

that are supported at universities, colleges, and other non-profit institutions. "Research" is defined as a systematic study directed toward fuller scientific knowledge or understanding of the subject studied. "Development" is the systematic use of knowledge and understanding gained from research directed toward the production of useful materials, devices, systems, or methods, including design and development of prototypes and processes. The term research also includes activities involving the training of individuals in research techniques where such activities utilize the same facilities as other research and development activities and where such activities are not included in the instruction function.

*Small awards* means a grant or cooperative agreement not exceeding the simplified acquisition threshold fixed at 41 U.S.C. 403(11) (currently \$100,000).

*SSA* means the Federal agency that provides an award to the recipient.

*Subaward* means an award of financial assistance in the form of money, or property in lieu of money, made under an award by a recipient to an eligible subrecipient or by a subrecipient to a lower tier subrecipient. The term includes financial assistance when provided by any legal agreement, even if the agreement is called a contract, but does not include procurement of goods and services nor does it include any form of assistance which is excluded from the definition of "award" in this section.

*Subrecipient* means the legal entity to which a subaward is made and which is accountable to the recipient for the use of the funds provided. The term may include foreign or international organizations (such as agencies of the United Nations) at the discretion of the Federal awarding agency.

*Supplies* means all personal property excluding equipment, intangible property, and debt instruments as defined in this section, and inventions of a contractor conceived or first actually reduced to practice in the performance of work under a funding agreement ("subject inventions"), as defined in 37 CFR part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Govern-

ment Grants, Contracts, and Cooperative Agreements."

*Suspension* means an action by SSA that temporarily withdraws Federal sponsorship under an award, pending corrective action by the recipient or pending a decision to terminate the award by SSA. Suspension of an award is a separate action from suspension under Federal agency regulations implementing Executive Orders 12549 and 12689, "Debarment and Suspension."

*Termination* means the cancellation of Federal sponsorship, in whole or in part, under an agreement at any time prior to the date of completion.

*Third party in-kind contributions* mean the value of non-cash contributions provided by non-Federal third parties. Third party in-kind contributions may be in the form of real property, equipment, supplies and other expendable property, and the value of goods and services directly benefiting and specifically identifiable to the project or program.

*Unliquidated obligations*, for financial reports prepared on a cash basis, means the amount of obligations incurred by the recipient that have not been paid. For reports prepared on an accrued expenditure basis, they represent the amount of obligations incurred by the recipient for which an outlay has not been recorded.

*Unobligated balance* means the portion of the funds authorized by SSA that has not been obligated by the recipient and is determined by deducting the cumulative obligations from the cumulative funds authorized.

*Unrecovered indirect cost* means the difference between the amount awarded and the amount that could have been awarded under the recipient's approved negotiated indirect cost rate.

*Working capital advance* means a procedure in which funds are advanced to the recipient to cover its estimated disbursement needs for a given initial period.

### § 435.3 Effect on other issuances.

For awards subject to this part, the requirements of this part apply, rather than the administrative requirements of other codified program regulations, program manuals, handbooks and other nonregulatory materials, except to the

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extent they are required by statute, or authorized in accordance with the deviations provision in § 435.4.

### § 435.4 Deviations.

The Office of Management and Budget (OMB) may grant exceptions for classes of grants or recipients subject to the requirements of this part when exceptions are not prohibited by statute. However, in the interest of maximum uniformity, exceptions from the requirements of this part will be permitted only in unusual circumstances. SSA may apply more restrictive requirements to a class of recipients when approved by OMB. SSA may apply less restrictive requirements when awarding small awards, except for those requirements that are statutory. SSA may also make exceptions on a case-by-case basis.

### § 435.5 Subawards.

Unless sections of this part specifically exclude subrecipients from coverage, the provisions of this part will be applied to subrecipients performing work under awards if such subrecipients are institutions of higher education, hospitals, other non-profit, or commercial organizations. State and local government subrecipients are subject to the provisions of 20 CFR Part 437, "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments."

## Subpart B—Pre-Award Requirements

### § 435.10 Purpose.

Sections 435.11 through 435.17 prescribe forms and instructions and other pre-award matters to be used in applying for Federal awards.

### § 435.11 Pre-award policies.

(a) *Use of grants and cooperative agreements, and contracts.* In each instance, SSA will decide on the appropriate award instrument (*i.e.*, grant, cooperative agreement, or contract). The Federal Grant and Cooperative Agreement Act (31 U.S.C. 6301-08) governs the use

of grants, cooperative agreements and contracts.

(1) *Grants and cooperative agreements.* A grant or cooperative agreement will be used only when the principal purpose of a transaction is to accomplish a public purpose of support or stimulation authorized by Federal statute. The statutory criterion for choosing between grants and cooperative agreements is that for the latter, "substantial involvement is expected between the executive agency and the State, local government, or other recipient when carrying out the activity contemplated in the agreement."

(2) *Contracts.* Contracts will be used when the principal purpose is acquisition of property or services for the direct benefit or use of the Federal Government.

(b) *Public notice and priority setting.* SSA will notify the public of its intended funding priorities for discretionary grant programs, unless funding priorities are established by Federal statute.

### § 435.12 Forms for applying for Federal assistance.

(a) SSA must comply with the applicable report clearance requirements of 5 CFR part 1320, "Controlling Paperwork Burdens on the Public," with regard to all forms used by SSA in place of or as a supplement to the Standard Form 424 (SF-424) series.

(b) Applicants must use the SF-424 series or those forms and instructions prescribed by SSA.

(c) For Federal programs covered by Executive Order 12372, "Intergovernmental Review of Federal Programs" (3 CFR, 1982 Comp., p. 197), the applicant must complete the appropriate sections of the SF-424 (Application for Federal Assistance) indicating whether the application was subject to review by the State Single Point of Contact (SPOC). The name and address of the SPOC for a particular State can be obtained from SSA or the *Catalog of Federal Domestic Assistance*. The SPOC will advise the applicant whether the program for which application is made has been selected by that State for review.