNT SUBAWARDS

Fixed Amount Subawards

- NIH GPS [8.1.2.11](#): With NIH prior approval, a pass-through entity may provide subawards based on fixed amounts (as defined in 2 CFR Part 200.201 and 45 CFR Part 75.201).
- Amounts cannot exceed the Simplified Acquisition Threshold (currently \$250,000).



MODULAR BUDGETS



National Institutes of Health
Office of Extramural Research

NIH Use of Modular Budgets

- Implemented in 1999, after an extensive 4-year pilot.
- Applies to research grant applications from domestic organizations proposing \$250,000 or less per budget period in direct costs
- Excludes foreign organizations, SBIR/STTR awards and applications proposing the use of Human Fetal Tissue. Exceptions may also be outlined in Funding Opportunity Announcements

Modular Budget Requirements

- Request total direct costs in modules of \$25,000.
- Generally, modular grant applications will request the same number of modules in each year.
- Include a total cost estimate for any Consortium/Contractual arrangements (within the modules).
- Budget justification for personnel and consortiums
- Significant rebudgeting considerations do not apply - changes in scope still require prior approval

[View Burden Statement](#) **PHS 398 Modular Budget** OMB Number: 0925-0001
Expiration Date: 2/28/2023

Budget Period: 1

Start Date: End Date:

A. Direct Costs		Funds Requested (\$)
Direct Cost less Consortium Indirect (F&A)		<input type="text" value="0.00"/>
Consortium Indirect (F&A)		<input type="text"/>
Total Direct Costs		<input type="text" value="0.00"/>

B. Indirect (F&A) Costs		Indirect (F&A) Rate (%)	Indirect (F&A) Base (\$)	Funds Requested (\$)
<input checked="" type="checkbox"/>	Indirect (F&A) Type	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="button" value="Add Additional Indirect Cost"/>				
Cognizant Agency (Agency Name, POC Name and Phone Number) <input style="width: 100%;" type="text"/>				
Indirect (F&A) Rate Agreement Date <input type="text"/>				Total Indirect (F&A) Costs <input type="text"/>

C. Total Direct and Indirect (F&A) Costs (A + B)		Funds Requested (\$)
		<input type="text" value="0.00"/>

Cumulative Budget Information

1. Total Costs, Entire Project Period	
Section A, Total Direct Cost less Consortium Indirect (F&A) for Entire Project Period	\$ <input type="text" value="0.00"/>
Section A, Total Consortium Indirect (F&A) for Entire Project Period	\$ <input type="text"/>
Section A, Total Direct Costs for Entire Project Period	\$ <input type="text" value="0.00"/>

Peer Review of Modular Budgets

How Does it Work?

- Standard peer review criteria apply as outlined in the Notice of Funding Opportunities (NOFO). Unless specified otherwise in the NOFO, consideration of the budget and project period should not affect the overall impact score.
- Peer reviewers consider the entire proposed research project and the total direct costs needed to complete the project in the recommended period.
- The Scientific Review Group (SRG) makes a committee recommendation on the budget request and project period requested.
- The SRG may recommend the elimination or addition of one or more \$25,000 modules or specific budget items

Post-Award Management

- Significant rebudgeting (e.g. changes in a cost category of more than 25 percent of the total costs awarded) does not apply to awards with a modular budget
- Still required to obtain prior approval for any changes in scope
- Recipients must ensure that all costs charged to modular awards are in accordance with cost principles ([NIH GPS 13.5](#))
- Administrative supplement requests require a detailed budget
- Competitive revision applications use the modular budget format

Use of Modular Budgets

- Approximately 29 % of NIH grant applications in FY21 used a modular budget.
- Down from approximately 47% of electronic applications submitted in 2007.
- FY20 Average Grants size for R01 equivalent awards: \$560,000 (FY21 data not yet available).



FIXED AMOUNT AWARDS

**OMB Grants Innovation Exchange –
Fixed Amount Awards and Other
Innovative Award Designs**

March 17, 2022

Disclaimer: Any opinions expressed in these slides or during the presentation are solely those of the presenter and do not necessarily reflect the views of USAID or the US Government.

USAID Fixed Amount Awards (FY 2017-21)

	<u>FY 17</u>	<u>FY 18</u>	<u>FY 19</u>	<u>FY 20</u>	<u>FY 21</u>	5-Yr. Avg.
# New Fixed Amount Awards	143	117	88	117	137	120.4
Total Amount	\$146M	\$53M	\$58M	\$102M	\$97M	\$91.2M (~\$757k/award)

Fixed Amount Awards in Practice

- 1.) Can promote innovation + evidence across the US government:
 - Importance of working within the existing system (FAAs are an existing instrument)
 - Readily facilitates Pay-for-Results approaches with milestone-based payments
 - Puts into practice the “Performance over Compliance” principle

- 2.) Common design/management issues and critiques

- 3.) USAID examples: Cambodia; Development Innovation Ventures

Resources: See USAID’s [ADS 303saj](#) (revised Jan. 2022)

US Department of State

Example of Fixed Amount Awards





U.S. Department of State



Fixed Amounts Awards: Costs are negotiated and agreed upon up front. As long as the objectives are met, the recipient is entitled to the full grant amount—and no more or less.

Department of State Requirements:

- Award must be \$250,000 or less.
- Clearly identifiable goals and objectives based on performance and results.
- Monitoring plan shows how those milestones will be documented (e.g. recipient reporting, phone calls/emails to recipient, attendance at events).
- Costs are predictable and can be determined in advance, and will not fluctuate much once the award starts.
- Period of performance must be less than five years, though FAAs are typically much shorter.
- At the end of the period of performance the recipient must certify in writing that all milestones have been completed successfully.
- Cannot be used where program income is earned.
- All pre-award requirements still apply: risk assessment, SAM.gov registration, budget negotiation.

Questions?

