

## **2014 State Competition Frequently Asked Questions**

### **1. How did NIST MEP determine which states to include in the competition? Was the decision based on Center performance?**

No, it had nothing to do with Center performance. In fact, NIST MEP is pleased with the overall performance of the MEP Centers. Instead, the primary objective of the decision to compete States is to optimize the impact of the Federal investment on U.S. manufacturing and to allocate additional funds to areas with higher concentrations of manufacturers. The Federal government uses periodic full and open competition as a formal mechanism to ensure an independent and rigorous due diligence to select the best applicants to fulfill public functions.

The goal is to complete competition of the entire 50 State (plus Puerto Rico) national network over three years. To ensure that this process can be implemented without disrupting the MEP system or impacting the program's performance, MEP is now initiating a demonstration program that will enable MEP to test and refine procedures, milestones, and resource requirements.

To determine which States to select to participate in the demonstration program, NIST/MEP developed a set of quantitative and qualitative criteria. While the process did not weight the criteria or formally rank order them in importance, NIST MEP determined that two threshold criteria should take priority in making the determination:

#### **Threshold Criteria**

- States where the MEP program has not been re-competed within past 10 years
- States where NIST investment in terms of dollars per manufacturing establishment (\$/Mfg using 2012 County Business Patterns) is below the MEP national average

In addition to those primary threshold criteria, NIST gave some consideration to additional quantitative and qualitative criteria in making the determination.

#### **Quantitative Criteria**

- Importance of manufacturing to the State's economy, as measured by manufacturing employment as a percentage of State employment
- Importance of the State's manufacturing sector to national economy as measured by State's share of total U.S. manufacturing establishments

#### **Qualitative Criteria**

- State support for manufacturing and MEP
- States where MEP has gone through a recent "refresh" (e.g., recent change in organizational leadership or structure)

Federal program requirements such as audit repayment obligations, high risk/agency review status

In addition, NIST MEP determined to include at least one and not more than two States from each MEP region in the demonstration program, for three reasons: 1) to ensure the continued effective support of the MEP system while conducting the pilot phase of the competition, 2) to ensure sufficient breadth and depth in NIST staff resources, and 3) to ensure appropriate geographic diversity in selected States.

After determining States that were candidates for inclusion in the pilot phase based on their characteristics measured against the criteria above, NIST MEP worked with MEP system staff to organize State visits. The purpose of the visits was three-fold:

- 1) to share information directly with State leaders regarding MEP's new strategic plan and its implications;
- 2) to share information directly with State leaders regarding the upcoming re-competition and the inherent opportunities and risks involved; and
- 3) to engage State leaders in discussion regarding their views about the role of manufacturing and MEP in the State's economic development priorities.

To assist in the assessment of State support of manufacturing, MEP requested that SSTI (State Science and Technology Institute) prepare an independent summary of the State's economic development and manufacturing extension strategies, policies and programs. During the visits, NIST MEP leadership met with State economic development leaders, plus host organization leaders, Center leaders and Center staff, and Center Board leaders. MEP Center representatives were not included in the meetings with State leaders. Based on this process, NIST MEP determined that ten States in six Regions should be included in the pilot program.

**2. How does the plan to have states with multiple centers compete as a single state entity support the strategic objective of “local flexibility and adaptability to operate on regional priorities . . .” and “permit local choice on decisions to incorporate . . .”**

MEP is historically and generally understood to be a Federal-state partnership. The fact that of the 51 States + Puerto Rico, 47 have a single cooperative award recipient reflects this broad understanding. Within this model there is great local flexibility in terms of the type of cooperative award recipient – non-profit, university, public – board governance arrangements, management structure, program partners, service delivery offerings, business model, cost sharing mechanisms, geographical locations, etc.

Having a single cooperative award recipient does not appear to impede local flexibility and adaptability and offers reduced administrative burden, clearer accountability, and

better communication with stakeholders. However, NIST has not finalized its plans regarding the competition plans for States that currently have multiple MEP Centers.

**3. The Acting MEP Director stated that the competition and request for \$141 Million are “very closely tied together” yet budget for 2015 shows competition happening at a level of \$128 Million. Exactly how tied are the competition and \$141 million? If MEP does not get the \$14 million, will the competition go away?**

The Administration’s FY2015 Budget states “In FY 2013, MEP began a broad based strategic planning process and developed an operational reform agenda intended to optimize program effectiveness, enhance administrative efficiency, and provide greater financial accountability. In FY2014, NIST management directed MEP to initiate a carefully planned, systematic, multi-year competition of the national system of Centers.” The Administration also proposed a 10% (\$13 million) increase in the base funding for the MEP program.

After months of development, the House Committee on Science, Space and Technology approved the Frontiers in Innovation, Research, Science, and Technology Act (FIRST Act) on March 10, 2014, requiring all Centers older than 10 years to be competed, providing for a readjustment of the cost share to 1:1, and directing that MEP provide a report within 180 days on reviews, assessments and reapplication.

The Government Accountability Office (March 2014) report “MEP: Most Federal Spending Directly Supports Work with Manufacturers, but Distribution Could Be Improved” recommended that “Commerce’s spending on cooperative agreement awards be revised to account for variations across service areas in demand for program services and in MEP centers’ cost of providing services. Commerce agreed with GAO’s recommendation.”

Nearly 50 of the cooperative award agreements have not been subject to a full and open competition for over 10 years; in this regard MEP is an outlier among Federal programs, and MEP is under clear guidance from Congress and the Administration to begin a system-wide process of formal competition. The Administration’s FY 2015 budget request is predicated on MEP beginning that process; we believe that the chances for passage of Congressional legislation are enhanced by demonstrating MEP’s capacity for self-management and the value of shifting to a 1:1 cost share.

Compared to the current status, a competition leading to a new cooperative award brings with it an immediate 1:1 cost share for the first three years of the new cooperative award.

MEP has identified a minimum of \$10 million within its current appropriation that can be permanently deployed to base funding for the Centers. This can best be accomplished through a competition process which allows the system to implement

the GAO recommendation in a careful, fair, and rigorous manner, optimizing the impact of the Federal investment in the Program.

By engaging in this public renewal process we believe we will have the best chance of securing Congressional legislation action and Administration support of increased funding for the program, both of which are necessary for the long term sustainability of the program.

**4. What assurance exists to confirm that MEPs with funding above system average per SME will not see reduction in funding as system implements GAO report?**

It is the intent of NIST MEP to “hold harmless” all centers that are currently above the system average of funding per SME. The continued availability of current Federal funding and any potential increases in appropriations for the MEP program will determine the pace at which NIST MEP implements the system competition, and if we need to depart from our planned course of action.

**5. May unsuccessful applicants request a debriefing?**

Yes. Unsuccessful applicants may request a debriefing, which will provide constructive feedback that can assist applicants to develop improved proposals in the future. Briefings should take the form of advice to applicants on the strengths and weaknesses of their own proposal in terms of the published evaluation and review criteria.

**6. Who is the Selecting Official for MEP competitions?**

The NIST Director has delegated the authority to the NIST Associate Director of Innovation and Industry Services (ADIIS) who is also the Acting Director of the NIST MEP to establish the procedures and processes for selecting funding recipients that submit proposals to the MEP competition. The ADIIS will serve as the Selecting Official. The Selecting Official will be responsible for approving all recommendations made by the Source Selection Evaluation Board (SSEB) before submission of the applications to the Department for award determination.

**7. On slide 30 of the Information Webinar Presentation it states that NIST MEP will not fund to organization that transfer core responsibilities... How does this apply to States organizations that use SRA's?**

As set forth in Section III.3.b. of the FFO (reproduced below), an MEP recipient, including a State organization, must maintain direct oversight and accountability over the management and operational aspects of an MEP project. Accordingly, while subrecipient agreements (SRAs) are permitted under the MEP Program, the primary recipient of the MEP award must demonstrate to NIST's satisfaction that it will maintain direct oversight and responsibility relative to core financial and management

responsibilities under an MEP award, including but limited to the administration of SRAs.

MEP Core Management and Oversight Functions. An MEP Center, as a direct recipient of Federal financial assistance funds under an MEP cooperative agreement, must possess and maintain, at all times during an MEP award period, accountability to directly manage and execute all functions material and inherent to the successful operation of a Center, which include, but are not limited to, the following:

- 1) Budget execution, including the responsibility for determining and executing budget policy, guidance and strategy, and the determination of program priorities and associated budget or funding requests;
- 2) Policy implementation, including the responsibility for determining the content and implementation of financial and program policies and procedures impacting the recipient's MEP project;
- 3) Human resources management, including the responsibility for selecting individuals for Center employment and for selecting contractors and the direction, control, and performance management of Center employees and oversight of contractors; and
- 4) Strategic planning and project execution and management, including the responsibility for:
  - a) Strategic planning functions such as the following: determination of project requirements, approval of a project implementation strategy, and the development and monitoring of agreements and statements of work with subrecipients, contractors, vendors and other strategic partners; and
  - b) Project execution and management functions such as submission of required financial and technical reports, maintenance of a functioning financial management system that satisfies the requirements found in 15 CFR 14.21 or 15 CFR 24.20 (as applicable), in order to ensure that costs charged against an MEP award are reasonable, allocable, and allowable under applicable Federal cost principles; and adherence to the terms and conditions of the MEP award. In extraordinary situations, the NIST Grants Officer may allow a recipient to temporarily outsource its management and oversight responsibilities under an MEP award. If an applicant is proposing such a structure, the applicant must include with its application a detailed explanation and accompanying documentation (*e.g.*, copies of draft contracts or other agreements) supporting its outsourcing request.

**8. Can applicants budget for an incentive/bonus program, and how would this be reflected on the budget exhibit and on the SF424a?**

Yes, an applicant may budget for incentive/bonus programs as part of its MEP Center application, provided that the costs associated with such incentive compensation programs are consistent with applicable Federal cost principles. An applicant proposing incentive compensation programs would reflect these costs as part of its

personnel costs on Form SF-424A and would discuss these programs in sufficient detail as part of its budget narrative, including an explanation of how such incentive compensation programs are administered and how they are consistent with applicable Federal cost principles.

**9. Can we use color charts in the proposal and can we use links?**

Yes, you may use color chart in the application. The applicant must provide information that is responsive to the Federal Funding Opportunity directly in the application. The evaluation panel will not be accessing or otherwise researching links that have been provided by the applicant to gain additional information about the applicant or proposed scope of work.

**10. Would part-time contributed staff at a Subrecipient be considered cash or in-kind cost share?**

Full-time and part-time employees allocated to an MEP Center project by subrecipient (or by a third-party contributor) would constitute an in-kind contribution to an MEP Center as the MEP Center did not directly incur such personnel costs. Importantly, the allocation of part-time employees to an MEP Project by a subrecipient (or by a third-party contributor) is subject to the limitation contained in 15 C.F.R. § 290.4(c)(5), which provides that an MEP Center may count as part of its cost share the “[i]n-kind contribution of part-time personnel, equipment, software, rental value of centrally located space (office and laboratory) and other related contributions up to a maximum of one-half of the host's annual share.” A full time employee contributed to an MEP Project by a subrecipient (or by a third-party contributor) is also considered an in-kind contribution to an MEP Center, but is not subject to the limitation contained in 15 C.F.R. § 290.4(c)(5).

**11. How much detail is required to document a subrecipient plan? Do we need to have everything nailed down, or does a program description (including budget and plan) and letter of commitment suffice?**

Proposals should include enough information to help NIST MEP verify that subrecipients identified in the proposal are able to comply with program’s requirements. NIST MEP highly encourages the submission of a full, draft subrecipient agreement at the application stage; however, at a minimum, proposals should include a statement of work, including a clear description of the work to be performed, the proposed timelines and deliverables; a budget and budget Justification, including the subrecipient’s direct and indirect costs, calculated using the

subrecipient's approved facilities and administrative (F&A) and fringe benefit rates; and verification of any committed cost sharing (if applicable).

Please note that the Letters of Commitment and/or Support is not considered as part of the page count.

**12. Any limitations on fonts or font sizes?**

Please refer to Section IV(b) of the FFO, Application Format for the font size requirement. The requirement is an "Easy to read font (11-Point minimum). Small type may be used in figures and tables but must be clearly legible."

**13. As an existing MEP center with the program for 15 years, will the panel reviewing our application have any information about our center and past performance? Guessing so since you have us address this in the application.**

The evaluation panel members will be basing their review solely on the application materials submitted in response to this Federal funding opportunity. The panel members will not use any other data or documentation to complete their reviews. Accordingly, an applicant with past MEP performance should provide sufficient detail in its application to address the past performance element of the application evaluation criteria.

**14. What is the anticipated schedule for notification of awardees?**

We anticipate the review, selection and award processing to conclude by January 2015. The anticipated start date for awards made under this opportunity is expected to be July 2015.

**15. Will there be disclosure of the number of applicants per State after the close?**

Upon request, NIST MEP will make available the number of applications that it receives for each of the State competitions and the name of the successful applicant(s) (award recipient) for each MEP Center award once the award has been executed by the NIST Grants Officer. However, NIST will not release the names of the unsuccessful applicants.

**16. Page 13 of the FFO says: "it is also inappropriate to ask Federal employees for a letter of support." Are Federal legislators (e.g., Senators, Representatives) defined as "Federal employees" for this purpose?**

For purposes of the FFO, "Federal employees" are considered employees of the Federal Executive Branch and not members of the Federal Legislative Branch. Thus, letters of support from Federal Legislators would not be prohibited under the FFO.

**17. Do you recommend the cost sharing balance to the FFO cost sharing guidelines under III. 2. each year (page 8)? Is it permissible to overmatch in any year?**

This Program requires non-Federal cost share of at least 50 percent of the total project cost for the first through the third years of operation, with increasing minimum non-Federal cost share requirements beginning in year four (4) of the award. It is at the applicant's discretion to provide cost share above the minimum requirements identified in the FFO. Applicants that receive an MEP award will be required to meet the non-Federal cost share amount identified in its application.

**18. Does the budget for Federal resources need to match the FFO total under II.2? Can a proposal include a request for Federal funding greater than that listed in the table (page 6) in any year?**

NIST anticipates funding up to ten (10) MEP Center awards with a five-year period of performance and in annual Federal funding amounts identified in Section II.2. of this FFO. Applicants may not request Federal funding in an amount greater than the annual Federal funding amount identified in the FFO for any year of the project or in a total amount greater than the total Federal funding amount for the 5-year award period as also identified in the FFO. Applicants may request Federal funding in amounts less than the annual and total amounts identified in the FFO.

**19. If a center chooses to overmatch in a given year, is there any possibility that this could increase the match requirement during the cooperative agreement negotiation?**

NIST does not require applicants to provide non-Federal cost share in an amount greater than the minimum requirement for each project year as set forth in the FFO (i.e., overmatch of non-Federal share) and does not generally negotiate overmatch as part of its review of an application.

**20. Will an overmatch affect the amount of the annual Federal award?**

**If applicants submit proposals with more cost share than is necessary to match the federal funds, is there any possibility that the federal funding ratio will be changed due to the over match situation? For example, if the state FFO is \$1 million and the applicant submits \$3 million in non-federal cost share, will the applicant then be committed to a 25% federal funding ratio or will it remain 50%.**

**If applicants submit proposals with more cost share than is necessary to match the federal funds, will the program hold the applicant accountable for all non-**

**federal cost share on the application? For example, if the state FFO is \$1 million and the applicant submits \$3 million in non-federal cost share, will the applicant be accountable for the entire \$3 million non-federal cost share, even though only \$1 million is necessary in years 1-3 to match the federal funding amount?**

The Federal funding identified in the chart in Section II.2 will not increase as a result of an applicant’s overmatch of cost share. If an applicant proposes cost share more than the minimum requirement and the application is selected for award, the proposed cost share structure will be the approved project budget as reflected in the official award documentation. In such cases, the applicant will be required to provide the entire amount of the proposed cost share, including any overmatch.

**21. Does NIST view overmatching as a positive or a negative? Does it enhance a center’s competitiveness to overmatch?**

NIST evaluates the totality of an application in accordance with the evaluation criteria set forth in the FFO, including the applicant's ability to effectively provide MEP services in the subject geographical service area. NIST does not award any specific bonus points as a result of an applicant proposing cost share in an amount greater than the minimum requirements contained in the FFO (i.e., overmatch).

**22. If a center chooses to overmatch in a given year, is there any possibility that this could increase the match requirement during the cooperative agreement negotiation?**

NIST does not require applicants to provide non-Federal cost share in an amount greater than the minimum requirement for each project year as set forth in the FFO (i.e., overmatch of non-Federal share) and does not generally negotiate overmatch as part of its review of an application.

The applicant is required to meet the minimum cost share provided in the chart in Section III.2 in the FFO (see below) for the specified award year. The level of cost share provided in one award year does not apply to future award years. The budget proposed will be on a year by year basis.

Award Year	Maximum NIST Share	Minimum Non-Federal Share
1-3	1/2	1/2
4	2/5	3/5
5 and beyond	1/3	2/3

**23. What happens if a center overmatches in the budget but for some reason can’t achieve the proposed overmatch in any given year? If the match requirement doesn’t change as you say, what are the consequences?**

The outcome of not meeting budgeted cost share would be a reduction/return of federal funding in an amount corresponding to the shortfall in non-federal funding. The amount of the reduced/returned federal funding would be based on the cost share rate for the award. For example, if the cost share ratio is 60% non-fed and 40% fed, a shortfall of \$100k in non-federal cost share would result in a reduction/return of \$40k of federal funding.

**24. I want to make sure I understand this. I am specifically talking about an over-matched scenario. So say, the match requirement is 50%, say we match with non-federal in the budget at 52% so we overmatch slightly. In reality, say we only can match 50%, so we've drawn down our entire federal grant but are under in what we said the non-federal share would be because our non-federal was lower than budgeted. Would we still have a reduction or return of federal funds?**

Yes. Federal and non-Federal costs are shared at the level reflected in the Recipient's approved budget. If the Recipient commits to 52% non-Federal cost share, it will need to meet this cost share commitment over the life of the award. See the Department of Commerce (DOC) Financial Assistance Standard Terms and Conditions (January 2013), Section A.03 (b) – emphasis added:

“The non-Federal share, whether in cash or in-kind, is to be paid out at the same general rate as the Federal share. Exceptions to this requirement may be granted by the Grants Officer based on sufficient documentation demonstrating previously determined plans for, or later commitment of, cash or in-kind contributions. In any case, the recipient must meet its cost share commitment over the life of the award. The recipient must create and maintain sufficient records justifying all non-federal sharing requirements to facilitate questions and audits, see Section D, “Audits,” for audit requirements.”

**25. If in the first year of the new award (FY2016), we plan in our budget to not draw down 100% of the annual funding amount, can we allocate it to the next FY (2017)? This would be a one-time occurrence, and then expect to return to the equal base draw for the remaining 5 year term. FY (2017-2020) I don't want to lose the money in total, but would like a lower base in year one and increase the base in year 2. I am trying to balance the cost share and revenue flow as the program ramps up. It was anticipating balancing the first year total program costs with a lower federal amount and higher recipient cost share. One other thing to be clear..our budget will be a bit less than the identified state amount in the FFO in year one, greater in year 2,( the annual funding amount plus the balance from year one, and then back to annual funding level in years 3, 4, and 5.**

An applicant may not request federal funding for any project year in an amount greater than the annual federal funding amount referenced in the FFO. An application exceeding the annual amount of federal funding for any project year may be deemed by NIST as non-responsive to the FFO and ineligible for award. This is the case notwithstanding that the overall amount of requested federal funding would be consistent with the total federal funding amount for the five-year award period as referenced in the FFO.

In limited circumstances, and based on unforeseen events or other compelling reasons as justified by an award recipient (not an applicant), the NIST Grants Officer may approve the carry forward of unexpended federal funding from a project year to the next project year, although a recipient should not assume such an approval by the NIST Grants Officer.

**26. The Personnel item on the Budget Narrative asks for detail information on the personnel being proposed including Names and positions. We do not feel comfortable supplying personal information on our employees with the competition proposal. In the past we have grouped the information in the narrative into two items, Delivery/Sales & Marketing and General and Administrative. There was a table provided separately that provided the detail information on the staff representing the totals in the narrative. Since this is a more public process, we ask your advice on the handling of such information and level of detail acceptable for the proposal.**

It is up to the applicant as to the format and content of its application relative to the specific identification of key and other personnel proposed as part of an MEP Center project, so long as the information provided is consistent with the application requirements contained in Sections IV.2.a.(6) c) and d) of the FFO. In this respect, the budget narrative and budget table referenced in Section IV.2.a.(6)(d) of the FFO is a suggested, but not a required, format for an applicant to submit this information to NIST for evaluation under the FFO. In addition Section IV.2.a.(6)(d) states “*In the budget narrative, the recipient should provide adequate information to support the costs identified in each category of the budget table. For example, providing the annual salary and the percentage of time dedicated to the project by personnel to demonstrate the total cost of that individual...*”

*For example, you may list position titles (excluding names) as follows:*

*Administrative Support #1, Salary, % dedicated to center*  
*Administrative Support #2, Salary, % dedicated to center*

Concerning the potential public disclosure of information contained in an MEP application, we draw your attention to the Department of Commerce Freedom of Information Act (FOIA) regulations contained in 15 C.F.R. part 4 and, in particular,

to the "business information" provisions set forth in 15 C.F.R. § 4.9. Please note that all evaluators for NIST MEP Competitions are required to sign a non-disclosure document. All applications received in response to a funding opportunity are considered confidential and are treated accordingly.

**27. I have a question regarding the required minimum non-Federal cost share. Is there a restriction on the amount of cost share that comes from applicant in-kind contributions?**

Per the FFO, section III.2:

Non-Federal cost sharing is that portion of the project costs not borne by the Federal Government. The applicant's share of the MEP Center expenses may include cash, services, and third party in-kind contributions, as described at 15 CFR § 14.23 or § 24.24, as applicable, and in the MEP program regulations at 15 CFR § 290.4(c). No more than 50% of the applicant's total non-Federal cost share for any year of the award may be from third party in-kind contributions of part-time personnel, equipment, software, rental value of centrally located space, and related contributions, per 15 CFR § 290.4(c)(5).

In-kind contributions are contributed by a 3<sup>rd</sup> party source other than the applicant identified on the SF424 Application for Federal Assistance.

**28. On the Form 424 A, under Section A, I usually put "NIST-MEP" on line 1. I'm assuming I will have the NIST Federal Amount for years 1-4 summed and put in column 1. (e). Right?**

**Section B, (1) pulls the NIST MEP program title from Section A. Are we still supposed to use Column (2) for Non-Fed and Column (3) for In-Kind? I'm not sure how to get the titles for (2) and (3) into Section B. Section C, 8 would be year 1, etc. Is this correct?!**

**Then on Section E, it says Future Funding Periods but (b)First is FY 2015-16, right?**

The applicant must identify years 1-4 on the first SF424A by completing lines 1-4 in Section A. Line 1, Column e will reflect the federal funding request for Year 1. Line 1, Column f will reflect the non-federal cost share for Year 1. Repeat these steps for rows 2-4. Per the FFO, you are required to submit a second SF424a for Year 5.

Section B, will also be broken out by years. Columns 1-4 will covers Years 1-4. In each column, the applicant should reflect the total cost (federal and non-federal) for each object class. The form does not allow each year to be broken out between the sources of funding. Per the FFO, you are required to submit a second SF424a for Year 5.

Section C, line 8 would represent Year 1, line 9 – Year 2 and so on.

Section E, line 16 would represent Year 1, line 17 – Year 2 and so on.

Excerpt from FFO:

*The applicant should submit two SF-424A forms. The first SF-424A form should cover the first four (4) years of the project and is the SF424A form that appears as part of the mandatory forms in the Grants.gov application package. The second SF-424A form should be submitted to cover year five (5) of the project, and its submission details are found in in Section IV.2.a.(10). of this FFO.*

**29. On page 19, the FFO states that the Technical Proposal is included in the 40-page limit but the budget tables and budget narrative are excluded from the page limit.**

**However, page 12 states that the budget and budget narrative should be included within the Technical Proposal and page 23 indicates review criteria associated with the budget and budget narrative...**

**Should the budget and budget narrative be a separate file outside of the 40-page limit or not?**

The budget and budget narrative may be submitted either as a separate document or within the Technical Proposal. The budget tables and budget narrative will be excluded from the page limit regardless.

**30. Does NIST expect to see each grant year's budget balance to zero? Is it ok to carryover unexpended program income?**

Program income generated under the project that is not fully utilized by the recipient at the end of each funding period or at the end of the five-year award period is subject to disposition in accordance with Section 12 of the Hollings MEP General Terms and Conditions (February 2014), as may be periodically amended.