out under the TIA, including any sub-
awards for substantive program per-
formance, but it does not preclude par-
ticipants’ or subrecipients’ payment of
reasonable fee or profit when making
purchases from suppliers of goods (e.g.,
supplies and equipment) or services
needed to carry out the research.

Subpart C—Expenditure-Based
and Fixed-Support Tech-
nology Investment Agree-
ments

§ 37.300 What is the difference be-
tween an expenditure-based and
fixed-support TIA?
The fundamental difference between
an expenditure-based and fixed-support
TIA is that:
(a) For an expenditure-based TIA, the
amounts of interim payments or the
total amount ultimately paid to the re-
cipient are based on the amounts the
recipient expends on project costs. If a
recipient completes the project speci-
fied at the time of award before it ex-
pends all of the agreed-upon Federal
funding and recipient cost sharing, the
Federal Government may recover its
share of the unexpended balance of
funds or, by mutual agreement with
the recipient, amend the agreement to
expand the scope of the research
project. An expenditure-based TIA
therefore is analogous to a cost-type
procurement contract or grant.
(b) For a fixed-support TIA, the
amount of assistance established at the
time of award is not meant to be ad-
justed later if the research project is
carried out to completion. In that
sense, a fixed-support TIA is somewhat
analogous to a fixed-price procurement
contract (although “price,” a concept
appropriate to a procurement contract
for buying a good or service, is not ap-
propriate for a TIA or other assistance
instrument for stimulation or support
of a project).

§ 37.305 When may I use a fixed-sup-
port TIA?
You may use a fixed-support TIA if:
(a) The agreement is to support or
stimulate research with outcomes that
are well defined, observable, and
verifiable;
(b) You can reasonably estimate the
resources required to achieve those
outcomes well enough to ensure the de-
sired level of cost sharing (see example
in §37.560(b)); and
(c) Your TIA does not require a spe-
cific amount or percentage of recipient
cost sharing. In cases where the agree-
ment does require a specific amount or
percentage of cost sharing, a fixed-sup-
port TIA is not practicable because the
agreement has to specify cost prin-
ciples or standards for costs that may
be charged to the project; require the
recipient to track the costs of the
project; and provide access for audit to
allow verification of the recipient’s
compliance with the mandatory cost
sharing. You therefore must use an ex-
penditure-based TIA if you:
(1) Have a non-waivable requirement
(e.g., in statute) for a specific amount
or percentage of recipient cost sharing;
or
(2) Have otherwise elected to include
in the TIA a requirement for a specific
amount or percentage of cost sharing.

§ 37.310 When would I use an expendi-
ture-based TIA?
In general, you must use an expendi-
ture-based TIA under conditions other
than those described in §37.305. Rea-
sons for any exceptions to this general
rule must be documented in the award
file and must be consistent with the
policy in §37.230 that precludes pay-
ment of fee or profit to participants.

§ 37.315 What are the advantages of
using a fixed-support TIA?
In situations where the use of fixed-
support TIAs is permissible (see
§§37.305 and 37.310), their use may en-
courage some commercial firms’ par-
ticipation in the research. With a
fixed-support TIA, you can eliminate
or reduce some post-award require-
ments that sometimes are cited as dis-
incentives for those firms to partici-
pate. For example, a fixed-support TIA
need not:
(a) Specify minimum standards for
the recipient’s financial management
system.
(b) Specify cost principles or stand-
ards stating the types of costs the re-
cipient may charge to the project.