

Section 3.1.3: Cooperative Agreements

PURPOSE AND POLICY

As defined in Uniform Guidance ([200.24](#)), a cooperative agreement is a legal instrument of financial assistance between a federal awarding agency (or pass-through entity) and a non-federal entity that has clearly defined purposes and restrictions. Cooperative agreements are awarded by the federal government as authorized by legislation and require substantial involvement between the awarding agency and the recipient in providing goods or services to the authorized recipients. A cooperative agreement is, in simple terms, a partnership to perform a program or project in conjunction with the federal government. Substantial federal involvement does not mean that work under a cooperative agreement is performed on federal space or that federal property is utilized by the recipient in the performance of the agreement. Federal involvement is limited to the minimum effort consistent with program requirements. Each cooperative agreement includes special conditions that describe the nature, character, and extent of federal involvement agreed to by the state as recipient. These are the characteristics of the cooperative agreement that differs from a grant.

Substantial involvement encompasses more than routine monitoring or auditing of products or compliance with administrative requirements. It entails actual participation and joint efforts, but does not include direct federal supervision or control. The federal government expects substantial federal involvement with:

- New or complex program areas (e.g., information systems development, demonstration projects);
- Projects in which collaboration between the federal government and the state is desirable;
- Projects for which monitoring is necessary to permit specific kinds of direction or redirection because of interrelationships among projects in areas such as applied research; and
- Projects in which standards are being developed or the application of standards requires a period of adjustment until the state's capability as a recipient has been established.

Substantial federal involvement includes:

- Federal government's authority to immediately halt an activity if performance specifications are not met;
- Federal government review and approval of one stage of the project before work can begin on a subsequent stage;
- Federal government review and approval of substantive provisions of proposed subawards, provisions that go beyond existing policies on federal review of grantee procurement standards, and sole source procurement;

- Federal government involvement in the selection of key personnel of the award recipient (not including provisions for the participation of a named principal investigator for research projects);
- Ongoing federal and award recipient collaboration or joint participation;
- Federal government monitoring to permit specific types of direction or redirection of the work because of interrelationships with other projects;
- Substantial, direct federal operational involvement or participation during the activity to ensure compliance with such statutory requirements as civil rights, environmental protection, human subjects protection, and provisions for individuals with disabilities; and participation that exceeds normal statutory compliance with these requirements and involves active participation by the Federal Government; and
- Other federal requirements limiting award recipient discretion with respect to scope of services offered, organizational structure, staffing, mode of operation, and other management processes, coupled with performance beyond the normal exercise of federal stewardship responsibilities to ensure compliance with these requirements.