Public Law 106-107
Federal Financial Assistance Management Improvement Act of 1999

Presented by: Debbie Rafi, ONR
NECA Conference - March 14-16, 2001
Because you were wondering...

- Federal Govt. spends approx. $300 Billion per year in grant awards

- There’s over 600 different Federal financial assistance programs to implement domestic policy
Scope

Various Recipients / $300B Per Year

- States: 78%
- Tribes: 1%
- Local: 8%
- Other: 1%
- Univ: 7%
- Nonprofit: 4%
- Profit: 1%

[Image of a pie chart showing the distribution of funds among different categories.]
## Scope

Research awards are primarily at universities & research nonprofits.

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<thead>
<tr>
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<th>Universities and Research Nonprofits</th>
<th>Governments and Other Nonprofits</th>
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<tbody>
<tr>
<td>DOLLARS</td>
<td>$21 Billion (76% research and related)</td>
<td>$256 Billion</td>
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<td>AWARDS</td>
<td>71,000</td>
<td>147,000</td>
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Public Law 106 - 107 - An Act to:

• To improve the effectiveness and performance of Federal assistance programs

• Simplify Federal Financial Assistance application and reporting requirements

• Improve the delivery of services to the public
Public Law 106 - 107

• Federal Agencies have 18 Months from date of this act to develop and implement a plan

• Agency Plans shall receive public comment and to the extent practical hold public forums on the plan

• Agency Plans shall be submitted to OMB and Congress and reported on annually
Public Law 106 - 107

- Report to Congress recommended changes to law not later than 18 months after the date of this act

- GAO shall evaluate the effectiveness of this act not later than 6 years after the enactment date
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<td>NSF Chair</td>
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<td>1. Federal Commons</td>
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<td>2. State, Local, Nonprofit, Other</td>
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<td>3. Research and Related</td>
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Beyond November 1999...

- July 2000 - CFO Council Grants Management Committee - Kick Off Meeting
- October 2000 - Consultation meetings with
  - State/Local/Tribal Governments
  - Nonprofits (other than research)
  - Research Entities (Univ/NP)
- November 2000 - CFO Council Grants Management Committee Meet to present mission and milestone dates
Beyond November 1999...

- January 2001 - Federal Register publishes proposed Interim/Draft plan of Action to Implement PL106-107 for public comment

- March 19, 2001 - Deadline for public comment

- May 20, 2001 - Federal Agencies submit implementation plan to OMB
Post-Award Workgroup
Cost Principles - An Update

• Objectives
• Advantages
• The Issues
• Progress Report
OMB Grant Circulars

- **Cost principles**
  - A-21 Colleges & Universities
  - A-87 Governments
  - A-122 Non-Profits

- **Administrative Requirements**
  - A-102 Governments
  - A-110 Everyone else

- **Audit Requirements**
  - A-133 Everyone

$300 billion
Cost Circular Consistency

- **Objectives - Simplification**
  - Consistent treatment of costs
  - Uniform interpretation of cost policies
  - Update of new cost items

- **Not Objectives**
  - Add new restrictions
  - Modify current policies
Cost Circular Consistency

- Advantages
  - Add consistency to cost principles
  - Simplify interpretations of cost principles
  - Simplify relations between grantees
  - Update of cost treatment in all circulars
Current Three Cost Circulars

- 16 General Sections, 76 cost items
- 25 cost items in one Circular
- 18 cost items in two Circulars
- 30 cost items in three Circulars
  - 2 with identical languages
  - 13 with different treatments
  - 15 with same treatment but different descriptions
Examples of Distinctive rules

- **A-21 (Universities)**
  - Civic Defense Costs
  - Sabbatical leave costs
  - Fixed rates throughout the project life

- **A-87 (State and Local governments)**
  - Accounting
  - Budgeting
  - Council costs

- **A-122 (Non-Profits)**
  - Bid and proposals costs
  - Interest costs
  - Meetings and conferences
Progress Report

- 15 Cost items in all three Circulars with same treatment but different descriptions:
  - Advertising/Public Relations - Reconversion Cost
  - Bad Debts - Rental Cost
  - Communications Cost - Travel Cost
  - Contingency Provisions
  - Fund Raising & Investment Management Costs
  - Insurance & Indemnification Costs
  - Losses on Other Sponsored Agreements or Contracts
  - Maintenance & Repair
  - Membership, Subscriptions, & Professional Activity Cost
  - Pre-Agreement (or Pre-Award) Cost
  - Professional Services
  - Rearrangement & Alterations
Progress Report

- 13 Cost items in all 3 Circulars w/ different treatment:
  - Compensation for Personal Services
  - Contributions & Donations
  - Depreciation & Use Allowances
  - Employee Moral, Health, Welfare Costs & Credits
  - Equipment & Other Capital Expenditures
  - Fines & Penalties
  - Gains & Losses on Depreciable Assets & Relocation of Federal Programs
  - Interest
  - Lobbying
  - Material & Supplies
  - Profit & Losses on Disposition of Plant Equip./Other Capital Assets
  - Taxes
Progress Report

- Cost items in A-21 and A-122 Circulars:
  - Goods or Services for Personal Use
  - Housing and Personal Living Expenses
  - Labor Relations Costs
  - Patent Costs
  - Plant Security Costs
  - Recruiting Costs
  - Royalties and other costs for use of patents/copyrights
  - Selling and Marketing costs
  - Severance Pay
  - Specialized Service Facilities
  - Transportation costs
  - Trustees
Progress Report

- Cost items in A-122 and A-87 Circulars:
  - Bonding Costs
  - Idle Facilities
  - Training & Education Costs
Progress Report

- Cost items only in A-21:
  - Alumni/ae Activities
  - Civil Defense
  - Deans of Faculty and Graduate Schools
  - Executive Lobbying
  - Sabbatical Leave
  - Scholarships and Student Aid costs
  - Student Activities
  - Commencement/Convocation costs
Progress Report

- Cost items only in A-122
  - Meetings & Conferences - IR&D (reserved)
  - Organization Costs - Fringe Benefits
  - Overtime, extra pay shift/multi-shift premium - B&P (reserved)
  - Page Charges in professional journals
  - Participant Support costs
  - Publication and printing costs
  - Relocation costs
  - Termination costs
Progress Report

- Cost items only in A-87:
  - Accounting Costs
  - Advisory Counsel
  - Audit Services
  - Automated Electronic Data Processing
  - Budgeting
  - Disbursing Services
  - General Government expenses
  - Motor Pools