**State of Michigan**

**Department of Licensing and Regulatory Affairs**

**Marijuana Regulatory Agency**

# VETERAN MARIJUANA RESEARCH (VMR) GRANT PROGRAM RESPONSE TO INQUIRIES (POSTED: JUNE 18, 2021)

Question 1:

Our understanding is that the subsidiary would not be classified as a subcontractor for the purposes of this grant. Is that correct?

Answer 1:

A subsidiary agency is frequently listed on the application as a subcontractor. The following definitions are used to determine if the relationship is a subaward (subcontractor/subrecipient) or a contractor.

**Subawards – Subrecipient Services**

a.  This category includes the cost of an agreement (subaward) between the Grantee and another organization for the purpose of carrying out a portion of the Federal award.

b.  See below to differentiate between a subrecipient and a contractor.

> ## SUBRECIPIENT AND CONTRACTOR DETERMINATION FACTORS
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> Title 2 CFR 200.331states that a pass-through entity (in this case the Grantee) must make case by case determinations whether an agreement it makes for the disbursement of Federal funds casts the party receiving the funds in the role of a subrecipient or contractor.
>
> In determining whether an agreement casts the role of party receiving the Federal funds from the Grantee as a subrecipient or contractor, **the substance of the relationship is more important than the form of the agreement. All characteristics listed below may not be present in all cases and the Grantee must use judgement when determining if the agreement is a subaward or a procurement contract.**
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> **Subrecipient Characteristics**
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> A subaward is for the purpose of carrying out a portion of a Federal award and creates a Federal assistance relationship with the subrecipient. Characteristics of a subrecipient include:

(1) In accordance with its agreement, uses the Federal awards to carry out a public purpose specified in authorizing statute, as opposed to providing goods and services for the benefit of the pass-through entity.

(2) Is responsible for adherence to applicable Federal program requirements specified in the Federal award.

(3) Has responsibility for programmatic decision making.

(4) Determines who is eligible to receive what Federal assistance.

(5) Has its performance measured in relation to whether objectives of the Federal program are met.

**Contractor Characteristics**

A contract is for the purpose of obtaining goods or services for the non-Federal entity's own use and creates a procurement relationship with the contractor. Characteristics of a contractor include:

(1) Provides goods and services within normal business operations.

(2) Provides similar goods and services to many different purchasers.

(3) Normally operates in a competitive environment.

(4) Provides goods or services that are necessary to support the operation of the Federal program.

(5) Is not subject to compliance requirements of the Federal program as a result of the agreement although similar requirements may apply of other reasons.

**Contractual – Professional and Personnel Services**

a. This category includes the costs of professional services rendered by members of a particular profession or possess a certain skill set and are not employees of the Grantee.

b. This category includes the costs of services such as accounting, auditing, payroll, consulting, services, etc.

c. Grantees generally hire contract employees in place of part-time or full-time staff because of the need for specialized skills or budgetary reasons.

d.  The Grantee is not responsible for taxes, social security, workers compensation, unemployment, health benefits, sick or vacation time for contract employees.

d.  Grantees generally hire contract employees in place of part-time or full-time staff because of the need for specialized skills or budgetary reasons.

e.  Travel expenses may be included when it is part of the contract terms between the Grantee and the contractor.

f.  Training expenses may be included when it is part of the contract terms between the Grantee and the contractor.

Question 2:

In keeping with FDA guidance, clinical trial sites will be selected through multiple criteria including qualifications of sites and investigators. We request additional information to understand if clinical trial sites qualify under the definition of a subcontractor?

Answer 2:

Please see Answer 1.

Question 3:

Do we need to apply for a Michigan business license as a Foreign entity (and pay MI business taxes) in order to receive this grant?

Answer 3:

No, not for the purposes of this grant. However, it is advised that grant recipients consult with an attorney to determine if corporate filing in Michigan is required and to understand potential tax implications for state and federal tax purposes based on their specific situation.

The bidder selected will need to be registered as a vendor in SIGMA VSS (State Integrated Governmental Management Applications, Vendor Self-Service).

Question 4:

Due to the size of the study population, we anticipate needing a significant amount of grant funding. In the spirit of our nonprofit mission, we want to develop a budget that both addresses the needs of the study design and supports the fair use of available grant funds across other organizations. Given this, we could either prepare a budget with performance periods of 3 years with fewer sites or for 2 years with more sites. We would appreciate guidance on which budget configuration would best enable the grant committee to support our project and others.

Answer 4:

The purpose of this RFP is to obtain proposals <u>from non-profit organizations or academic institutions that will outline plans to coordinate and manage research</u>. The recipients of these grants will administer the funds with researchers performing clinical trials that are approved by the United States food and drug administration and sponsored by a non-profit organization or researcher within an academic institution researching the efficacy of marijuana in treating the medical conditions of United States armed services veterans and preventing veteran suicide.

Flexibility in budget configurations will allow for maximum grant distribution amongst qualified applicants.