

September 19, 2005

Thomas A. Weber, Ph.D.
Division Director, Materials Research
National Science Foundation
4201 Wilson Boulevard, Room 1065
Arlington, Virginia 22230

Dear Dr. Weber:

On behalf of the Basic Assistance Task Group of the Federal Demonstration Partnership I write to request that the National Science Foundation 1.) develop and implement a modular grant mechanism and 2.) develop and test a grant mechanism that either entirely eliminates or greatly reduces the level of budget detail required at the time of submission.

The Federal Demonstration Partnership (FDP) is an association of federal agencies, academic research institutions with administrative, faculty and technical representation, and research policy organizations that work to streamline the administration of federally sponsored research. FDP members of all sectors cooperate in identifying, testing, and implementing new, more effective ways of managing the more than \$15 Billion in federal research grants. The goal of improving the productivity of research without compromising its stewardship has benefits for the entire nation.

The mission of the FDP Basic Assistance Task Group is to promote budget streamlining in the grant application process and alternatives to the current project-based application and accounting processes. As you know, the Task Group has been discussing for some time expansion of Modular Application process now widely used by the National Institutes of Health.

It became clear that the feature of greatest benefit to Principal Investigators in the modular process is the lack of requirement for budget detail, rather than fixed funding increments. To that end the Task Group developed a statement of objectives and outcomes for consideration in the development of new budget streamlining programs. A copy of that document is attached. While it does not represent every possible variation on the theme, it does provide a reasonable starting point to consider in the design of a pilot demonstration.

An important milestone in the NIH modular application process was the comprehensive review performed by Westat. The principal purpose of the review was to

determine if the modular application process met its intended long-term program goals first described in 1998:

- Focus the efforts of peer reviewers, principal investigators, institutional officials, and NIH staff on the science of the applications, rather than on the itemized budget;
- Reduce administrative burden for all stakeholders and simplify the grant administration process; and
- Accommodate principal investigators' need for flexibility.

Dr. Walter Schaffer of NIH presented the preliminary results of the review to the Basic Assistance Task Group at its meeting in May. The data presented by Dr. Schaffer suggest that the modular process met its original goals, the stakeholders understand the process, and all stakeholders are satisfied with the process (with investigators and institutional officials registering higher levels of enthusiasm than NIH staff).

Perhaps the most important finding was that respondents did not feel detailed budgets were necessary to assess the scientific merit of an application. The vast majority of respondents — 87% of peer reviewers and 79% of scientific review administrators — agreed that adequate peer review of merit was possible without the budget detail. (Scientific review administrators are NIH employees who manage and staff the peer review process.) This finding addresses the key issue of the necessity of budget detail in at least a subset of the grant application process at NIH and by extension in other agencies. Dr. Schaffer's presentation, an Executive Summary, and a description of the research methodology employed in the review are enclosed. These findings will be helpful in guiding the design, implementation, and evaluation of streamlined grant application processes at the NSF.

The NIH findings show benefits of the modular grant process for both the science community and the agency. To extend these benefits, we recommend that NSF develop and demonstrate, for investigator initiatives, a modular grant application and award process similar to the NIH modular grant process, including just-in-time submissions. Since NSF grants are significantly smaller than NIH grants, the size of the module should be adjusted, perhaps to \$10k or \$12.5k.

In the interest of sharpening the focus of reviewers on the scientific merit of grant applications, we also recommend that NSF consider developing a grant application without a budget. The budget would be replaced by a resource statement to include both the resources to be provided by the grantee institution and those requested from NSF. This resource statement would be much like the current budget justification. A modular budget, and other just-in-time information, would be requested for those applications that are identified by peer review as the highest funding priorities.

The National Science Foundation has long been a strong voice for reasoned change in the grant application and award administration processes as well as a guiding member of the Federal Demonstration Partnership. The Task Group asks that NSF

adopt the streamlined modular mechanism developed by NIH and that it take another step in the streamlining process by piloting a grant competition that eliminates budgets from the initial submission process.

Sincerely,

James R. Randolph
Senior Associate Director