

CORONAVIRUS INFORMATION & UPDATES

March 27, 2020

Federal Funding, Research Continuity and Coronavirus: *Funding and Chargeable Costs Flexibilities*

Researchers at universities, academic medical centers, and other institutions are facing unprecedented strain as public health orders and infection control efforts limit research operations across the country. Hurricanes or isolated disease threats are not uncommon, and agencies have experience managing these threats in partnership with affected awardees. But the novel coronavirus (COVID-19) pandemic presents new issues of scale and scope. Guidance is coming out from different agency funders and the White House every day. While the situation is evolving, we summarize below key documents released so far. As always, awardees need to look carefully at the guidance from their specific award source and may need to consult their agency contacts.

The Office of Management and Budget (OMB), which sets government-wide policy, has emphasized that “[a]gencies are encouraged to be as flexible as possible in finding solutions” to the challenges awardees face. Three documents issued in the last two weeks reflect OMB’s expanding view on regulatory flexibility for the administrative, financial management and audit requirements found in 2 C.F.R. Part 200, the *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*. For example, on March 20, OMB reminded agencies to consider extending contract deliverable dates and “keeping “skilled professionals,” including “skilled scientists,” in a mobile ready state (which may enable funding adjustments). See M-20-18. For grants, on March 19, OMB updated guidance issued just ten days earlier to expand the scope of awards for which flexibilities would be allowed – such as no-cost extensions for active awards scheduled to expire before the end of the calendar year. See M-20-17.

Furthermore, agencies are reminded that salaries may be charged consistent with institutional policies for emergencies and other extraordinary circumstances and for other unusual costs, e.g., for cancelling events. OMB notes that awardees must keep records and document their costs for this purpose. OMB cautions that awardees may not necessarily receive additional funds to supplement losses for payments made for these purposes. While many agencies, like the National Institutes of Health (NIH), have already received supplemental funding, the full scope of monies available in the future cannot be guaranteed. Relatedly, although the inventory of flexibilities OMB describes is not required, and agencies have discretion to implement them, they are a useful signal regarding alternatives.

At the National Science Foundation (NSF) and the NIH, flexibilities for funding and costs continue to be updated. On March 23, NSF issued guidance implementing OMB’s March 19 guidance. NSF guidance authorizes awardees to charge salaries, stipends and other benefits, consistent with the awardee institutions’ policies. In other words, an awardee institution may continue federally-funded salaries of research staff who are “sheltering-in-place,” but only if colleagues in the same job categories are being treated similarly when their salaries are supported by institutional funds. Among the measures that should be considered at this time are: (a) delaying materials and equipment purchases, in case funds need to be re-programmed to support salaries, (b) delaying hiring of new staff who are to be supported by federal funds, and (c) making rigorous efforts to try to allocate tasks to staff who are remotely that can be defended as in furtherance of the aims of funded research. Recordkeeping and documentation are critical.

Somewhat ahead of OMB, the NIH had announced essentially this same policy on March 12. See NOT-OD-20-086, *Flexibilities Available to Applicants and Recipients of Federal Financial Assistance Affected by COVID-19*.

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Flexibilities for conferences, travel, progress report filing, and other issues were addressed in this and other guidance documents that NIH has issued. These include guidance for administrative supplements to address unanticipated costs for disruptions in supply chain, staffing, and human subjects monitoring at remote sites. NIH –OD-20-087, *Guidance for NIH-funded Clinical Trials and Human Subjects Studies Affected by COVID-19*.

At the Department of Defense, Frequently Asked Questions issued March 24 implement OMB’s March 19 guidance. Among other actions, this guidance authorizes salary and benefits charges similar to the authorities NSF and NIH exercised, but with a caveat that awardees “will be expected to invoke or institute any and all reasonable mitigation actions and practices to lessen the cost to the government during the crisis period” of the COVID-19 pandemic. See *Frequently Asked Questions for DOD Research Proposers and Awardees Impacted by the Novel Coronavirus (COVID-19)*. Somewhat similarly, but issued before the OMB March 19 guidance, the United States Army Medical Research Acquisition Activity (USAMRAA), in an FAQ document issued March 16 was more conservative. It recognized available flexibilities but cautioned that no-cost extensions and travel costs for cancelled meetings, for example, would be considered case-by-case and, salaries, at least as of that time, would not be chargeable unless work is actually performed on a project.

In sum, federal funders are increasingly seeking to use their discretion to ease the challenges for financial and progress reporting, reimbursement and other aspects of grant compliance. ***In all cases, documentation and record-keeping are critical.*** Continuous attention to evolving guidance is equally important. There is widespread recognition of the extraordinarily challenging landscape awardees are facing and the paramount importance of protecting the safety and welfare of research staff and research participants. Accordingly, as the pandemic continues and as the Congress increases supplemental funding, we expect further guidance on these issues.

Agency resources are available here:

Office of Management and Budget

M-20-18: [Managing Federal Contract Performance Issues Associated with the Novel Coronavirus \(COVID-19\)](#) (3/20/20)

M-20-17: [Administrative Relief for Recipients and Applicants of Federal Financial Assistance Directly Impacted by the Novel Coronavirus \(COVID-19\) due to Loss of Operations](#) (3/19/20)

M-20-11: [Administrative Relief for Recipients and Applicants of Federal Financial Assistance Directly Impacted by the Novel Coronavirus \(COVID-19\)](#) (3/9/20)

National Institutes of Health

[NIH Late Application Policy Due to Public Health Emergency for United States for 2019 Novel Coronavirus \(COVID-19\) - NOT-OD-20-082](#) (3/9/20)

[General Frequently Asked Questions \(FAQs\) - Proposal Submission and Award Management Related to COVID-19 - NOT-OD-20-083](#) (3/10/20)

[Flexibilities Available to Applicants and Recipients of Federal Financial Assistance Affected by COVID-19 - NOT-OD-20-086](#) (3/12/20)

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[Guidance for NIH-funded Clinical Trials and Human Subjects Studies Affected by COVID-19 - NOT-OD-20-087 \(3/16/20\)](#)

[Frequently Asked Questions \(FAQs\) for COVID-19 Flexibilities for Applicants and Recipients \(ongoing\)](#)

National Science Foundation

[NSF Implementation of OMB Memorandum M-20-17 \(3/23/20\)](#)

[Impact on Existing Deadline Dates \(3/24/20\)](#)

[Important Notice to the Science and Engineering Community \(3/23/20\)](#)

[Frequently Asked Questions \(FAQs\) regarding the NSF Dear Colleague Letter on the Coronavirus Disease 2019 \(COVID-19\) \(NSF 20-052\) \(3/17/20\)](#)

[Frequently Asked Questions \(FAQs\) About the Coronavirus Disease 2019 \(COVID-19\) for National Science Foundation \(NSF\) Proposers and Awardees \(3/25/20\)](#)

[Frequently Asked Questions \(FAQs\) About the Coronavirus Disease 2019 \(COVID-19\) for National Science Foundation \(NSF\) Proposers and Awardees \(3/4/20\)](#)

[NSF Guidance for Major Facilities and Contracts Regarding COVID-19 \(3/9/20\)](#)

Department of Defense

[Frequently Asked Questions for DOD Research Proposers and Awardees Impacted by the Novel Coronavirus \(COVID-19\) \(3/24/20\)](#)

United States Army Medical Research Acquisition Activity

[USAMRAA's COVID-19 FAQs \(3/16/20\)](#)

DARPA

[Frequently Asked Question \(FAQ\) about COVID-19 \(Coronavirus\) for DARPA Performers \(3/19/20\)](#)

Centers for Disease Control

[Information for CDC Applicants and Recipients of CDC Funding \(3/23/20\)](#)

[Flexibilities Available to Applicants and Recipients of Federal Financial Assistance Affected by COVID-19 \(3/23/20\)](#)

[General Funding and Grants Frequently Asked Questions \(3/23/20\)](#)