



E001355

THE DEVELOPMENTAL COMPONENT

PURPOSE:

Where requested, a Developmental Component to provide additional flexibility in the use of Regional Medical Program funds may be awarded to Regional Medical Programs on the basis of maturity, adequacy of program, and administrative competence.

A Developmental Component is that part of an award to a Regional Medical Program for which the Region is required to delineate in advance only its general program objectives and priorities for expenditure of the funds. In awarding a Developmental Component, the National Advisory Council delegates to the Regional Advisory Group authority to fund specific activities without prior approval.

The Developmental Component provides the Regional Advisory Group with an opportunity to support relevant activities without delay. Among other things, funds provided through a Developmental Component enable a Regional Medical Program to devote attention to unforeseen problems, to take advantage of new opportunities as they arise, and to participate in appropriate activities supported through Federal and other grants as awarded.

AMOUNT AND DURATION

The Developmental Component may not exceed 10% of the annual direct cost funding level, excluding carryover, during the year in which the application is submitted or 10% of the current year's direct costs, whichever is lower. In the first case, if the applicant is in its 03 year, and is requesting funds for its 04 year, then the direct costs for the 03 year are the basis for computing the maximum amount of the Developmental Component. If the approved direct costs for the 04 year were less than those for the 03 year, then the Developmental Component would be based on a percentage of the 04 year award.

Approval of a Developmental Component does not necessarily require that additional funds be awarded since ability to award additional funds depends, in part, on the availability of appropriations.

A Developmental Component remains in effect for the duration of the triennium for which it was approved. The amount for any given year is determined by applying the approved percentage to the appropriate direct cost figure as explained above. Fluctuations in the amount of the Developmental Component resulting from annual variations in approved direct costs do not require Council action or special staff approval.

Where no additional funds have been awarded for an approved Developmental Component, the Regional Medical Program may rearrange its budget to include a Developmental Component up to the maximum permitted amount (i.e., take money previously budgeted for specific activities and rebudget into the Developmental Component).

There will be no carryover of unexpended Developmental Component funds from one year to the next.

APPLICATION

No Developmental Component will be approved unless it is specifically requested by a Regional Medical Program, approved by the Regional Advisory Group, and formally recommended for funding by the National Advisory Council. A Regional Medical Program may apply for a Developmental Component in any year of a triennium on its anniversary date for a period not exceeding the remainder of the triennium. For example, if an RMP applies for a Developmental Component in its "triennial" application and the Developmental Component is not approved, it may apply again in the following year, or the year after that, etc., but only on its anniversary date. All requests for approval of a new Developmental Component whether in a "triennial" application or during a "continuation" year will be referred to the National Advisory Council for consideration.

Where a Regional Medical Program has requested or been approved for less than the maximum allowable percentage for a Developmental Component, it may request an increase on its anniversary date in any year. A request to increase a Developmental Component over the previously approved level, likewise must be considered by the Council.

The following items should be covered in a request for a Developmental Component in an application:

1. The general objectives and priorities for which Developmental Component monies will be used.
2. Any specific uses of Developmental Component funds which appear extremely likely or possible at the time of application.
3. Mechanisms for developing or taking advantage of opportunities to use Developmental Component funds for the stated objectives (i.e., relationships with other organizations, communication channels, etc.).

4. Plans for evaluating the effectiveness of activities funded under the Developmental Component.
5. Procedures for allocating and monitoring Developmental Component funds. (See next section.)

ADMINISTRATIVE PROCEDURES

Each Regional Medical Program requesting or approved for a Developmental Component must establish written administrative procedures for allocation, use and monitoring of Developmental Component funds. These procedures must be formally reviewed and approved by the Regional Advisory Group. As a minimum such procedures should cover the following:

1. Authorization for funding - In order to facilitate expeditious use of Developmental Component funds, procedures for funding should be kept as simple as possible. The procedures should explain how Developmental Component funds are formally obligated for specific activities by a Regional Medical Program. (Examples: "Awards shall be made in writing, state the amount and duration of funds obligated and be signed by the Coordinator and Chairman of the Regional Advisory Group;" or "All awards must be specifically approved by the Regional Advisory Group;" or "Awards under \$X,XXX may be approved by the Coordinator.")
2. Accounting - Accounting procedures should require the establishment of separate accounts for the Developmental Component and its subsidiary activities when funded. The Developmental Component should be clearly identified as the source of funds for such accounts. Where Developmental Component funds and other funds are mingled in support of an activity, it is only necessary to indicate the total amount of Developmental Component funds allocated to the activity. In such cases, it is not necessary to break down line items to show Developmental Component funds and other funds.
3. Monitoring of specific activities - Monitoring procedures should provide for the assignment of staff to be responsible for following progress and activities funded under a Developmental Component. Such procedures should also provide for periodic financial and progress reports to core (quarterly at least) and the review of such reports by appropriate staff and advisory bodies.

A copy of the full text of a Regional Medical Program's procedures for administering a Developmental Component shall be filed with the Regional Medical Programs Service as part of the initial request for a Developmental Component. Unless changes are made, such material only needs to be submitted once. Subsequent applications can make reference to the material on file.

INDIRECT COSTS FOR THE DEVELOPMENTAL COMPONENT

No additional funds will be awarded to cover indirect costs generated through the Developmental Component. Indirect costs associated with implementation of activities funded under a Developmental Component, however, are allowable and can be paid in accordance with existing negotiated rates with DGAP or with or by the grantee institution. The total amount of direct plus indirect costs for such activities, however, may not exceed the amount awarded for the Developmental Component.

RELATIONSHIP BETWEEN THE DEVELOPMENTAL COMPONENT, CORE AND OPERATIONAL PROJECTS

Ordinarily a given activity should not be funded under a Developmental Component for more than 24 months. Within that period of time such activities should either (a) be completed; (b) become a regular part of core activities; (c) become an operational project; or (d) be spun off and supported through other sources of financing. Where activities initially funded under a Developmental Component are transferred to core or operational status, they will no longer be charged against the Developmental Component, thus increasing the unobligated balance for the Developmental Component which may then be used for new purposes. It is, therefore, to the advantage of an RMP to turn over Developmental Component money quickly. The decision on when or whether an activity initially funded under a Developmental Component has achieved operational status is the responsibility of the Regional Advisory Group.

REPORTS

As discrete activities are funded under the Developmental Component, such activities must be reported immediately to the Regional Medical Programs Service by submitting a description of the activity on Form 11, 12 or 15, as appropriate, and a copy of Form 16, Financial Data Record, for each. Form 16 should be completed to show the proposed budget for the activity. Forms 11, 12 and 15 should also be used for reporting progress on funded Developmental Component activities in the annual application submission. Such activities should be identified in the "Project Title" or text as being funded in whole or in part through the Developmental Component.