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Memo

Operating Guidance

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VICE CHANCELLORS — BUSINESS AND FINANCE ADMINISTRATION*
CONTRACTS AND GRANTS OFFICERS
OFFICE OF THE PRESIDENT FUNCTIONAL MANAGERS

SUBJECT: FDP Changes Concerning Noncompeting Continuation Pilot and Carryovers of Unobligated Balances Across Project Periods

The enclosed memo from Bill Raub dated October 18, 1991, extends the non-competing continuation demonstration until September 30, 1992. No changes in the FDP terms are necessary to effect this change.

Dr. Raub's letter also announces a change in Article 22 of the FDP General Terms and Conditions dealing with carryovers. The effect of this change is to allow "automatic" carryovers of unobligated balances across competing funding segments (project periods). [We put the word "automatic" in quotation marks because on PHS grants you still have to remember to state in the Remarks section of the Financial Status Report that the unobligated balance is to be carried over.] A revised page 5 of the FDP grant terms is also enclosed, showing the change in Article 22.

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Subject Index: 02, 06
Organization Index: U-115

David F. Mears
Director
Research Administration Office

Enclosures



DEPARTMENT OF HEALTH & HUMAN SERVICES

David Mearns

Public Health Service

National Institutes of Health
Bethesda, Maryland 20892

OCT 18 1991

Participants in the Federal Demonstration Project

Dear Participants:

I am pleased to inform you that the non-competing continuation funding demonstration of the Federal Demonstration Project (FDP) is hereby extended for a period of up to one year, September 30, 1992. The evaluation of the demonstration is underway. As soon as all of the results of the survey have been reviewed, continuation of the demonstration will be reevaluated.

The language in Article 22 is also hereby revised by deletion of the words "period (competitive segment)" with the concurrence of all participating agencies. This is a return to the former language used in the Florida Demonstration Project.

This letter is being sent to primary representatives only. If you represent a system or consortium, I would appreciate your distribution of copies to the appropriate institutions.

Sincerely yours,

William F. Raub, Ph.D.
Deputy Director, NIH and
Chairman, Interagency Assessment
Committee, Federal Demonstration Project

cc; Agency Representatives
Government-University-Industry Research Roundtable

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(4) The space must be suitable for human occupancy before alteration and renovation work is started, except where the purpose of the alteration or renovation is to make the space suitable for some purpose other than human occupancy (e.g., storage); and

(5) If the space is rented, evidence must be provided that the terms of the lease are compatible with the alteration and renovation proposed.

b. The recipient and the awarding agency shall comply with the applicable requirements of the National Environmental Policy Act of 1969 (42 U.S.C. 4321 *et seq.*); the Flood Disaster Protection Act of 1973 (42 U.S.C. 4001-4128); the Architectural Barriers Act of 1968, as amended (42 U.S.C. 4151 *et seq.*); Section 502 of the Rehabilitation Act of 1973, as amended (29 U.S.C. Sec. 792), and the standards contained in "Specifications for Making Buildings and Facilities Accessible to and Usable by the Physically Handicapped" (American National Standards Institute, Inc., A-117.1 1961; reaffirmed 1971).

18. Use of U.S.-Flag Air Carriers

a. The Comptroller General of the United States, by Decision B-138942 of June 17, 1975, as amended March 31, 1981, provided guidelines for implementation of Section 5 of the International Air Transportation Fair Competitive Practices Act of 1974.

b. Any air transportation to, from, between, or within a country other than the U.S., of persons or property, the expense of which will be assisted by this award, must be performed on a

U.S.-flag air carrier if service provided by such carrier is "available."

c. The following rules apply unless the result would be use of a foreign air carrier ("foreign carrier") for the first or last leg of travel from or to the U.S.:

(1) A U.S.-flag air carrier ("U.S. carrier") shall be used to destination or, in the absence of through service, to farthest interchange point.

(2) If a U.S. carrier does not serve an origin or interchange point, a foreign carrier shall be used to the nearest interchange point to connect with a U.S. carrier.

(3) If a U.S. carrier involuntarily reroutes the traveler via a foreign carrier, the foreign carrier may be used.

d. Exceptions. In the following situations, use of a foreign carrier is permissible:

(1) Travel to and from the U.S. Use of a foreign carrier is permissible if:

(a) The airport abroad is the origin or destination airport, and use of a U.S. carrier would extend the total travel time 24 hours or more than would travel by foreign carrier; or

(b) The airport abroad is an interchange point, and use of a U.S. carrier would require the traveler to wait six (6) hours or more to make connection or would extend the total travel time six (6) hours or more than would travel by foreign carrier.

(2) Travel Between Points Outside the U.S. Use of a foreign carrier is permissible if:

(a) Travel by foreign carrier would eliminate two (2) or more aircraft changes en route; or

(b) Travel by U.S. carrier would extend the total travel time six (6) hours or more than would travel by foreign carrier.

(3) Short Distance Travel. For all short distance travel, regardless of origin and destination, use of a foreign carrier is permissible if the elapsed travel time on a scheduled flight from origin to destination airport by foreign carrier is three (3) hours or less and service by U.S. carrier would double the travel time.

19. Financial Management System

The recipient shall maintain a financial management system which, at a minimum, meets the requirements of Attachment F to OMB Circular A-110.

20. Procurement System

Equipment screening is required only when a proposed equipment purchase per unit is \$10,000 or greater, or a higher threshold if approved by the institution's Cognizant Federal Audit Agency. The recipient shall maintain a procurement system which, at a minimum, meets the requirements of Attachment O to OMB Circular A-110, and which, in its essential elements, remains as approved by the Office of Naval Research (ONR). ONR shall be notified of any major change(s) to the approved system.

21. Income

a. Royalty Income. The recipient may retain royalties received during or after the term of this project as a result of copyrights produced under this award with no accountability to the awarding agency.

b. Interest Income. The recipient shall remit or credit to the awarding agency any interest or other investment income earned on advances of funds under this award.

c. Other Income. Income received as a result of inventions, as specified in Article 23, shall be disposed of as specified in that Article. All other income earned or received as a result of the federally sponsored project or program shall be used for research purposes at the discretion of the recipient.

(1) If the income is used on a federally assisted project, the use of such income must be reported on the Financial Status Report(s) for that project for the applicable period.

(2) Records of the earning and/or receipt and use of such income shall be maintained as specified in Article 24, below.

22. Unobligated Balances and Limit of Federal Liability

a. Any unobligated balance of funds which remains at the end of any funding period, except the final funding period of the project ~~period~~ ~~(competitive segment)~~, shall be carried over to the next funding period, and may be used to defray costs of any funding period of the project. Since the carryover of unobligated balances is automatic, no separate or specific awarding agency prior approval shall be required to authorize use of the funds. Costs of a period into which funds are carried over shall be assigned on a "first funds awarded - first funds used" basis; i.e., the carryover from the prior period shall be used in full before the current period's funding is used. As a corollary, any carryover balance will be presumed to be derived from the most recently awarded funds.

b. The recipient shall notify the awarding agency by means of the Financial Status Report of the amount of unobligated balance as of the end of each funding period.

c. The maximum obligation of the awarding agency to the recipient is the amount indicated in the award as obligated by that agency. Nothing in this Article or in the other requirements of this award requires the awarding agency to make any additional award of funds or limits its discretion with respect to the amount of funding to be provided for the same or any other purpose.

23. Patents and Inventions

a. This award, as performed by the recipient, shall be subject to the Patents Rights (Small Business Firms and Nonprofit Organizations) clause at 37 CFR 401.14 (51 FR 25517, *et seq.*, July 14, 1986, or any subsequent amendment in effect as of the beginning date of this award) and the following:

(1) In each instance where the term *contract* or *contractor* is used in the clause, those terms shall be read as *award* and *recipient*, respectively.