



## **Payments to Consultants under NSF Awards Frequently Asked Questions (FAQs)**

### **Is there a limitation on payments to consultants under NSF awards?**

The Appropriation Act applicable to NSF for Fiscal Year (FY) 2006 does not contain a limitation on payments to consultants under NSF awards and therefore, this constraint has been eliminated for FY 2006 appropriated funds. Payments, however, should be comparable to the normal or customary fees charged and received by the consultant for comparable services, especially on non-government contracts and grants.

### **How will this change be implemented?**

The NSF terms and conditions are currently being revised to implement this change.<sup>1</sup> All new NSF grants and funding amendments to existing NSF grants will begin referencing and will be subject to the NSF Grant General Conditions (GC-1), dated 03/15/06. Also, all new NSF cooperative agreements and funding amendments to existing cooperative agreements will begin referencing and will be subject to the Financial and Administrative Terms and Conditions (FATC), dated 03/15/06. Note, however, that all funds awarded prior to the incorporation of the revised conditions dated 03/15/06 are still subject to the consultant rate of pay limitation until all of those funds are expended.

### **How will this change affect grantees who have received a standard grant from NSF?**

**Standard Grants** are defined as grants in which NSF agrees to provide a specific level of support for a specified period of time with no statement of NSF intent to provide additional future support without submission of another proposal. Funds awarded under a standard grant that incorporated terms and conditions prior to those dated 03/15/06 are still subject to the consultant rate of pay limitation.

Therefore, for standard grants awarded prior to March 15, 2006, payments to individuals for consultant services cannot exceed the daily equivalent of the then current maximum rate paid to an Executive Schedule Level IV Federal employee (exclusive of any indirect costs, travel, per diem, clerical services, fringe benefits, and supplies). This limitation applies for the entire award period of the standard grant. Standard grants awarded on or after March 15, 2006 are not subject to the consultant rate of pay limitation.

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<sup>1</sup> A parallel change will be made to the Federal Demonstration Partnership Operating Procedures, Appendix B, National Policy Requirements Matrix to delete the relevant statutory citation.

## **How will this change affect grantees who have an existing continuing grant from NSF?**

**Continuing grants** are defined as grants under which NSF agrees to provide a specific level of support for an initial period of time (as specified), with a statement of intent to provide additional project support for additional periods, provided funds are available and the results achieved warrant further support. Funds awarded under a continuing grant that incorporated terms and conditions prior to those dated 03/15/06 are still subject to the consultant rate of pay limitation. Any continuing grant increment that incorporates the terms and conditions dated 03/15/06 is not subject to the consultant rate of pay limitation for funds provided by that increment or any subsequent increments.

Therefore, for continuing grants and any increments awarded prior to March 15, 2006, those funds cannot be used for payments to individuals for consultant services that exceed the daily equivalent of the then current maximum rate paid to an Executive Schedule Level IV Federal employee (exclusive of any indirect costs, travel, per diem, clerical services, fringe benefits, and supplies). This limitation applies to those funds until they are completely expended. Funds for continuing grants and any increments awarded with the revised conditions on or after March 15, 2006 are not subject to the consultant rate of pay limitation.

## **Will NSF consider supplements to cover the cost of renegotiated consultant fees?**

NSF will not amend awards to provide additional funds for future increases in the consultant rate of pay charged to the award. Awardees, however, are authorized to transfer FY 2006 funds among budget categories to cover allowable expenditures without prior NSF approval, in accordance with the terms and conditions of the award, unless stated otherwise in the award letter. Payments to consultants should be reasonable, consistent, and comparable to the normal or customary fees charged and received by a consultant for comparable services. If awardees have further questions regarding this issue, they should contact the cognizant NSF Program Officer listed in the award letter.