



Award Mechanisms at NASA

Grants, Cooperative Agreements, and Contracts

Choosing a Grant, Cooperative Agreement, or Contract

What is a grant?

- [The Federal Grant and Cooperative Agreements Act of 1977 \(FGCAA\)](#) states that “an executive agency shall use a grant agreement as the legal instrument reflecting a relationship between the United States Government and a State, a local government, or other recipients when:
 1. The principal purpose of the relationship is to transfer a thing of value to the State or local government or other recipients to carry out a public purpose of support or stimulation authorized by a law of the United States instead of acquiring property or services for the direct benefit or use of the United States Government; and
 2. Substantial involvement is not expected between the executive agency and the State, local government, or other recipients when carrying out the activity contemplated in the agreement.”
- At NASA, Grants are issued through the various mission directorates and align with NASA’s mission. An example of a grant would be a NASA mission directorate providing funding to non-federal entities to advance a public project, such as studies of Earth, including its climate, our Sun, and our solar system and beyond.
- Grants are NOT to be used for work initiatives, activities, and/or workstreams that directly benefit NASA such as janitorial services or staff augmentation.

What is the difference between a grant and a cooperative agreement?

- Grants and cooperative agreements are both financial assistance tools that the government uses to fund ideas and projects to advance public services and stimulate the economy.
- Cooperative agreements differ from grants due to the substantial involvement of the Federal awarding agency in carrying out the project.
- Both grants and cooperative agreements are subject to the regulations found in Title 2 of the Code of Federal Regulations (2 CFR) and carry the same administrative and reporting requirements.

What does “substantial involvement” in cooperative agreements mean at NASA?

- The nature of the federal agency’s substantial involvement depends on the project.
- However, some examples of substantial NASA involvement and contribution could include or involve:
 - NASA personnel, property, facilities, equipment, or research capabilities are used or shared;
 - The recipient works for a substantial amount of time at a NASA Center or NASA personnel work at the recipient’s facility, provided that no fee is charged to either party for the shared facility arrangements; or

- The collaboration serves to produce and/or enhance a jointly authored report or educational product.
- The everyday administrative award administration and oversight activities, including routine and advanced monitoring, do not constitute substantial involvement.

Who at NASA determines the appropriate award instrument to issue?

- Some Notices of Funding Opportunity (NOFOs) at NASA can result in a grant, cooperative agreement, **or** contract.
- Proposers may request a grant, cooperative agreement, or contract, however, the NASA grant officer or contract officer will determine the appropriate award instrument based on the principal purpose of the relationship or arrangement factors requested.
- NASA personnel determine the appropriate award instrument by consulting [The Federal Grant and Cooperative Agreements Act of 1977 \(FGCAA\)](#), 31 United States Code (U.S.C.) §6301 et. seq., definitions found in [2 CFR 200.1](#), and the NASA Grants and Cooperative Agreement Manual (GCAM).

Aren't grants, contracts, and cooperative agreements all procurement instruments?

- **NO!** Grants and cooperative agreements are assistance mechanisms providing resources (generally financial) for activities carried out by non-Federal entities that directly benefit the American public.
- Federal agencies are responsible for managing the grant and cooperative agreement funding on behalf of the public who receives the benefit and/or product. Additionally, grants and cooperative agreements at NASA are not used to buy equipment, property, and other items of value for the benefit of the Federal awarding agency or the pass-through entity.
- Contracts, on the other hand, are procurement instruments and are distinguished from grants and cooperative agreements because they are used to buy equipment, property, and other items of value for the benefit of the Federal awarding agency or the pass-through entity.
- Contracts are governed by the regulations found in the Federal Acquisition Regulations (FAR) and are MUCH more prescriptive in their requirements for deliverables than grants and cooperative agreements.

Can a recipient of NASA grants or cooperative agreements also be the recipient of a NASA contract?

- **Yes!** The deciding factor in determining the proper award instrument is **NOT** the type of recipient. The deciding factor in determining what kind of instrument NASA uses to issue an award is the beneficiary of the arrangement.
- If the beneficiary is the Federal government or the pass-through entity, a contract must be used. If the direct beneficiary of the arrangement is the American public and the Federal government is providing resources to aid in the activities of the proposing entity, then a grant or cooperative agreement must be used.

Grants vs. Cooperative Agreements

The visual below provides an overview of the similarities between grants and cooperative agreements and highlights where they differ.

| | Grants | Cooperative Agreements |
|---|--|--|
| Basic Purpose | A flexible instrument designed to provide money to support a public purpose. | A flexible instrument designed to provide money to support a public purpose. |
| Terms & Conditions | Governed by the terms of the grant agreement, and administrative and audit requirements of Title 2 of the Code of Federal Regulations | Governed by the terms of the cooperative agreement, and administrative and audit requirements of Title 2 of the Code of Federal Regulations |
| Scope | Conceived by the recipient. Flexible as to the scope of work, budget, and other changes | Conceived by the recipient. Typically, flexible as to the scope of work, budget, and other changes. |
| Solicitation | Notice of Funding Opportunity (NOFO) | Notice of Funding Opportunity (NOFO) |
| Effort | Diligent efforts are used in completing research and the delivery of results | Diligent efforts are used in completing research and the delivery of results |
| Federal Sponsor Involvement in the Project | None, besides standard administration and monitoring | Substantial involvement |
| Award Issuance | Awarded in an annual lump sum unless otherwise specified in the award terms and conditions | Awarded in an annual lump sum unless otherwise specified in the award terms and conditions |
| Re- budgeting Requests | Flexible | Flexible |
| Reporting | Annual programmatic reporting requirements, unless otherwise specified in the award. Quarterly financial reporting, unless otherwise specified in the award. | Annual programmatic reporting requirements, unless otherwise specified in the award. Quarterly financial reporting, unless otherwise specified in the award. |
| Payments | Made as drawdowns through the Payment Management System (PMS). | Made as drawdowns through the Payment Management System (PMS). |
| Flexibility | Principal Investigator has more freedom to adapt the project and less responsibility to produce results | Substantial involvement is expected between the awarding agency and the State, local government, or other recipient when carrying out the activity contemplated in the agreement |

Laws and Regulations Governing Financial Assistance at NASA

National Aeronautics and Space Act of 1958 (51 U.S.C 20101 et. seq.)(Space Act)

The Space Act established the National Aeronautics and Space Administration and authorized the newly formed agency to issue financial assistance in the form of grants and cooperative agreements.

The Federal Grant and Cooperative Agreements Act of 1977 (FGCAA)

The FGCAA set out to guide Federal agencies in their use of Federal financial assistance funding – particularly by distinguishing between and defining contracts, cooperative agreements, and grants.

Title 2 of the Code of Federal Regulations (2 CFR), Uniform Guidance

2 CFR, Grants and Agreements, provides government-wide regulations for grants and cooperative agreements. 2 CFR is maintained by the Office of Management and Budget (OMB). There are 5 that are most pertinent to grants and cooperative agreements.

- 2 CFR 25, Universal identifier and system for award management;
- 2 CFR 170, Reporting subaward and executive compensation information;
- 2 CFR 180, OMB guidelines to agencies on governmentwide debarment and suspension; and,
- 2 CFR 200, Uniform administrative requirements, cost principles, and audit requirements for Federal awards.
- 2 CFR 1800, “Federal Agency Regulations for Grants and Agreements” – Contains NASA-developed regulations, and is found in Subtitle B.



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Financial Assistance Oversight Bodies

Office of Management and Budget (OMB)

An agency of the Executive Branch, OMB manages the budget development and execution of Federal government departments and agencies and guides the implementation of laws and regulations. OMB Issues circulars with guidance for grant-making agencies, such as the "2 CFR, Uniform Guidance" that was implemented in 2014. OMB receives recommendations from the Chief Financial Officers Council (CFOC).

Within the OMB, the Office of Federal Financial Management (OFFM) develops and implements coordinated policies with Federal Chief Financial Officers to assure that Federal financial management practices support effective delivery of service across the Federal government. OFFM's responsibilities include implementing the financial management improvement priorities of the President, establishing government-wide financial management policies for executive branch agencies, and carrying out the financial management functions of the Chief Financial Officers Act (CFO) of 1990.

Government Accountability Office (GAO)

The GAO is an investigative organization of the Legislative Branch that reports to Congress and is commonly known as the "investigative arm of Congress" or the "congressional watchdog". GAO conducts audits and generates reports on work done across the Federal government to ensure that taxpayer dollars, including grants and cooperative agreements, are being spent effectively and efficiently.

NASA Office of Inspector General (OIG)

The NASA OIG conducts objective oversight of NASA programs and operations and independently reports to the Administrator, Congress, and the public to further the Agency's accomplishment through the production of audits and investigations, including in the NASA and recipient management of NASA Federal Financial Assistance awards.

NASA Grant Policy and Compliance Branch

The Grants Policy and Compliance (GPC) Branch establishes and maintains NASA-wide grant and cooperative agreement policies and regulations and interprets promulgated guidance for the NASA grants community. GPC also develops internal grants and cooperative agreement guidance and training for NASA technical officers, grant officers, and the grants administering communities.