

NIH GUIDE

for GRANTS and CONTRACTS

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

Vol. 1, No. 22, December 15, 1972

REBUDGETING OF FUNDS WITHIN NIH GRANTS (NIH 5202)

POLICY

1. PURPOSE This issuance states the policy and describes the procedures and guidelines under which institutions may rebudget the funds provided by specified types of research and training grants from the NIH. It supersedes NIH Grants Policy Guide No. 19, May 15, 1972, and Guide No. 21, page 2, August 16, 1972. It does not change the policy previously published but in certain sections carries revisions for greater clarity.

2. APPLICABILITY This policy covers NIH grants which bear the following grant number prefixes, except for grants to state and local governments:

Research Projects	R01 thru 28	Excluding R05, R09, R13, and R25.
Program Projects and Centers	M01 P01 thru P18	Excluding P09 and P16.
Research Training	T01 thru T15	Excluding T09, T10, and T14.
Training Program Projects	D01 thru D19.	
Applied Training	A15.	

3. BACKGROUND Grant budgets are reviewed and receive the approval of the NIH awarding unit for specific categories of expenditures such as personnel, equipment, supplies, and travel. In certain instances, NIH policy has permitted the grantee institution to depart from the approved budget and use grant funds for other direct cost items required for the project. In other cases, prior approval by the NIH awarding unit has been required. At one time all grantees were required to obtain prior approval in writing from the NIH awarding unit for rebudgeting of essentially all grant funds prior to the performance of the act which required the expenditure of funds.

In 1964, the NIH on behalf of the PHS initiated a pilot study on increasing the role of the grantee institution in the management of projects funded through research grants. Selected institutions were assigned the responsibility to review and approve requests from principal investigators and program directors within

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.

their own institutions for changes in certain categories of expenditures. Based on results of the pilot study, the rebudgeting authority was broadened to cover certain training programs and was gradually extended to other institutions. Such rebudgeting authority now resides in virtually all major grantee institutions of the NIH.

4. POLICY The NIH expects the grantee institution to anticipate the full extent of its financial requirements when applying for a grant, to justify them in terms of essentiality to the project or program, and to budget for those costs in each grant application. Approval of a grant budget by the NIH constitutes prior approval for expenditure of funds for costs included in the approved budget.

NIH permits grantee institutions to depart from the grant budget agreed upon at the time of award to meet certain unanticipated requirements in research and training projects, provided that grant funds are used in compliance with NIH policies and the Federal Regulations governing the respective grant program. Such departures must enhance and not impede progress of the project toward its stated objective and be in conformance with the rebudgeting guidelines of this policy statement and the policies and procedures of the grantee institution. They may further be conditioned by restrictions imposed by the NIH awarding unit as a condition of the individual award.

5. DEFINITIONS

- a. Prior Approval: For purposes of this issuance "prior approval" is defined as the written documentation of permission to use grant funds for certain purposes not included in the approved budget as shown on the award document. The request for such action is usually initiated by the principal investigator or the program director and must be approved by the NIH awarding unit or the designated grantee institution official, as provided for in this policy, prior to the performance of the act which requires the expenditure of funds.
- b. Equipment: An item of equipment is an article of property, which is complete in itself, is of a durable nature, and has an expected service life of one year or more.

General purpose equipment is defined as items which are generally usable for activities of the institution other than research or training, such as office equipment and furnishings, air conditioning, reproduction equipment, automatic data processing equipment, etc.

- c. Travel: Domestic travel is travel performed within the grantee's own country and travel between the U.S. and Canada for grants made to institutions within the U.S. or Canada. The U.S. includes Guam, American Samoa, Puerto Rico, the Virgin Islands, the Canal Zone, and the Trust Territory of the Pacific Islands.

Foreign travel is travel outside the U.S. or Canada, or not within the grantee's own country. Travel within the U.S. or Canada enroute to or returning from a foreign destination is considered foreign travel.

- d. Patient costs include hospitalization, inpatient, outpatient and subject costs.
- e. Trainee costs include stipend, tuition, trainee travel, and dependency allowance.

6. IMPLEMENTING GUIDELINESa. Awarding Unit

Awarding units will not apply restrictions on rebudgeting of funds to any class of applicable grants or grant programs or to any cost category covered by this policy on an across-the-board basis without the express written prior approval of the Associate Director for Extramural Research and Training, NIH. Restriction on the use of funds for a specific purpose may be placed on an individual grant as a condition of the award at the time of award when a particular circumstance merits such action by the awarding unit. (See Section 8 - Referral of Problems to the NIH.)

b. Grantee Institution

Grantee institutions may rebudget grant funds available within the amount awarded for direct costs to meet unanticipated needs (except for cost categories listed in Section 7 a. below). Where institutional prior approval is required for the categories listed in Section 7 b. below, it will be done under the following general conditions:

- (1) The institution will designate an appropriate grantee institution official(s) to review and approve rebudgeting requests for those items.
- (2) The rebudgeting request must be reviewed by the designated official for scientific or program propriety in relation to the objectives of the specific project supported by the grant to which the charges will be made.
- (3) The rebudgeting request must be reviewed by appropriate administrative official(s) of the grantee institution to determine that the change is permissible within the policies and procedures of both the grantee institution and the NIH governing the cost category or categories concerned.
- (4) The rebudgeting action must neither impair the institution's ability to complete the project or activity as approved, nor increase the total cost to the grant.
- (5) The funds may not be used for any purpose disallowed as a condition of the award.
- (6) Decisions affecting rebudgeting must be well documented and retained in the institution's records available for inspection or audit for a period consistent with the records retention requirements of the NIH.

7. SPECIFIC LIMITATIONS AND CONDITIONS IN REBUDGETING The NIH requires that rebudgeting of certain items of cost must have prior approval by the NIH awarding unit and for other items prior approval by a designated grantee institution official(s). Grantee institutions may be more, but not less, restrictive concerning rebudgeting on the specified items. In addition, they may establish prior approval requirements within their own institution for cost categories other than those specified under 7 a., b., and c. below. Approval for rebudgeting in these "other" categories may be at any level set by the grantee institution. Approval authority, however, for rebudgeting of funds from NIH grants for the categories

listed in 7 b. below may not be delegated below the level of the specifically designated grantee institution official(s). Requests to the NIH awarding unit must be in writing and signed or countersigned by the appropriate grantee institution official.

a. Prior Approval by the NIH Awarding Unit

The NIH requires prior approval by the appropriate awarding unit for rebudgeting for the following purposes:

- (1) Any purpose disapproved or restricted as a condition of the award.
- (2) Each foreign trip and attendant travel expenditure.
- (3) Purchase by foreign grantees of non-United States manufactured single item of equipment costing \$2,000 or more.
- (4) Any item of general purpose equipment costing \$200 or more, e.g., office equipment; air conditioning, reproduction, data processing equipment, etc.
- (5) Research patient care costs when research patient care has not been previously approved by the NIH.
- (6) Increase or decrease in the total amount budgeted for training stipends.

b. Prior Approval by the Grantee Institution

The NIH requires prior approval by the designated grantee institution official for rebudgeting for the following purposes and must be under the conditions set out below:

- (1) Total expenditure for domestic travel for any entire budget period in excess of \$500 or 125% of the amount for domestic travel in the NIH approved budget, whichever is greater.

- Conditions:
- (a) For employees, the trip must provide direct benefit to the prosecution of the project or program funded by the grant to which the expenditure will be charged.
 - (b) For trainees, in addition to the above, the trip must provide pertinent experience in the furtherance of their training on the grant to which the expenditure will be charged.

- (2) Equipment

Each individual item of equipment with acquisition cost of \$1,000 or more

OR

Total cumulative expenditure for equipment for any entire budget period in excess of \$1,000 or 125% of the amount for equipment in the NIH approved budget for that period, whichever is greater.

- Conditions: (a) The equipment is required for the conduct and productivity of the project funded by the grant to which the expenditure will be charged.
- (b) Suitable, similar equipment is not available to the project from the sponsoring institution or other sources.
- (3) Patient care costs in excess of those originally approved by the NIH awarding unit.

- Conditions: (a) Scientific need for patients and patient costs in the project must have had the approval of the NIH for the budget period involved.
- (b) There is a need or unforeseen opportunity to add more experimental cases to the study to expedite scientific progress of the project supported by the grant to which the expenditure will be charged.
- (c) Charges are consistent, where applicable, with rates established by the Office of Grant Administration Policy, DHEW.
- (4) Alteration and renovation costs up to the lesser of \$75,000 or 25% of the total direct costs (less exclusions) awarded or reasonably expected to be awarded for the entire project period.

- Conditions: (a) The total direct costs against which the computation is made must exclude amounts for patient costs and trainee costs. (See Definitions, Section 5.)
- (b) Rebudgeting by the institution into the alterations and renovations category must not increase the cumulative total of that category beyond the maximum allowable of \$75,000 or 25% of direct costs, less exclusions, for the entire project period.
- (c) The alterations and renovations must be for space occupied or totally used by the project funded by the grant to which the expenditure will be charged.
- (d) The space to be renovated must be structurally complete, have a usable remaining life consistent with program purposes, and be architecturally suitable for conversion.
- (e) The rebudgeting must not impair the grantee's ability to accomplish the objectives of the project in the allotted time, or adversely affect the conduct of the project.
- (f) Any rebudgeting into alterations and renovations must not contribute to an increase in the cost to NIH for support of the project.

c. General Limitations Concerning Indirect Costs in Rebudgeting

- (1) Funds awarded and identified for indirect costs may not be rebudgeted into direct costs during the budget period for which the funds were awarded.
- (2) When the direct cost base upon which indirect costs are calculated is increased by any rebudgeting of direct cost funds, no additional funds for indirect costs resulting from such action will be provided by the NIH. The following options may be considered by the grantee institution in such situations:
 - (a) The institution may effect an appropriate reduction in other direct costs of the grant at the time of rebudgeting to provide a reserve for additional indirect costs, or
 - (b) additional indirect costs so generated may be claimed in whole or in part on the report of expenditures from any unexpended balances at the end of the budget period, and/or
 - (c) the institution may elect to pay such costs from other non-Federal funds as a contribution toward cost sharing.

8. REFERRAL OF PROBLEMS TO THE NIH AWARDING UNIT It is not mandatory that decisions regarding rebudgeting of funds be made without recourse to the NIH awarding unit. If, in the opinion of the responsible grantee institution official, no procedure, policy, or precedent clearly applies to the rebudgeting question, he should seek advice from the awarding unit. If a request for a budget change may lead to a significant change in the direction or to a departure from the project as approved, the question should be referred to the NIH awarding unit for determination. This does not constitute a mechanism for appeal by the principal investigator or program director directly to the awarding unit. Issues may be referred by the responsible official of the grantee institution if they cannot be decided internally in the grantee institution.

If during the budget period it becomes apparent to the grantee institution or the principal investigator that a restriction made by the awarding unit at the time of award is working to the disadvantage of the project, the responsible grantee institution official may request in writing that the awarding unit rescind the restriction in question. If the awarding unit approves the request in writing, subsequent budget changes permitted by the removal of the restriction may be authorized by the grantee official.

9. EFFECTIVE DATE This policy is effective for all rebudgeting actions taking place on or after July 1, 1972.

References

- (1) Office of Management and Budget Circular A-21, September 2, 1970, as modified by OMB Transmittal Memorandum No. 1, March 30, 1971.
- (2) Office of Management and Budget Circular A-101, January 9, 1971.
- (3) DHEW Grants Administration Manual, Chapter 2-65, Research Cost Principles for Educational Institutions.
- (4) DHEW Grants Administration Manual, Chapter 3-60, Training Cost Principles for Educational Institutions.
- (5) DHEW Grants Administration Manual, Chapter 1-44, Alterations and Renovations of Facilities with DHEW Grant Funds--.
- (6) NIH Guide for Grants and Contracts, No. 20, June 8, 1972.

CHANGE IN GRANTEE INSTITUTION FOR A RESEARCH
CAREER DEVELOPMENT AWARDEE (NIH 5204)**POLICY**

1. PURPOSE This issuance states the policy and the procedures to be followed when a Research Career Development (RCD) awardee is leaving the institution to which the award was made and the institution to which he is going wishes to request continued support on his behalf. It supersedes all prior policy statements concerning change in grantee institution for the RCD awardee.
2. BACKGROUND Although RCD awards have never been transferrable from one institution to another, the new institution has always been permitted to apply on behalf of the individual for a new award at any time after the acceptance by the individual of a position at the new institution. Originally a total of ten years of support for an individual was possible but this was later reduced to eight years. On February 5, 1971, NIH Guide No. 5, page 1, set the maximum total allowable duration of support at five years.
3. APPLICABILITY This policy is applicable to all NIH Research Career Development programs, including "old" (K3) and "modified" (K4) awards.
4. POLICY A Research Career Development awardee may make a change in grantee institution and request continued support from an RCD award provided:
 - a. A new application is submitted by the new institution on behalf of the awardee for scientific review by the NIH.
 - b. The total period of support, at both institutions combined, does not exceed five years.
 - c. Request for the change is submitted well in advance of the requested effective date in order to allow sufficient time for review.
5. IMPLEMENTATION When the RCD awardee contemplates leaving the grantee institution to which the original award was made, the appropriate NIH awarding unit should be notified in writing by the awardee and the grantee institution official at the earliest possible time.

The second institution may submit a new application for continued support of the awardee at that institution. The complete new application (Form PHS-2557-1) will be submitted to the Career Development Review Branch, Division of Research Grants, NIH. Sufficient time should be allowed for the necessary review, which may require as much as six months.
6. EFFECTIVE DATE This policy is effective on date of release.

Reference

- (1) NIH Guide No. 5, February 5, 1971, Duration of Research Career Development Awards.

ESTABLISHMENT OF A PROGRAM OF
DIGESTIVE DISEASES AND NUTRITION CENTERS

A N N O U N C E M E N T

1. The National Institute of Arthritis, Metabolism, and Digestive Diseases intends to support a number of Digestive Diseases and Nutrition Centers. Initially, only centers in which the research emphasis is in the areas of obesity, peptic ulcer, and hepatitis and cirrhosis will be supported. The scientific community will be informed when support is expanded to centers in other areas of research.
2. The objectives of the Digestive Diseases and Nutrition Centers are to establish environments for the development of new and multidisciplinary research approaches to human digestive and nutritional diseases and for the acquisition of new knowledge essential for improved diagnosis, treatment, and prevention of these diseases. The centers are conceived as supporting scientific personnel, administration, conduct of research, and central support services to accomplish research goals that otherwise would not be possible.
3. Center grant applications, prepared on Form PHS 398 "Application for Research Grant," will be reviewed by a special study section of the Division of Research Grants, composed of NIH consultants, and by the National Arthritis, Metabolism, and Digestive Diseases Advisory Council. Grant-supported centers will also receive continuing review and evaluation by NIH staff and consultants.
4. In order that applications may be eligible for funding during the present fiscal year, a special deadline of April 1, 1973, has been established for the receipt of applications for Digestive Diseases and Nutrition Centers. Subsequently, new Center applications will be reviewed only once annually with a deadline of October 1 for receipt of applications.

Additional information and applications may be obtained by writing:

Associate Director for Digestive Diseases and Nutrition
Westwood Building, Room 603
National Institute of Arthritis, Metabolism, and Digestive Diseases
National Institutes of Health
Bethesda, Maryland 20014
(Telephone: Area Code 301, 496-7455)

USE OF GENERAL SERVICES ADMINISTRATION
SOURCES OF SUPPLY AND SERVICES (NIH 4203)

A N N O U N C E M E N T

1. The General Services Administration has withdrawn its authorization for Federal grantees to purchase from Federal Supply Schedule contracts.
2. The procedure notice published on page 5 of Grants Policy Guide No. 4, December 1, 1970, is rescinded.

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DISTRIBUTION OF NIH GUIDE FOR
GRANTS AND CONTRACTS

ANNOUNCEMENT

1. Requests for copies of the *GUIDE*, notifications of change of address, and other matters pertaining to the distribution of the *GUIDE* should be addressed to the Division of Research Grants, Westwood Building, National Institutes of Health, Bethesda, Md. 20014.

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