2016 Manufacturing Extension Partnership
Request for Proposal (RFP)
Frequently Asked Questions

Question 26: In section 2.3.2 a partner is defined as a non-profit. Does the type of non-profit entity matter? For example are 501c6 membership organizations allowed? 501c3?

Ohio MEP uses the NIST eligibility definitions, which do not specify or limit the type of non-profit that is eligible to receive grant or sub-grant funds.

Question 27: Referring to Question No. 25 – Looking for clarification. In the area of New Services and Technology Development the last sentence of the answer mentions that cash from program income in excess of cost could be used to defray the costs if the center was unable to acquire community sponsorship. For example if a center had cash in excess of cost from the category of 800 employees and above is it proper to move to reflect that cash match in excess of cost in the category of New Services and Technology Development?

It will not be necessary to match income to costs in each category. Funds generated from any source may be used to cover any allowable cost, at the discretion of the Affiliate. The amounts of federal and state matching funds are determined by the formula associated with the source of the local funds generated, as described in the table on page 10 of the RFP. What is not allowed is to claim local funds generated in one category as having been generated in another category. *Important: please see Q&A 29 below for adjustments to the matching formula.*

Question 28: Referring to Worksheet in Appendix F – MEP Cost Share Tool: Is the Program Budget the total of State + Federal + Cost Match? In the boxes for Cash Cost Share % and the box for % of budget supported what are the percentages that we should be working to get the final percentages to be for each?

The Program Budget refers to total expenses (costs), not income. The calculated amount in the box for "% of budget supported" is an aid to tell the applicant what percentage of total program costs the applicant can expect to cover through the sum of grant funds plus locally generated income under different business mix scenarios. 100% or higher would therefore be a good target, unless there is significant in-kind value that the state and federal grant will be matching also. There is no target for "Cash Cost Share %". The overall budget proposal must show cost share (cash plus value of in-kind) at 25% or more of the program budget.

Question 29: 2.4.4 Performance-Based Cost Match – this matrix seems to indicate that the program income from our clients will decide the amount of cost share given by DSA. However program income and cost share are not one in the same – cost share is the expense incurred, not the revenue received and that is how the state auditors look at our books. So are you stating it is no longer our expenses that are the match but the income? If so that needs to be addressed as the audit guidelines do not match with this.

With this program renewal, Ohio MEP is moving to align with NIST's model for MEP performance-based cost share. The following example should be helpful in understanding the approach:

> Assume that the Affiliate is instead the MEP center for the state. This is the model in most states, where a university or non-profit operates the MEP program directly. In each accounting period, the center reports its program costs and its program income to NIST. In a 1:1 (federal:local) cost share year, which is the formula for the first three of the five years of the award, NIST provides $1 in grant funds for each $1 in program income that the center generates. If the center has $50,000 in costs for the period, they must generate $25,000 in program income to qualify for the $25,000 in federal funds that would be needed to cover all of their costs. If they fall short, they run an operating deficit that presumably will be corrected through improved program income performance in subsequent periods.

Because the State of Ohio supplements federal funds, we are able to offer a more generous matching funds formula. Instead of requiring the affiliates to generate 50% of the income needed to cover their costs (or 60% in year four and 67% in year five), the affiliates can operate while generating as little as 25% of their income on their own. Our overall target for Ohio MEP is 33% local burden, with state and federal funds covering the remaining two thirds of costs. The performance-based match formula reflects this approach.

In furtherance of the affiliates' ability to earn state and federal matching funds, we have elected to enhance the matching grant multipliers that were presented in section 2.4.4 of the RFP. Please use the attached revised table to calculate matching grant amounts. A revised Appendix F will follow shortly.

Line of Business	Matching Grant Share	Local Cost Share	Multiplier on PI/Other Cash
Very small business consulting services (fewer than 25 employees)	85%	15%	5.67
Small-to-medium sized business consulting services (25-800 employees)	75%	25%	3.00
Large business consulting services (more than 800 employees)	20%	80%	0.25
New services and technology development	50%	50%	1.00
Workforce/education/training events & memberships	60%	40%	1.50

The DSA auditing group is aware that some adjustments to the written guidelines will be needed to accommodate the requirements of the MEP program and these will be amended coincident with the start of the new program year.

Question 30: 3.4.6 Budget – It is stated that certain tasks are to be considered “overhead” and charged via our indirect cost rate. However that goes against audit guidelines – people cannot charge to both indirect and direct charges, they have to be one or the other. These activities are required and directly tied to the grant and therefore fit the description of a direct charge. This is a very harmful rule that raises overhead rates and again, goes against the audit rules and would like this reconsidered.

The use of the term “overhead” was meant generically, and was not intended to change any existing accounting practice. Applicants should categorize these activities in accordance with their approved indirect cost rate structure. The statement that people cannot charge to both direct and indirect activities is incorrect – a senior executive for example may charge time to administration, which typically goes into the indirect pool, as well as time to a project, which goes into the direct pool. Please see 2CFR200 and related federal guidelines for acceptable ways to account for these types of activities.

Question 31: 3.4.6 Budget – for expenses do we not put our cost share expenses here? The form is new, seems to indicate just our direct charges then our cost share will get figured based on our program income and not our cost share expenses. The main concern/question is that cost share is not the revenue derived from client [sic] but from our expenses.

We assume that this question refers to Budget Form 1. We are not requesting any information on “cost share expenses”. This form asks for total program costs; the portion to be subsidized from state and federal funds is determined by the final cost share percentage in any resulting grant agreement. The RFP provides a formula to determine how state and federal matching funds will be applied to locally generated income. Total Operating, i.e. “uses”, should equal Total Cash, i.e. “sources”, in each column. It is up to the applicant to develop a business plan that generates total income commensurate with total costs.

Question 32: 3.4.6.2 Cost Share – Would like to understand why other federal funding cannot be used to match the state funds we are receiving as federal can match state, just state cannot match state as well as an understanding of why these funds cannot match any other grant. Under this section there seems to be the use of the term cost share but it seems in the first and second paragraph that cost share is the money we are getting from other sources and at the bottom of the page it is talking about expenses so this is very confusing.

The term “source of cost share” or “funding used for cost share” in this case simply means identifying the sources and amounts of funds that will be generated by the Affiliate to cover its portion of program costs. Government funds from one program may not be used as match for government funds in another program. 2 CFR 200.306 (b)(5) states that federal funds from another award cannot be used as cost share.

Question 33: 3.4.6.3 Budget forms – it states grant funds cannot pay for facility maintenance or operations. We understand that for our main office, however we have a commercial kitchen that is a direct program charge based on the activities and we have to maintain that facility for our manufacturing clients. Those have always been direct program charges.

The full costs to maintain the kitchen may be charged as direct costs to the grant as long as the kitchen is used exclusively for the MEP program. If it is used for any other activity, only the proportional costs are allowable. The accounting treatment should be consistent across all state and federal programs (and any other non-grant activities as required in 2 CFR 200.405).

Question 34: 3.4.7 Commitment Letter – please explain how we are to get letters from clients that will be providing local cost share when we do not yet have contracts in place.

Commitment letters are not required from clients, only from Partners and other providers of cash or in-kind services. By submitting a budget showing the intended amounts of program income to be generated through projects, the Lead Applicant is committing to generating that portion of local cost share.