



Award Mechanisms at NASA: Grants, Cooperative Agreements, and Contracts

NASA Grants Policy and Compliance

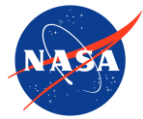
CHOOSING A GRANT, COOPERATIVE AGREEMENT, OR CONTRACT

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.”
- Grants are essentially a means by which Federal agencies transfer Congressionally-appropriated funds to the public for the public's use and benefit.
- At NASA, grants are funded by various [Mission Directorates](#) and the [Office of STEM Engagement](#) (OSTEM). NASA supports and stimulates research, technology development, and STEM engagement in areas that align to our mission and the national interest.
- Grants are not to be used to procure products or services, including research services, for NASA's direct benefit. Only contracts may be used for this purpose.

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

- Grants and cooperative agreements are both financial assistance instruments that the government uses to fund ideas and projects to support or stimulate a public purpose.
- The FGCAA's definition for “cooperative agreement” is almost exactly the same as that for “grant”, with one notable exception – cooperative agreements involve Federal agency *substantial involvement* and grants do not. General examples of substantial involvement include:
 - An agency's ability to immediately halt an activity if performance requirements are not met.
 - Approving one stage of work before work on a subsequent stage can begin.
 - Agency and recipient collaboration or joint participation.
- Other than the presence of substantial involvement, cooperative agreements are similar to grants in every way. They share the same purpose and are governed by the same regulations and policies.



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

- The nature of NASA’s substantial involvement depends on the project.
- However, some examples of substantial NASA involvement could include or involve:
 - NASA provides personnel, property, facilities, equipment, or research capabilities to the recipient;
 - The recipient utilizes facilities 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;
 - The collaboration serves to produce and/or enhance a jointly authored report or educational product; or
 - NASA coordinates or integrates the work of several recipients working on the same subject matter.
- Substantial involvement does not include routine post-award monitoring, and substantial involvement must never be used to for NASA’s direct benefit – NASA may only provide substantial involvement to help the recipient achieve their own goals and objectives.

Who at NASA determines the appropriate award instrument?

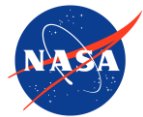
- Some Notices of Funding Opportunity (NOFOs) at NASA can solicit grants, cooperative agreements, or contracts.
- Proposers may request a grant, cooperative agreement, or contract; however, a NASA Grant Officer or Contract Officer will ultimately determine the appropriate award instrument based on the principal purpose of the relationship that will be established between NASA and the recipient.

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

- No! Grants and cooperative agreements are financial assistance mechanisms providing resources (generally monetary) for activities carried out by non-Federal entities that directly benefit the public.
- Federal agencies are responsible for managing 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 agency.
- Contracts, on the other hand, are procurement instruments, and they 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 agency.
- Unlike grants and cooperative agreements, contracts are governed by the regulations found in the Federal Acquisition Regulations (FAR) and policies in the NASA FAR Supplement.

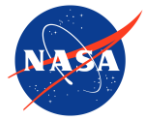
Can a recipient of NASA grants or cooperative agreements also be the recipient of a NASA contract?

- Yes! The type of entity is not a factor when determining award mechanisms. The deciding factor in determining what kind of mechanisms NASA uses to issue an award is the beneficiary of the arrangement. NASA contract recipients are often also recipients of grants or cooperative agreements.
- If the beneficiary is the Federal government, a contract must be used. If the direct beneficiary of the arrangement is the 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.



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

Grants vs. Cooperative Agreements		
	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	NOFO	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	None, besides standard administration and monitoring	Substantial involvement in addition to standard administration and monitoring
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 performance reporting requirements, unless otherwise specified in the award. Semi-annual financial reporting, unless otherwise specified in the award.	Annual performance reporting requirements, unless otherwise specified in the award. Semi-annual financial reporting, unless otherwise specified in the award.
Payments	Made as drawdowns through the Payment Management System (PMS).	Made as drawdowns through PMS.
Flexibility	Recipient has freedom to adapt the project to changing circumstances as needed and in compliance with applicable regulations and policies	Recipient has freedom to adapt the project to changing circumstances as needed and in compliance with applicable regulations and policies. However, Federal agency substantial involvement may limit flexibility or require additional prior approvals



LAWS, REGULATIONS, AND POLICIES GOVERNING FINANCIAL ASSISTANCE AT NASA

Several laws, regulations, and policies govern NASA's grants and cooperative agreements. They are as follows:

- **National Aeronautics and Space Act of 1958 ([51 U.S.C 20101 et. seq.](#))(Space Act):** The Space Act established NASA 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](#)):** 2 CFR, Federal Financial Assistance, provides government-wide guidance for grants and cooperative agreements. 2 CFR is maintained by the Office of Management and Budget (OMB). There are several "Parts" within 2 CFR, such as:
 - [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 Government-wide Debarment and Suspension (Nonprocurement);
 - [2 CFR 200](#), Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; and
 - [2 CFR 1800](#), Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. This is NASA's codification of the guidance in 2 CFR.
- **NASA Grant and Cooperative Agreement Manual ([GCAM](#)):** The GCAM provides award applicants and recipients with NASA-specific guidance pertaining to the pre-award, award, post-award, and closeout phases of the grants life cycle.

FINANCIAL ASSISTANCE OVERSIGHT BODIES

Several agencies and offices play a role in ensuring that NASA and its grant and cooperative agreement recipients comply with applicable regulations and policies and serve as responsible stewards of taxpayer dollars. Those entities include:

- **Office of Management and Budget ([OMB](#)):** An office within the Executive Office of the President of the United States, OMB manages the budget development and execution of Federal government departments and agencies and guides the implementation of laws and regulations.
- **Council on Federal Financial Assistance ([COFFA](#)):** The COFFA provides strategic direction and policy recommendations to OMB on all federal financial assistance related matters and is a partnership among all federal financial assistance making agencies to provide a single voice on federal financial assistance policy, management, and technology activities.
- **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 performed across the Federal government to ensure that taxpayer dollars, including those funding grants and cooperative agreements, are being spent effectively and efficiently.
- **NASA Office of Inspector General ([OIG](#)):** The NASA OIG conducts audits, reviews, and investigations of NASA programs and operations to prevent and detect fraud, waste, abuse, and mismanagement and to assist NASA management in promoting economy, efficiency, and effectiveness. The OIG often audits NASA's grant programs, and past audit reports can be found [here](#).
- **NASA Grants Policy and Compliance ([GPC](#)):** GPC 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.