



Federal Financial Assistance Readiness Guide – Seminar 2

by Pecan Street Inc.

Target Audience

Nonprofit organizations, in the environmental justice (“EJ”) space, with limited experience engaging with the federal government as source of program funding.



Summary of Seminar 1

Seminar 1 Summary

- Basics: grants vs. cooperative agreement, FOA, prime awardee, subrecipient, contractor.
- Sources of federal funding
- Recipient readiness: pre-application & agency-specific preparation, eligibility & capability assessment and mitigation.

▼ Seminar 2 – Recipient Readiness Continued.



Microsoft Word
Document

Sample
DOE FOA

Recipient Readiness

All organizations considering applying for federal funding must do/have the following:

1. Pre-application preparation
2. Agency-specific preparation
3. Eligibility assessment
4. Capability assessment
5. Eligibility & Capability Gaps Mitigation
6. Application package preparation and submission
7. Preparation for contract negotiation, program execution, funding administration, and compliance.

} Seminar 1

#6 – Application Package Preparation & Submission

Application Stages

Application requirements vary by agency; typical decision points are:

- Letter of interest (LOI) submission
- Concept paper submission
- Full application submission

EXAMPLE OF A DOE APPLICATION STAGES

FOA Number: DE-FOA-0001840, FOA Type: Modification 00002

CFDA Number: 81.087

| | |
|--|---|
| FOA Issue Date: | April 17 th , 2018 |
| Submission Deadline for Letter of Intent (LOI): | May 4 th , 2018, 3:00pm ET |
| Informational Webinar: Visit EERE exchange FOA description for details regarding webinar timing and registration | |
| Submission Deadline for Concept Papers: <ul style="list-style-type: none">Applicants must submit a Concept Paper by 3:00pm ET on the due date listed above to be eligible to submit a Full Application. Topic Areas 2.1 and 3.1 SIPS applications must resubmit their LOI again as a concept paper by the concept paper deadline above to clear an administrative software restriction of EERE Exchange | May 9 th , 2018, 3:00pm ET |
| Submission Deadline for Full Applications and SIPS Applications: | July 5 th , 2018, 3:00pm ET |
| Expected Submission Deadline for Replies to Reviewer Comments: | August 2 nd , 2018, 3:00pm ET |
| Expected Timeframe for EERE Selection Notifications: | September 2018 |

DOE APPLICATION STAGES

| STEP 1: LOI | STEP 2: CONCEPT PAPER | STEP 3: FULL PROPOSAL |
|---|---|--|
| <ul style="list-style-type: none">▪ Abstract (200 words) - truncated explanation of the proposed project. | <ul style="list-style-type: none">▪ Cover Page (1 pg.) ~ to LOI information▪ Technology Description (3 pgs):▪ Summary Slide | <ul style="list-style-type: none">▪ Cover Page (1 pg.) ~ to LOI information▪ Technical Volume (20 - 30 pgs)▪ Statement of Project Objectives (10 pgs)▪ SF-424 Application for Federal Assistance▪ Budget Justification (EERE 335)▪ Summary for Public Release (1 pg.)▪ Summary Slide (1 pg.)▪ Subrecipient Budget Justification, if applicable (EERE 335)▪ SF-LLL Disclosure of Lobbying Activities▪ U.S. Manufacturing Plans |

LOI

LOI Content Highlights

- Project Title
- Lead Organization
- Organization Type
- % of effort contributed by the Lead Organization
- The Project Team: Principal Investigator (PI) for the Prime, Team Members*, Key Participants**
- Abstract

TIPS:

- Submit even if you don't have a fully-fleshed out concept or team

* Team members means subrecipients, contractors...

** Key participants means individuals who contribute in a substantive, measurable, way to the execution of the proposed

Concept Paper

Concept Paper Content Highlights

Succinctly (in 3 pages) discuss the following :

- Proposed technology / project & target outcome(s)
- Current state-of-the-art (S-O-A) / status quo
- How the proposal will overcome the status quo shortcomings
- Potential impact on the relevant field, community, or industry
- Key risks/issues
- Impact of govt. funding
- Skill and expertise of Project Team
- Prior experience showing ability to perform tasks of similar risk and complexity
- Proof/plan for adequate access to equipment and facilities necessary to accomplish the effort.

TIPS:

- Submit multiple concepts if allowable under FOA.
- Submit concept papers even if concept / team may change before full app.
- Submission is usually followed by an agency “encourage” or “discourage” decision. Neither decision bars full application.

Full Application

Full Application Content Highlights

1. Technical Volume (20 pgs)
2. Statement of Project Objectives (10 pgs)
3. SF-424 Application for Federal Assistance
4. Budget Justification (EERE 335)
5. Summary for Public Release (1 pg.)
6. Summary Slide (1 pg.)
7. Subrecipient Budget Justification, if applicable (EERE 335)
8. SF-LLL Disclosure of Lobbying Activities
9. U.S. Manufacturing Plans
10. Letters of commitment (if applicable)

Note:

TIPS:

- An org. teaming as a subrecipient would only need to submit #7, #8 and #10 to the lead applicant.
- An org. teaming as a contractor would only need to submit a services price quote to the lead applicant.

Full Application Approach

- Critical to read and re-read each FOA's specific requirements and follow to the letter.
- Prepare with the reviewer in mind. Each awarding agency is required to review and assess each application to determine the following:
 - ✓ The applicant is eligible for the specified program.
 - ✓ The costs and activities in the application are for allowable, allocable, necessary, and reasonable costs.
 - ✓ The applicant possesses the responsibility, financial management, fiscal integrity, and financial capability to administer federal funds adequately and appropriately.

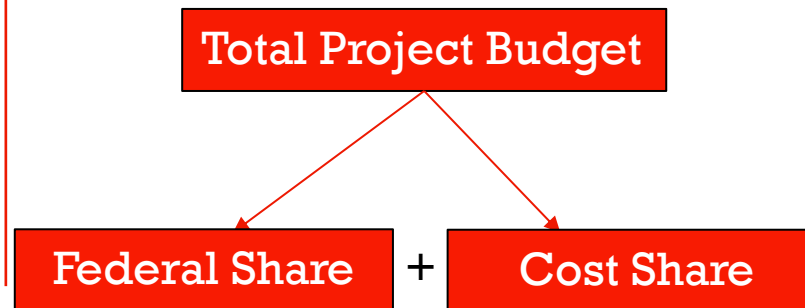
Application Organization

1. Create a checklist with the key proposal components.
2. Assign tasks along with deadlines (allow plenty of time for review and 72 hours early submission). If collaborators are involved, request submission of their materials weeks ahead of your org's submission goal.
3. Download and review all required templates (sometimes there is need to contact agency with questions. Don't miss the open question period).
4. Be mindful of document specifications (font, size, spacing, page limits, format e.t.c.) Don't neglect or delay the minutiae.
5. Version control amongst team members – date and initial documents, and preferably designate someone to control and compile the master document.
6. Practice submission on agency website weeks ahead to gain familiarity and ensure proper org. set up.
7. Review FOA against completed application documents again prior to submission

Costs & Budgeting

The *budget* is a detail of the costs of the program or project being proposed, comprised of two portions:

- a) Amount requested from the federal agency – referred to as “**federal**” or “**sponsor**” share.
- b) Amount provided by the recipient – referred to as “**cost share**” or “**cost match**”.



Example

| Source | Costs | % |
|---------------|-------------|-------------------|
| Federal Costs | \$1,000,000 | 80% federal share |
| Cost Share | \$250,000 | 20% cost share |
| Total Project | \$1,250,000 | 100% |

IMPORTANT! Cost share is not a % of federal share but a % of total Project Budget.

Cost Share

What qualifies as federal cost share?

Depends on the type of entity, but generally the federal rules state that “all contributions, including **cash** and third-party in-kind contributions, must be accepted as cost sharing if they meet all of the following criteria:

1. verifiable from the applicant’s records
2. not included as cost share for any other federally-assisted project
3. necessary and reasonable for the proper and efficient accomplishment of project or program objectives
4. are allowable under the cost principles applicable to the type of entity incurring the cost
5. not paid by the Federal Government under another award unless authorized by Federal statute
6. provided for in the approved budget

TIPS:

- Attach letters of commitment from all Subrecipient/third party cost share providers as an appendix.
- Letters of commitment usually do not count towards the page limit.

Cost Share - Cash

What qualifies as cash federal cost share?

Contributions to the project made by the recipient or subrecipient(s), for costs **incurred and paid** for during the project. Ex. payment for:

- personnel, supplies, equipment, etc. for their own company with organizational resources. If the item or service is paid for, it is cash cost share.

All cost share items must be necessary to the performance of the project.

TIPS:

Ask:

1. Are we paying cash for this item or service during the project?
2. Is the item or service necessary for the performance of the project?

If yes and yes, it is cash cost share.

Cost Share - In Kind

What qualifies as in kind federal cost share?

Contributions to the project made by the recipient or subrecipient(s) that do not involve a payment or reimbursement and represent donated items or services are in kind cost share. For ex.

- Volunteer personnel hours, donated existing equipment, donated existing supplies, donated space etc.

All cost share items must be necessary to the performance of the project. The cash value and calculations of cost share items must be verifiable and justified.

TIPS:

- Rates for volunteer services must be consistent with those paid for similar work in the recipient's organization/industry
- Valuation of supplies, equipment, space, should be reasonable. Do not exceed fair market value at time of donation.
- Use estimates, research comparables, provide a strong justification argument. Document!!

Preparing the Budget

Budget with the Agency in Mind

Budgeted federal costs must be:

- Eligible: permitted by statute, program guidance, or regulations. For example, an FOA may prohibit incurring trainee travel costs. Read the FOA carefully for ineligible costs.
- Reasonable: should not exceed what would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. Use good judgement.
- Allocable: must be incurred either directly or indirectly to carry out the scope of work. For example, payroll costs for an admin serving the entire organization may not be allocable as a direct cost, only as part of the indirect cost pool.
- Allowable: must not be on the list of costs that the agency has identified as unallowable, alcoholic beverages, interest on borrowed funds, and lobbying or litigation costs.

Sample Summary Budget (EPA)

Total Budget Summary

| | Requested from EPA | Cost Share provided by applicant (if applicable) | Total |
|-----------------|-----------------------|--|-----------|
| Personnel | \$18,631 | \$ 4,800 | \$23,431 |
| Fringe Benefits | \$5,776 | \$1,488 | \$7,264 |
| Travel | \$7,142 | | \$7,142 |
| Equipment | \$23,500 | | \$23,500 |
| Supplies | \$7,325 | | \$7,325 |
| Contractual | \$136,720 | \$20,000 | \$156,720 |
| Other | \$39,000 | \$2,811 | \$41,811 |
| Indirect Costs | \$14,480 | | \$14,480 |
| Total | \$252,574 | \$29,099 | \$281,673 |

Direct
Costs

Federal
Share

Cost
Share

Sample Multi-year Summary Budget (DOE)

| SUMMARY OF BUDGET CATEGORY COSTS PROPOSED | | | | | | |
|--|-----------------|-----------------|-----------------|-------------|--------------|------------------------------------|
| The values in this summary table are from entries made in subsequent tabs, only blank white cells require data entry | | | | | | |
| Section A - Budget Summary | | | | | | |
| | | Federal | Cost Share | Total Costs | Cost Share % | Proposed Budget Period Dates |
| | Budget Period 1 | \$0 | \$0 | \$0 | 0.00% | Example!!! 01/01/2014 - 12/31/2014 |
| | Budget Period 2 | \$0 | \$0 | \$0 | 0.00% | |
| | Budget Period 3 | \$0 | \$0 | \$0 | 0.00% | |
| | Total | \$0 | \$0 | \$0 | 0.00% | |
| Section B - Budget Categories | | | | | | |
| CATEGORY | Budget Period 1 | Budget Period 2 | Budget Period 3 | Total Costs | % of Project | Comments (as needed) |
| a. Personnel | \$0 | \$0 | \$0 | \$0 | 0.00% | |
| b. Fringe Benefits | \$0 | \$0 | \$0 | \$0 | 0.00% | |
| c. Travel | \$0 | \$0 | \$0 | \$0 | 0.00% | |
| d. Equipment | \$0 | \$0 | \$0 | \$0 | 0.00% | |
| e. Supplies | \$0 | \$0 | \$0 | \$0 | 0.00% | |
| f. Contractual | | | | | | |
| Sub-recipient | \$0 | \$0 | \$0 | \$0 | 0.00% | |
| Vendor | \$0 | \$0 | \$0 | \$0 | 0.00% | |
| FFRDC | \$0 | \$0 | \$0 | \$0 | 0.00% | |
| Total Contractual | \$0 | \$0 | \$0 | \$0 | 0.00% | |
| g. Construction | \$0 | \$0 | \$0 | \$0 | 0.00% | |
| h. Other Direct Costs | \$0 | \$0 | \$0 | \$0 | 0.00% | |
| Total Direct Costs | \$0 | \$0 | \$0 | \$0 | 0.00% | |
| i. Indirect Charges | \$0 | \$0 | \$0 | \$0 | 0.00% | |
| Total Costs | \$0 | \$0 | \$0 | \$0 | 0.00% | |

Direct
Costs

Preparing the Federal Budget

#1. Understand the two classes of costs– direct and indirect.

- Direct Costs: are costs that can be identified specifically with a particular function or activity under the proposed project **AND** that are permitted by statute, program guidance, or regulations. Ex. personnel costs computed as 25% of the monthly salary of a project manager planned to work 25% of her time on the proposed project.
- Indirect Costs: are costs that are not readily attributed to the proposed project but benefit multiple activities/functions. Ex. office space, rent, utilities, and clerical staff time. The entire organization benefits from these costs so they cannot be directly charged to the federal government **except** at (a) a rate approved under a negotiated Indirect Cost Rate Agreement or (b) 10% de minimis rate authorized by federal law.

Preparing the Federal Budget

#2. Budget costs under the appropriate cost categories. Typical federal budget template has nine direct costs categories and one indirect costs line:

| COST CATEGORIES (1/3) | |
|-----------------------|--|
| 1. Personnel | Direct costs for the salaries, wages, and allowable incentive compensation for prime awardee's employees who will perform work directly for the project. Excludes contractors or stipends. |
| 2. Fringe | Direct costs of allowances and services provided by the employer in addition to regular wages. This is usually expressed as a percentage of the corresponding personnel costs. |
| 3. Travel | Direct costs for recipient's employee trips that are necessary and integral to performance of the proposed project. Excludes transportation services for long distance trips (ex. chartered bus). |
| 4. Equipment | Direct costs of tangible, non-expendable, personal property with a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. Differs by agency; verify need for prior approval and other requirements in the FOA. Excludes rent |
| 5. Supplies | Direct costs of tangible personal property other than equipment with a per item acquisition cost of less than \$5,000, unless the org's written policies are based on a lower dollar threshold. |

Preparing the Federal Budget

Continued...

| COST CATEGORIES (2/3) | |
|------------------------|---|
| 5. Supplies | Direct costs of tangible personal property other than equipment with a per item acquisition cost of less than \$5,000, unless the org's written policies are based on a lower dollar threshold. |
| 6. Contractual | Direct costs of services to be provided by an individual or organization, other than the recipient's own employees. |
| 7. Construction | Direct costs of putting up, altering or repairing a building. Eligible and allowable costs under this category are usually specifically defined in the FOA by the agency. |
| 8. Subaward | Direct costs made to subrecipient entities under the proposal. Special rule and must be strictly complied with. |
| 9. Other | Direct costs that do not fit within any of the aforementioned categories. For ex. rental/lease of equipment purchased for direct use on the proposed project. |

Preparing the Federal Budget

Continued...

COST CATEGORIES (3/3)

Indirect

As already discussed, the default amount of indirect costs chargeable to the federal government is 10% of modified total direct costs (MTDC). In order to exceed the default, the organization would need to submit an indirect cost rate proposal along with the budget justification. The proposed rate will be reviewed and, if found proper, approved for use on all federal proposals. Most federal awards require annual update of the indirect costs rate proposal. (see appendix for more details).

Preparing the Federal Budget

Summary

- Budget for the future – contemplate cost increases from inflation, grant management and compliance costs,
- Budget with good judgment – all costs should be justifiable, estimates reasonable, and preserve supporting documents for award negotiations.
- Budget as instructed – as each application and each agency is different, the budget should be prepared and supported according to the FOA's instructions.

Letters of Commitment or Support

- Letters of commitment or support from experienced organizations (ex. universities, city government offices, corporations, large nonprofits) can help lend credibility to a smaller organization's application.
- Place the letter on the letterhead of the organization writing the letter and get signature of senior official.
- LoC should expressly describe the strong relationship between the organization writing the letter and the applicant.
- LoS should describe the general relationship between the supporting organization and the applicant, merits of the proposal, and present support for the project, if funded.

#7 – Preparing for the Award

Award

Before an award can be made, the agency contracting officer will verify:

- Responsibility
- Financial management
- Fiscal integrity
- Financial capability to administer federal funds adequately and appropriately.

Hire competent help (not a bookkeeper) to develop the organization's foundational systems, processes, policies, and procedures.

Award – Responsibility

To demonstrate responsibility, create a checklist and ensure that the org. can point to documentation/proof of the following:

- (1) adequate financial resources - ex. financial statements.
- (2) ability to comply with the proposed delivery or performance schedule – ex. letters of support & commitment; list of other projects.
- (3) satisfactory performance record – ex. same as #2 above.
- (4) satisfactory record of integrity and business ethics – ex. financial policies.
- (5) necessary organization and experience – ex. CVs, #2 above support.
- (6) necessary equipment and facilities to carry out the award – ex. list of resources, #2 above support.

Award – Financial Management

Organization's financial management systems, should be able to (or should include):

- (1) comply with Generally Accepted Accounting Principles
- (2) relate financial data to project/program performance data
- (3) provide accurate, current, compliant, and complete disclosure of the financial results
- (4) provide records that adequately identify the source and application of funds
- (5) provide effective control over, authorized use of, and accountability for all funds and assets
- (6) provide for a comparison of amount spent with budget amounts
- (7) written procedures for prompt funds disbursement
- (8) produce accounting and costs records supported by source documentation (ex. timesheets, invoices, contracts)
- (9) procedures for conducting an audit (if applicable).
- (10) documentation describing existing or planned indirect cost rates (if claiming > 10%).

Award – Fiscal Integrity

- Neither the organization nor any collaborator, subrecipient, contractor or other participant can be debarred, suspended, or otherwise excluded from or ineligible for participation in federal grant programs or activities.
- Prior to hiring any contractor or inviting a participant to join in the application, run a search and verify on www.sam.gov that the entity/individual is not listed on the government's debarment list.

Award – Administration Capability

To demonstrate administrative capability, ensure that the org has written policies and procedures that specifically address the topic areas below.

- Procurement
- Contract Administration
- Property management
- Travel Expenses & Recordkeeping
- Payroll and Timekeeping / Time Distribution
- Inventory
- Vendor Payments
- Budgeting and Accounting
- Cash Management
- Allowable Costs
- Indirect Costs
- Audit Resolution
- Records Retention
- Program Income

Final Recommendations

- Establishing a sound foundation is important both short-term and in the future. Hire help to develop the foundational materials (ex. policies, templates, accounting system setup). This presentation deck can be useful in crafting an RFP.
- Leverage your network. Teaming via public-private partnerships de-risks the project for the funder and helps them demonstrate efficient use of public resources.
- Cast a wide net. Several federal agencies (beyond DOE & EPA) fund environmental-related projects, many private companies as federal grant recipients also pass-through funds.
- If awarded, ensure that you deliver timely on both programmatic and administrative deliverables, properly separate and track funds and meet cost-share requirements. Performance history is highly predictive of whether or not subsequent awards will be made.
- Begin the application process early!

Appendix – Other Resources

| How to apply on grants.gov | https://www.grants.gov/web/grants/support.html |
|---|---|
| DOE funding opportunities | https://eere-exchange.energy.gov https://arpa-e.energy.gov/about/apply-for-funding |
| How to develop a budget | https://www.epa.gov/sites/default/files/2019-05/documents/applicant-budget-development-guidance.pdf |
| Best practices guide for Indirect Cost Proposal (IDC) | https://www.lipscomb.edu/sites/default/files/2019-01/What%20are%20indirect%20costs%3F.pdf |
| To learn about teaming considerations | https://www.foley.com/-/media/files/insights/publications/2013/10/government-contracts-teaming-agreements-and-other/files/government-contracts-teaming-agreements-and-other/fileattachment/government-contracts-teaming-agreements-and-other.pdf |
| Pre-award readiness questionnaire | https://www.epa.gov/sites/default/files/2014-09/documents/epa_form_6600_09.pdf |