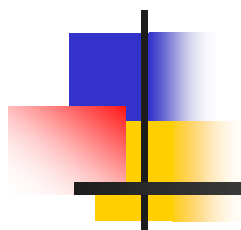


Subcontracts on Sponsored Projects: Pre-Award Preparation



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Subcontracts: The Definition

- The Technical, “Dry” Definition
 - A Subcontract is used to describe the relationship that exists between the primary grantee and a secondary investigator or institution on a research project performing work.
- The “Getting Real” Definition:
 - Dr. Jane Doe at Yale University is going to participate as a Co-Investigator on your grant at 20% effort. She will spend most of her time working on your grant while she is in her own office space at Yale and has also budgeted for a part-time Project Coordinator who will assist with managing her aspects of the project.



Subcontracts: Just the Facts, Ma'am

- Involves personnel costs, study-specific supplies, travel, and other allowable costs
- Involve Facilities and Administrative (F&A) costs (formerly known as “Indirects”) for the subcontract institution
- Requires administrative approvals from CUMC and the subcontract institution
- If a subcontract is anticipated, the administrative and budgeting process must begin EARLY! (~ 1 month before due date)
- PIs should help identify K. Kulage’s “counterpart” at the subcontract institution
- NIH now calls Subcontracts “Consortium/Contractual Arrangements”



To Subcontract or Not to Subcontract

- A **Subcontract** is required for an individual's participation if:
 - The time they are devoting is in lieu of time they would normally spend at their own university appointment
 - Their effort on your project (e.g., 1.2 calendar months effort) is calculated part of their 100% "professional time"
 - They will be using a significant resources (e.g., office space, supplies, computer, personnel) at their own university when working on your grant
 - Columbia University is required to pay the institution's Indirect Costs associated with their participation
- Otherwise, is likely a Consulting Agreement (see slides from last week)



As for the John Hancock...

- A signed face page is required from the subcontract institution for both paper and electronic submissions (.pdf electronic version is acceptable)
- Official policy:
The signature of the authorized official on the Face Page signifies that the applicant and *all proposed consortium participants* agree that: *The appropriate programmatic and administrative personnel of each organization involved ... are prepared to establish the necessary inter-organizational agreement(s) consistent with that policy.*
- In other words:
Victor's signature on our face page (or his hitting the SUBMIT button electronically) is verification that both institutions have agreed to establish a subcontract if funded.



Subcontracts: Administrative Facts

- Subcontract can have multiple personnel listed, but one lead investigator (e.g., Subcontract PI) must be identified
- For electronic submissions, the lead investigator must have an eRA Commons ID
- Lead investigator should NOT be labeled as “Co-PI” – this classification is reserved solely for “Multiple Principal Investigator” applications
- Key personnel must show proof of Good Clinical Practices
- Biosketches for Key Personnel, Consultants, OSC, etc (as covered last week) are required
- Part of the Facilities & Resources section should be devoted to resources at the subcontract institution



“New” Research Plan Requirement

15. Consortium/Contractual Arrangements

- “Explain the programmatic, fiscal, and administrative arrangements to be made between the applicant organization and the consortium organization(s).”
- 1-2 paragraphs long; can repeat budget justification information, but includes other information
- ORR has examples of “Consortium/Contractual Arrangements”
- Signed subcontract face page and other administrative paperwork is included immediately following this section (both paper and e-submissions)



Budgeting for \$ubcontract\$

- Budgeting is a “separate but equal” process – e.g., If a detailed line-item budget and justification is used for Columbia’s part of the budget, the same is provided for the subcontract budget
- Columbia uses its F&A rate (currently 61%) and the subcontract site must use THEIR federally negotiated F&A rate
- A subcontract’s direct AND indirect costs are part of OUR direct cost total
- Columbia University receives additional indirects on the first \$25,000 of EACH subcontract
- NOTE: The subcontract site is ultimately responsible for creating and verifying their own budget and justification



Budgeting for \$ubcontract\$

NIH Policy NOT-OD-05-004 – The Best Thing Since Sliced Bread!

- Consortium/Contractual F&A (indirect) costs are excluded when determining if an application is compliance with budget limitations
- Rationale: “NIH recognizes the increased need for support of interdisciplinary research and research teams.....This change will allow applicants.....to propose the necessary research teams via consortium arrangement without a negative impact on their budget.”
- Translation: PIs are no longer penalized financially for including a subcontract!



Budgeting for Subcontract\$

- **Case Scenario: NOT-OD-05-004 in Action**
 - R21, \$150,000 direct costs maximum in year 2
 - Columbia's direct costs are \$100,000
 - Subcontract is included for \$62,500; direct costs = \$50,000; indirect costs = \$12,500 (subcontract site has 25% F&A rate)
 - Total DIRECT costs = \$162,500
 - Although a subcontract's direct AND indirect costs are part of OUR direct cost total, \$12,500 F&A is "excluded" when determining compliance with \$150,000 direct cost limit
 - We ARE requesting \$162,500 directs, but grant IS in compliance because of subcontract F&A ($\$162,500 - \$12,500 = \$150,000$)



Allow Me to Reiterate...

- Subcontract = STARTING EARLY IS IMPERATIVE!
- Dead giveaways that a Subcontract is needed:
 - Faculty member time is in lieu of time they would normally spend at their university and part of their 100% professional effort
 - Resources at the other institution will be used
 - Indirect costs are budgeted for the other institution
- Full administrative approvals and signatures are required from the subcontract site
- Budget rules for subcontracts are “separate but equal”
- NIH no longer “penalizes” applications for using subcontracts



Questions?

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