

NIH GUIDE

for GRANTS and CONTRACTS

U.S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

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GUIDELINES FOR ESTABLISHING AND OPERATING CONSORTIUM GRANTS

POLICY

1. PURPOSE The purpose of this issuance is to provide guidelines for the development of a consortium grant when the institutions involved believe such an arrangement to be necessary or preferred over a traditional project grant made to a single institution. These guidelines are intended to aid in the establishment of a consortium grant with a sound administrative base among the participating institutions and between the NIH awarding unit and the grantee institution.
2. BACKGROUND In the early 1970's, NIH began to receive a small number of research grant applications in which support was sought for a single project which involved two or more institutions through various cooperative arrangements. These guidelines have evolved from experience with the first consortium grants awarded and have been developed through cooperative efforts of the grantee institutions and the NIH in recognition of problems peculiar to these particular grants.
3. APPLICABILITY This policy is applicable to any NIH grant-supported research project which embodies the characteristics of the consortium grant as defined below.
4. DEFINITION A consortium grant is defined as: A grant to one institution in support of a research project in which the program is being carried out through a cooperative arrangement between or among the grantee institution and one or more other institutions (profit or non-profit) which are administratively independent of the grantee. The involvement of the other institutions may be in the substance of the scientific project, or may be that of providing a specified service under a fee-for-service or contractual arrangement, or both. Examples of such projects are:
 - a. Single grantee project in which investigators at two or more independent organizations carry on various phases of the principal activity of the project.
 - b. Single grantee project in which cooperating institutions provide essential services or common data information for the project.

The GUIDE is published at irregular intervals to provide policy, program, and administrative information to individuals and organizations who need to be kept informed of requirements and changes in grants and contracts programs administered by the National Institutes of Health.

5. POLICY The NIH may make an award for the support of a project to a grantee institution on behalf of a named principal investigator even though one or more institutions other than the grantee are cooperating in the project by carrying on various parts of the planned activity. A certification must accompany such applications indicating that appropriate officials in each cooperating institution in the consortium arrangement, as well as the formal applicant institution official, have reviewed the application or at least appropriate parts of the applications, and endorse its submission.

6. CONDITIONS OF APPLICATION AND AWARD

- a. Agreement prior to application submission Prior to submission of an application for a consortium grant the applicant institution and all cooperating institutions should thoroughly explore and reach at least tentative agreement regarding scientific, administrative, financial, and reporting requirements for such grants.
- b. Application preparation The same application forms will be used as for other types of research proposals. However, for such consortium arrangements the application must include additional information, such as:
 - (1) A list of all proposed performance sites both at the applicant grantee institution and at the participating institutions.
 - (2) A separate detailed budget for the initial and future years for each institution and, where appropriate, for each project unit within each institution.
 - (3) A composite budget for all program units in all institutions, for each year, as shown under (2) above.
 - (4) A detailed explanation of the arrangements between the principal investigator and the responsible persons at the cooperating institutions to direct and monitor the research effort.
- c. Written agreement prior to initiation of the project The grantee institution should formalize in writing with each cooperating institution the tentative agreement negotiated prior to receipt of the award: The agreement will specify the operational guidelines for control and direction of the research effort to ensure compliance with all pertinent Federal regulations and policies and to facilitate a smoothly functioning cooperative venture. A copy of all such written agreements will be provided to the NIH awarding unit for its records.
 - (1) Scientific Considerations The agreement should identify the principal investigator and the responsible persons at each cooperating institution and describe their responsibilities in the project. Specific procedures for monitoring and directing the research effort should also be delineated.
 - (2) Fiscal Considerations The agreement should cite specific procedures to be followed in reimbursing participants for their effort and should include dollar ceiling, the time schedule and method of reimbursement, the type of supporting documents required for reimbursement, and procedures for review and approval of expenditure of grant funds at each institution.

(3) Administrative Considerations In instances where policies of cooperating institutions differ from those of the grantee institution, particularly in such areas as travel, travel reimbursement, salaries, and fringe benefits, a determination should be made and entered into the agreement as to which policies will prevail. Any such policies must not be in conflict with those of DHEW-NIH.

d. Assurances Required by DHEW-NIH The grantee institution has the specific responsibility for all required assurances. To make sure of responsiveness on the part of the cooperating institutions, the grantee institution should incorporate an understanding concerning the assurances listed below as a part of the formal written agreement.

(1) Care and Treatment of Laboratory Animals Each cooperating institution using warm-blooded animals in the grant-supported project will comply with applicable portions of the Animal Welfare Act (PL 89-544 as amended) and will follow the guidelines prescribed in DHEW Publication No. 72-23 (NIH), "Guide for the Care and Use of Laboratory Animals."

(2) Civil Rights and Equal Employment Opportunity Each cooperating institution must comply with Title VI of the Civil Rights Act of 1964, and Executive Order 11246. The grantee must ensure that all cooperating institutions have a valid Assurance of Compliance with the Civil Rights Act of 1964 on file with the DHEW (Form HEW 441) and, if a contract is entered into, the contract will include paragraphs (1) through (7), Part II, Subpart B, Section 202, Executive Order 11246.

(3) Protection of Human Subjects The grantee institution and the cooperating institutions should refer to DHEW Publication No. (NIH) 72-102, "The Institutional Guide to DHEW Policy on Protection of Human Subjects," and specifically Section B, "Special Assurances," p. 13 *et seq.* In addition to assuring that initial requirements for protection of human subjects are met in agreements between the grantee institution and the cooperating institutions, procedures also must be established to assure continued monitoring and compliance with these requirements during the course of the project.

(4) Patents and Inventions The fact that two or more institutions share in the grant-supported project does not alter the grantee institution's responsibilities concerning patents and inventions. The grantee institution should obtain appropriate patent agreements to fulfill the requirements from all persons who perform any part of the work under the grant and may be reasonably expected to make inventions. The grantee should insert into each such written agreement a clause making the patent and inventions policy applicable to each cooperating institution and its employees. Agreements should also be obtained by the grantee to govern disposition of rights to inventions resulting from screening compounds synthesized under the grant.

(5) Student Unrest Provisions Each cooperating institution will be responsible for carrying out the provisions relating to remuneration from grant funds to any individual who has been engaged or involved in activities described as "student unrest." (Section 407 of the DHEW Appropriations Act each year since FY 1970.)

(6) Any other assurance normally required of the grantee institution for the program in question is also required of the cooperating institutions.

7. ELIGIBLE COSTS

- a. Direct costs The costs discussed below are those which are most frequently the subject of inquiry and do not represent a complete list of allowable costs. Any cost category that under NIH policy is an allowable direct cost category for the grantee institution may also be requested on behalf of the cooperating institution. The policies related to grant expenditures for research projects generally apply to consortium grants without exception.
- (1) Alterations and renovations Total A & R costs for the project (including the grantee and the cooperating institutions) may not exceed the amount approved and awarded by the NIH or the lesser of \$75,000 or 25% of the total direct costs (exclusive of patient care costs) reasonably expected to be awarded for the entire project period. Rebudgeting by cooperating institutions for A & R costs in excess of the amount approved and awarded for that purpose will require prior approval from the grantee institution.
 - (2) Patient care costs The agreement among the participating institutions should include clauses pertaining to the following:
 - (a) Recognition that (1) the NIH is not obligated to award additional funds for patient care costs over the original authorized level; (2) the amount of patient care costs awarded for each institution is to be viewed as a ceiling amount for that institution; (3) all rebudgeting in or out of the patient care cost category at a cooperating institution must be approved in advance by the grantee institution; and (4) the use of funds for patient care costs when patient care at that institution on this project has not previously been approved by the NIH requires prior approval by the NIH awarding unit.
 - (b) Requirement that charges to the grant be made according to the cooperating institution's negotiated rate agreement with DHEW, or if no agreement exists, be consistent with charges for all other patients.
 - (c) Statement that recovery of patient costs from a third party, e.g., health insurance, be attempted (whenever appropriate) for routine patient care; and
 - (d) Designation of a specific individual(s) to determine when a subject or patient shall enter the protocols of the project and therefore officially become a "research subject or patient."
 - (3) Salaries, wages, and fringe benefits The policies governing salaries, wages, and fringe benefits at each cooperating institution will apply to individuals employed by that institution. Any after-the fact adjustments for institution-wide salary increases or merit promotions will, however, depend upon the availability of funds in the awarded budget.
- b. Indirect Costs If indirect costs are requested from the grant, the indirect cost rate which has been negotiated with the DHEW by each institution under the consortium grant is the basis on which indirect costs are determined and paid under one of the following plans:

Plan A

- (1) Indirect costs for the grantee institution are handled as for any other research grant to that institution.
- (2) Indirect costs for other institutions in the consortium will be computed on individual institution budgets and requested as part of the direct costs under the "Other" category in the composite application budget for the initial and all future years. (See Application preparation, 6b) In such cases, the amount requested by cooperating institutions will be a fixed maximum amount for each year based on estimated direct costs and indirect costs calculated by using indirect cost rates existing at the time of application. Reimbursement up to but not in excess of this amount will be made by the grantee institution to the cooperating institution through an acceptable billing process.

Where feasible, Plan A is preferred because of its simplicity and ease of management for all concerned. However, if this appears not to be an equitable arrangement, alternative Plan B may be proposed as the method of choice for reimbursement of indirect costs.

Plan B

Each member of the consortium may request and claim the full indirect costs to which it is entitled based on the negotiated provisional rate, with final settlement when a final indirect cost rate is established for all institutions involved. If Plan B is proposed by the applicant and approved by the NIH awarding unit, the following procedures will obtain:

- (1) Indirect cost allowance at time of award Prior to an award for a consortium grant, the NIH awarding unit in consultation with the Indirect Cost Management System, Office of Financial Management, NIH, will calculate a "special" indirect cost rate for the consortium grant. This rate will be based entirely upon the rate currently being used by the DHEW for each component institution and will be used solely to determine the allowance at the time of award.

An example of the calculation is provided:

Institution	HEW Rate	Salary and Wage base	Indirect cost
A (grantee)	50%	\$50,000	\$25,000
B (cooperating)	25%	20,000	5,000
C (cooperating)	10%	50,000	5,000
Total		\$120,000	\$35,000

"Special" award allowance rate for consortium =

$$\frac{\$35,000}{\$120,000} = 29.17\%$$

(The calculation can be adjusted to accommodate those situations where institutions may have other than an S and W base.)

- (2) Indirect cost claim on report of expenditure When the report of expenditures is submitted, the grantee institution will recalculate the appropriate indirect cost for each institution on any re-negotiated indirect cost rates and/or any change in the base against which the new rate is to be applied.

[In accordance with NIH policy, when the direct cost base upon which indirect costs are calculated is increased by any re-budgeting of direct cost funds, no additional funds for indirect costs resulting from such action will be provided by the NIH.]

The indirect cost claim reflected in the report of expenditures should represent the combined need of all institutions involved in the consortium based on the pertinent information available at the time the report of expenditures is submitted. Information necessary to justify the total indirect cost claim should be provided and should include the base, rate, and amount for each separate institution in the consortium. The sum of the individual indirect cost claims is the total to be claimed on the report of expenditures.

- (3) Final settlement of indirect costs The amount of indirect costs at the time of award and at the time a claim is made on the report of expenditures is often based on a provisional rate. Final settlement is based on the establishment of a final rate. Indirect cost final settlement for a particular consortium grant cannot be submitted, under Plan B, until all institutions concerned have negotiated final rates with the DHEW. When the last final rate has been negotiated for the various institutions in the consortium, the grantee must assume responsibility for compiling the fiscal information necessary to establish the base to which the various indirect costs will be applied, not only for the grantee institution but also for each cooperating institution. These data will be submitted to the Indirect Cost Management System, OFM, NIH, for settlement outside the automated routine used for other types of grants.

8. OTHER ADMINISTRATIVE CONSIDERATIONS

- a. Rebudgeting authority of cooperating institutions Rebudgeting between budget categories on the part of non-grantee cooperating institutions must have the prior approval of the grantee institution. However, the grantee institution may wish to establish in the written agreement moderate levels of rebudgeting authority within NIH policy limitations with each of the cooperating institutions.

b. Audit guidelines:

- (1) All costs incurred in the consortium grant will be subject to audit by the cognizant Federal audit agency.
- (2) The written agreement with cooperating institutions should incorporate as a minimum all the requirements that would be called for in the agreement between NIH and the grantee, including a clause giving cognizant government auditors access to records where necessary to support costs of the cooperating institution relating to the grant. The grantee should establish controls to see that the cooperating institution's performance, in terms of cost effectiveness, is monitored.

c. Cost sharing guidelines:

- (1) A provision will be included in the written agreement covering cost sharing when it is a research grant requiring such cost sharing.
- (2) The grantee institution is responsible to the NIH awarding unit for the entire contribution to the total cost of the research project, either under an individual or an institutional cost sharing agreement with the DHEW. However, the grantee should require cooperating institutions, where appropriate, to contribute in proportion to their participation in the total project. Any negotiated arrangement for cost-sharing participation should be a part of the written agreement between the institutions in the consortium.

d. Equipment accountability and disposition The grantee institution shall have the responsibility for the purchase, inventory, accountability, and disposition of equipment in accordance with NIH policy. Title to equipment will reside with the grantee institution.

e. Grant-related income The written agreement between the grantee institution and the cooperating institutions will include a clause providing for the coverage of grant-related income in accordance with the policy which requires the grantee to be accountable for the NIH's share of any such income. The grantee is responsible for the records on the receipt and disposition of such income. The cooperating institution will maintain such records as are necessary for the grantee institution to fulfill its responsibility.

Expenditure of the Federal share of grant-related income will not be allowed to meet cost-sharing agreements except for grants under those programs where it is clear that legislative intent was to permit such income to be used for that purpose.

f. Publications The cooperating institutions must decide in advance whether the principal investigator at the grantee institution alone receives credit on research reports and other publications or whether the actual investigator at one of the cooperating institutions will receive such credit. Regardless of the arrangement, general agreements regarding authorships should be established initially.

9. REPORTING REQUIREMENTS In the written agreement it should be spelled out that the cooperating institutions are responsible for making full and complete reports on anything requiring reporting to the grantee institution which will in turn make the required reports to the NIH. The progress report should be patterned after the format generally used for program projects and center grants to show specific parts of the project separately and to report progress separately by the investigators responsible for the various portions of the project.
10. EFFECTIVE DATE This policy is effective for all new and competing renewal grants with beginning dates on or after July 1, 1973.

Grantee institutions which now have consortium grants are encouraged to adopt the principles contained in this policy as soon as practicable.