

**August 1, 2024**

**EPA Thriving Communities Grantmaking Program  
Fixed-amount Subaward Information for Project Officers and Grantmakers**

According to the Thriving Communities Grantmaker RFA, *“Successful Grantmakers may, but are not required to, use fixed-amount subawards to fund all or part of the \$150,000 Phase I competitive planning subawards and must use fixed-amount subawards for any noncompetitive \$75,000 subawards provided to severely capacity-constrained community based nonprofit organizations with limited capacity to carry out Federally funded projects. (See Section I.D.1.c of the RFA for more details on the noncompetitive fixed-amount subawards).”*

As provided in 2 CFR 200.1 Fixed-amount awards are a type of subaward:

[U]nder which . . . a pass-through entity provides a specific level of support without regard to actual costs incurred under the [subaward]. This type of [subaward] reduces some of the administrative burden and record-keeping requirements for both the [subrecipient] . . . [and] pass-through entity. Accountability is based primarily on performance and results.

Additional information on fixed-amount awards is available in 2 CFR 200.201(b) and 2 CFR 200.333. Section 9.0 of EPA’s Subaward Policy describes types of fixed-amount subawards that EPA will approve.

Note also that subawards for Phase I competitive assessment subawards may be structured to include fixed-amount components (e.g., per trainee fees for training courses or lump sum payments to conduct community meetings) within a subaward otherwise disbursed on a draw-down basis, as long as fixed-amount components are not used for costs also covered by draw downs.

Grantmakers can choose whether to award:

- All Phase I awards on a fully fixed-amount basis,
- Some Phase I awards on a fully fixed-amount basis, or
- Some Phase I awards with fixed-amount components in awards otherwise disbursed on a draw-down basis.

Grantmakers should specify the structure of Phase 1 awards (fixed-amount, draw-down, or draw-down with fixed-amount components) in their application guidance. Grantmakers may choose to make each structure optional and determine the best structure for each award in their post-award negotiations with applicants selected for subawards.

**Pass-through entity process for tracking allowable and reasonable costs:** The Grantmaker Terms and Conditions will require that the pass-through entities (Grantmakers) have pricing procedures that prevent subrecipients from “profiting” from fixed-amount subawards by precluding payments for “management fees” or other amounts in excess of anticipated costs for the activity. Grantmakers will use the following methods to ensure compliance for tracking and reporting:

- Obtaining a budget description of planned expenditures to be refunded if an activity or event does not take place, a report or analysis is not completed, or the subrecipient does not otherwise perform as promised or provide a substitute activity. (This would apply to

fixed-amount subawards or fixed-amount components where some of the subaward funds were provided “up front” as allowed in the Terms and Conditions).

- Requiring subrecipients to certify in writing to the pass-through entity at the end of the fixed-amount subaward that the project or activity was completed, or the level of effort was expended. If something less than the required level of activity or effort was not carried out, the amount of the fixed-amount subaward must be adjusted.
- Changes in principal investigator, project leader, project partner, or scope of effort must receive the prior written approval of the pass-through entity.

Grantmakers should refer to the cost principles at 2 CFR 200.400, including guidance on allowable, reasonable, and allocable costs at 2 CFR 200.403 through 405, and may refer to evidence of cost, historical, or unit pricing data to establish a fixed-amount award based on a reasonable estimate of actual cost.

Grantmakers should announce the anticipated number of awards they will make under each Phase in their application solicitation, but build in the flexibility to shift award numbers among the Phases to account for demand, quality of applications received, or other circumstances. Numbers of non-competitive awards for severely capacity-constrained entities should remain “limited,” as stated in the NOFO.

## **Reporting**

The recipient must at minimum report on subrecipients’ fixed-amount subaward milestones via the quarterly performance reports, as well as any other reporting requirements agreed upon by the Grantmaker and the fixed-amount subaward recipient.

Examples of Fixed Amount Subaward Performance reporting include but are not limited to:

1. Monitoring plans paid on a milestone basis with an initial amount paid prior to the development of the plan, followed by a second payment upon completion of the draft plan, with a final payment when the plan is complete.
2. Lump sum payments for equipment purchases (e.g. air monitoring devices) based on invoices provided by the subrecipient.
3. Upfront costs of no more than 25%, except with permission of the Project Officer, with subsequent milestone-based payments. For example, sampling projects paid on a milestone basis with 25% for upfront expenses, 25% for data collection, 25% for data analysis, 25% for final report completion.

## **Some Questions and Answers about Fixed-amount Subawards**

- May a Grantmaker use fixed-amount subawards or fixed-amount components for Phase 2 or Phase 3 awards?
  - At this time, fixed-amount subawards and fixed-amount components can only be used for Phase 1 awards. According to EPA Subaward Policy, “EPA may allow pass-through entities to award subawards up to the simplified acquisition threshold on a fixed-amount

*or “lump sum” basis such that the subrecipient does not account for actual costs. OGD will consider approving the use of fixed-amount subawards on a pilot basis at the request of a Program Office. After completion of the pilot, OGD and the Program Office will consider whether fixed-amount subawards will be a permanent feature of the grant program.”*

- What options do Grantmakers have to make fixed-amount subawards or fixed-amount components under Phase 1?
  - The Grantmaker can choose to award all or some of the Phase 1 awards on a fixed-amount basis.
  - The Grantmaker can also choose to make an award on a draw-down or reimbursement basis, but use a fixed-amount model for certain components of the project, including:
    - Training classes funded on a milestone-completion (e.g., preparation of curricula, rental of facility, course delivery, and submission of evaluation report) or a unit-price basis.
    - Community meetings funded on a milestone-completion (e.g., outreach, preparation of agenda, rental of facility, meeting, and submission of attendee roster/meeting summary) or on a unit-price basis upon project completion.
    - Environmental tracking and monitoring funded on a milestone-completion (e.g. conduct research, investigations, experiments, including identifying the monitoring and sampling sites, conduct the sampling and monitoring, and perform the analysis and provide the report) or a unit-price basis upon project completion.
  - As stated in the RFA, ALL non-competitive Phase 1 awards for severely capacity-constrained organizations must be fixed-amount.
  
- Does the Grantmaker need to determine up front how many fixed-amount awards they will make for Phase 1?
  - For the competitive award process, Grantmakers could either decide that all Phase 1 awards will be fixed-amount awards, or indicate that the payment model can be negotiated after selection.
  - The solicitations would provide notice that all or part of each Phase 1 award may be awarded on a fixed-amount, milestone basis.
  
- Can a Grantmaker provide some up-front funding support for a fixed-amount subaward or fixed-amount components?
  - This will be covered in the Subsequent Award Terms and Conditions, but yes, the Grantmaker can decide to break up the payment schedule for a fixed-amount subaward or a component to provide (for example) 25% of the amount up front and then the rest of the amount as milestones are reached.
  
- What is required in terms of reporting from a subawardee receiving a fixed-amount subaward or with fixed-amount components to their award?
  - Fixed-amount awards can be based on concrete milestones, deliverables or products (e.g. community website, testing requirements, etc.), which the Grantmaker can determine in post-award negotiations with each subawardee. However, the fixed-amount award milestones or fixed-amount components will need to be reasonable. The

Grantmaker will need to have processes in place and a rationale for determining the fixed-amount for each milestone or component.

- The Grantmakers must require subrecipients to produce progress reports for fixed-amount awards, after receiving up-front support and prior to additional milestone payments.
- The Grantmaker Terms and Conditions will require that the pass-through entities have pricing procedures to determine reasonable, allocable, and allowable costs and to prevent subrecipients from “profiting” from fixed- amount subawards by precluding payments for “management fees” or other amounts in excess of anticipated costs for the activity.