



National Institutes of Health: Extramural Construction

The Recovery Act directly provided \$10 billion to the National Institutes of Health (NIH). This Implementation Plan focuses on the \$1.0 billion of Recovery Act funds provided to the National Center for Research Resources (NCRR), a component of the National Institutes of Health (NIH), for the Extramural Construction program.

A. Funding Table

(Dollars in millions)

Program/ Project/Activity	Total Appropriated	FY 2009 Actual Obligations	FY 2010 Estimated Obligations
<i>Extramural Construction</i>	\$1000.0	\$52.1	\$947.9

B. Objectives

The objective of the Recovery Act Extramural Construction program is to build capacity to conduct biomedical and behavioral research by supporting the costs of improving non-Federal basic research, clinical research, and animal facilities to meet the biomedical or behavioral research, research training, or research support needs of an institution. It is expected that all awards will be expended expeditiously and that applicants will consider the use of “green” technologies and design approaches. Awards are expected to create and/or maintain American jobs. The citizens of the United States will benefit from these awards through improved biomedical and behavioral research capacity.

The objective of the Recovery Act Extramural Construction program is to facilitate and enhance the conduct of biomedical and behavioral research by supporting the costs of designing and constructing non-Federal basic and clinical research facilities to meet the biomedical or behavioral research, research training, or research support needs of an institution or a research area at an institution.

C. Activities

The Extramural Construction program consists of two main activities:

1. **Extramural Research Facilities Improvement Program (RFIP) (approximately \$800 million):** The RFIP activity awards grants to public and nonprofit private entities to expand, remodel, renovate, or alter existing research facilities or construct new research facilities for biomedical and behavioral research.
2. **Core Facility Renovation, Repair, and Improvement (approximately \$200 million):** The Core Facility activity awards grants to public and nonprofit private entities to renovate, repair, or improve core facilities. A core facility is defined as a centralized shared resource that provides access to instruments or technologies or services, as well as expert consultation to investigators



supported by the core. Applicants may request support to alter and renovate (A&R) the core facility as well as to improve the general equipment in the core facility or to purchase general equipment for specialized groups of researchers. Specialized equipment over \$100,000 in cost cannot be requested. Such equipment can instead be requested under a separate announcement for shared instrumentation (PAR-09-028). In situations when similar core facilities exist in different departments at an institution, funding can be requested in support of centralizing these core facilities.

D. Characteristics

Eligible recipients include 1) Public/State Controlled Institution of Higher Education; 2) Private Institution of Higher Education; and 3) Nonprofit with or without 501(c)(3) IRS Status (Other than Institution of Higher Education).

Awards are made to public and non-profit domestic institutions only, including health professional schools, other academic institutions, hospitals, health departments, and research organizations. The current obligations were \$52.1 million in FY 2009 and will be \$947.9 million in FY 2010. FY 2009 obligations were initially lower than expected due to a rigorous construction grant award process; however, FY 2010 obligations far exceed aggregate schedule. Aggregate obligations scheduled for completion by June 2010.

Institutions submit grant applications which are selected using NIH's standard, competitive, peer-reviewed process – a two level review process. Briefly, the first level of review for scientific and technical merit is conducted by expert peer review study sections convened by the NIH and comprised of external reviewers. The second level of review is conducted by the NCRR National Advisory Research Resources Council (NARRC). The final decisions are based on the scientific and technical merit of the application as determined by first and second level of peer review, the availability of funds, the relevance of the application to the NCRR/NIH program priorities, the national geographic distribution of awards, and the priorities specified in the Recovery Act, such as energy efficiency and job creation.

The table below provides a summary of key information about the Extramural Construction Program.

Characteristics:	Extramural Research Facilities Improvement Program	Core Facilities Renovation, Repair, and Improvement Program
Funding Opportunity Announcement (FOA) #	RFA-RR-09-008	RFA-RR-09-007
Types of awards	Grants	Grants
Estimated size of awards	\$2-15M	\$1-10M
Targeted recipients/beneficiaries	Public & non-profit private, domestic institutions & organizations	Public & non-profit private, domestic institutions & organizations
Methodology for award Selection	Competitive, 2-tiered peer review	Competitive, 2-tiered peer review



E. Delivery Schedule

The following table depicts major milestones and their associated timelines for the Extramural Construction program.

Milestones:	Extramural Research Facilities Improvement Program (C06)	Core Facilities Renovation, Repair, and Improvement Program (G20)
Funding Opportunity Announcement (FOA) #	RFA-RR-09-008	RFA-RR-09-007
FOA Released	March 5, 2009	March 5, 2009
Applications Due (award size/due date)	<ul style="list-style-type: none"> • \$2-5 M/May 6, 2009 • \$10-15 M/June 17, 2009 • \$5-10 M/July 17, 2009 	\$1-10 M/September 17, 2009
Application Review	July – October 2009	December 2009
Earliest Awards	August 2009	March 2010

Additionally, to help speed the economic impact of the Recovery Act funds, NIH made a limited number of awards to previously peer-reviewed, meritorious (but unfunded) applications for the Extramural Construction program.

F. Environmental Review Compliance

National Environmental Policy Act (NEPA) Compliance under the Recovery Act in the area of Research Grants: Consistent with the provisions of NEPA in place since 1970, NIH has procedures in place to ensure that federal officials properly take into account potential environmental consequences when taking actions. Section 1609 (c) of Recovery Act requires that the President report to the Senate Environment and Public Works Committee and the House Natural Resources Committee every 90 days following the date of enactment until September 30, 2011 on the status and progress of projects and activities funded by the Act with respect to compliance with National Environmental Policy Act requirements and documentation. The Council on Environmental Quality (CEQ) promulgated reporting requirements in a March 11, 2009 document that described specific procedures and a reporting template that NIH fills in regularly and provides to the HHS Office of Facilities Management and Policy (OFMP).

Most research grants qualify for a categorical exclusion from detailed NEPA review, as promulgated in the Federal Register on January 19, 2000: "NIH is providing notice of the actions that will normally be categorically excluded from further environmental review because individually and cumulatively they will not have a significant effect on the human environment. If a proposed action is included in one of the categories but extraordinary circumstances as described in section D of this notice apply, an environmental review will be performed." In other words, whereas most research



grants qualify for the categorical exclusion, NIH is required to conduct oversight to ensure that all proposals are reviewed for extraordinary circumstances or triggers that might warrant additional environmental review. NIH has determined that the following are potential extraordinary circumstances:

1. Greater scope or size than other actions included within a category.
2. A threatened violation of a Federal, State, or local law established for protection of the environment or for public health and safety.
3. Potential effects of the action are unique or highly uncertain.
4. Use of especially hazardous substances or processes for which adequate and accepted controls and safeguards are unknown or not available.
5. Overload existing waste treatment plants due to new loads (volume, chemicals, toxicity, additional hazardous wastes, etc)
6. Possible impact on endangered or threatened species.
7. Introduce new sources of hazardous/toxic wastes or require storage of wastes pending technology for safe disposal.
8. Introduce new sources of radiation or radioactive materials.
9. Substantial and reasonable controversy exists about the environment effects of the action.

In order to ensure a heightened awareness of the environmental aspects of Recovery Act, the Director of the Office of Research Facilities briefed Program Officials on April 2, 2009 and also briefed the Extramural Program Management Committee. The Categorical Exclusion is used for routine research grants, and we expect Recovery Act awards to follow a similar pattern.

G. Measures

Outcome / Measure		9/30 2009	12/31 2009	3/31 2010	6/30 2010	9/30 2010	12/31 2010	3/31 2011	6/30 2011	9/30 2011	Program End
Number of extramural construction grants awarded.	Target	58	63	120	174	174	174	174	174	174	174
	Actual	37	48	142							
Number of grantees that have completed the final design phase.	Target	0	0	0	0	0	25	78	146	146	146
	Actual	0	0	0							

This information will be available to the public on the Recovery Act website.



H. Monitoring and Evaluation

All Recovery Act programs are assessed for risk to ensure that appropriate internal controls are in place throughout the entire lifecycle of the program. These assessments are done consistent with the statutory requirements of the Federal Manager's Financial Integrity Act and the Improper Payments Information Act, as well as OMB's circular A-123 "Management's Responsibility for Internal Control" (including Appendices A, B & C).

NIH's risk management process fits within the overall governance structure established at HHS to address Recovery Act program risks. The HHS Risk Management and Financial Oversight Board provides executive leadership and establishes accountability for the risk assessment process related to internal controls over financial reporting, and the HHS Senior Assessment Team ensures that risk assessment objectives are clearly communicated throughout the Department. NIH's Senior Assessment Team in coordination with the NIH Risk Management Program carries out comprehensive annual assessments of its Recovery Act programs to identify risks and develop strategies to address them, including those associated with selecting recipients, awarding and overseeing funds, and achieving program goals. It meets quarterly to monitor and assess the effectiveness of mitigation strategies and identify emerging risks.

In addition, NIH has presented its high level risks to the Recovery Act Implementation Team. Chaired by the Deputy Secretary and comprised of senior policy officials from throughout the Department, the Implementation Team convenes monthly to monitor progress in carrying out Recovery Act programs and address the obstacles and risks that could impact on their success.

The National Institutes of Health through the Extramural Grants Management Advisory Committee (GMAC), and the Contract Management Advisory Committee (CMAC), has established policies and procedures to assure a consistent and integrated approach to oversight practices that monitor extramural grantee activities for NIH contracts, grants, and cooperative agreements. These committees meet approximately twice a month. Guidance for progress tracking, financial management, and administrative management of NIH grants includes OMB Circular A-110, OMB Circular A-123, *Management's Responsibility for Internal Control*, sections of the Recovery Act including Section 1512, and the *Updated Implementing Guidance for the Recovery Act of 2009*.

In addition, the NIH Office of Management Assessment (OMA) and the Office of Financial Management (OFM) have established the NIH risk management framework for identifying, assessing, and testing of operational and financial risks and internal controls associated with implementing Recovery Act requirements. OFM and OMA conduct risk and control assessments in compliance with the statutory requirements of the Federal Managers' Financial Integrity Act, the Improper Payments Information Act, and OMB's Circular A-123 *Management's Responsibility for Internal Control*.



OMA will work with NIH offices that are responsible for implementing programs receiving Recovery Act funding to: identify and score the Recovery Act risks, assess controls related to the identified the Recovery Act risks, remediate controls as needed, monitor the inventory of the Recovery Act risks, and report on the risks and controls to leadership. OFM uses its existing process for assessing internal control over financial reporting related to using and tracking Recovery Act funds and take into account any control deficiencies.

NCCR is responsible for administering and overseeing the extramural construction program, while each grantee is responsible for ensuring that the awarded grant funds are used properly and as specified. NCCR works closely with the grantee, which is ultimately responsible for the activity of the contractors, to make sure the federal funds maximize research capacity and that adequate progress is being made. Additionally, NCCR is employing management tools to mitigate program risk through all program phases including grant review, award, and post-award monitoring.

I. Transparency

NIH will be open and transparent in all of its contracting and grant competitions and regulations that involve spending of Recovery Act funding consistent with statutory and OMB guidance ensures that recipient reports required by Section 1512 of the Recovery Act are submitted and reviewed for material omissions and significant errors that would mislead or confuse the public. NIH will inform recipients of their reporting obligation through standard terms and conditions, grant announcements, contract solicitations, and other program guidance. NIH will provide technical assistance to grantees and contractors and fully utilize Project Officers to ensure compliance with reporting requirements.

To ensure recipient cost and performance requirements are reported, all awards issued with Recovery Act funds have special accounting numbers and codes to track the funds and awards. All Recovery Act funds must be awarded separately from the normal appropriation funds. The awards must comply with both existing NIH reporting requirements and the Recovery Act reporting requirements. More specifically, grants will include special terms and conditions based on guidance provided by OMB and HHS.

NIH has a link to Recovery.gov on its web site.

J. Accountability

To ensure that managers are held to high standards of accountability in achieving program goals under the Recovery Act, NIH will build on and strengthen existing processes. Senior NIH and Extramural Construction officials will meet regularly with senior Department officials to ensure that projects are meeting their program goals, assessing and mitigating risks, ensuring transparency, and incorporating corrective actions. The personnel performance appraisal system will also incorporate Recovery Act program stewardship responsibilities for program and business function managers.



The extramural construction program has a database that provides a data collection and monitoring tool that allows NCRF to track required documents, monitor progress, and monitor proper usage of the facility. Reports generated from the database show progress of individual projects and in turn facilitate more effective program management. The database enables NCRF staff to make adjustments to the program and implement corrective actions with grantees as needed.

The NIH Office of Management Assessment and Office of Financial Management are coordinating efforts to ensure that existing risk management processes are fully used as NIH implements the provisions of the Recovery Act. Terms and conditions of award notices will also be amended so that awardees are fully aware of the reporting requirements associated with these funds.

K. Barriers to Effective Implementation

NIH anticipates no significant barriers to implementation.

L. Federal Infrastructure

The Division of Environmental Protection in the Office of Research Facilities at NIH has been reviewing the environmental plans and monitoring compliance for all awards. Thirteen awards are still undergoing review. Most of the awards have been certified as having no negative environmental consequences following the initial review. In the cases where there are questions (25), the awardees have been notified about the issues and are now undertaking the necessary environmental assessments. The information from those assessments will be reviewed before the awardee is permitted to begin construction.

The National Historic Preservation Act is one of the terms and conditions for all NIH major construction awards. Very few of the awards fund renovation projects in building that has been deemed worthy of preservation. For those awards that are occurring in historic buildings, clearance has been or is being obtained from the State Historic Preservation Office.

This program does not support Federally-owned assets. However, HHS grants policy emphasizes sustainable design considerations should be included to the maximum extent feasible in construction or modernization grants or activities funded at \$1 million or more (AAGAM Chapter 6.99.106-3). Implementing sustainable design principles serves to mitigate health, social and environmental impacts and further the National commitment to reducing energy, and green house gas and related emissions. NIH included the requirement to incorporate sustainable design practices in the grants announcement. In addition to incorporating the primary elements of improvements and repair projects, all improvements and repair projects that have a total project cost equal to or greater than \$10 million and/or impacting 40 percent or more of the overall floor area, must obtain certification from the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) or



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the Green Building initiative's Green Globes System Certification rating system. Information about the level of sustainability will come to NIH during the design review process. That process is just beginning and will last for 14 months from the start of each award.

Summary of Significant Changes:

- Expanded funding table to show three year obligations and outlays (Section A. Funding Table)
- Updated funding for activities obligations (Section C. Activities)
 - Extramural Research Facilities Improvement from \$700 million to \$800 million
 - Core Facility Renovation, Repair, and Improvement from \$300 million to \$200 million
 - These changes occurred in response to the number of applications in each program. More applications were received in the Extramural Research Facilities Improvement than were expected.
- Updated funding for award obligations (Section D. Characteristics, respectively)
 - Awards to public and non-profit domestic institutions from \$132 million to \$52.1 million in FY 2009
 - Awards to public and non-profit domestic institutions from \$868 million to \$948 million in FY 2010 The complexity of making construction grant awards resulted in fewer awards being made than expected in FY2009.
- Updated delivery schedule, obligations made in 2009 and planned for 2010, milestones and potential plans for additional projects contingent upon available funding from ARRA project proposals-in-progress (Section E. Delivery Schedule)
- Reported results of National Environmental Policy Act (NEPA) review activities (Section F. Environmental Review Compliance)
- Updated program measures (Section G. Measures)
- Added information on NIH's proactive risk assessment and mitigation efforts and their connection to OMB required internal controls (Section H. Monitoring and Evaluation)