

3. the dependents' travel allowance is consistent with the policies of the organization administering the award.

c. *Use of U.S.-Flag Air Carriers*

1. In accordance with the Fly America Act (49 USC 40118), any air transportation to, from, between, or within a country other than the U.S. of persons or property, the expense of which will be assisted by NSF funding, must be performed by or under a code-sharing arrangement with a U.S.-flag air carrier if service provided by such a carrier is available (see Comptroller General Decision B-240956, dated September 25, 1991). Tickets (or documentation for electronic tickets) must identify the U.S. flag air carrier's designator code and flight number.

2. For the purposes of this requirement, U.S.-flag air carrier service is considered available even though:

(a) comparable or a different kind of service can be provided at less cost by a foreign-flag air carrier;

(b) foreign-flag air carrier service is preferred by, or is more convenient for, NSF or traveler; or

(c) service by a foreign-flag air carrier can be paid for in excess foreign currency.

3. The following rules apply unless their application would result in the first or last leg of travel from or to the U.S. being performed by a foreign-flag air carrier:

(a) a U.S.-flag air carrier shall be used to destination or, in the absence of direct or through service, to the farthest interchange point on a usually traveled route.

(b) if a U.S.-flag air carrier does not serve an origin or interchange point, a foreign-flag air carrier shall be used only to the nearest interchange point on a usually traveled route to connect with a U.S. flag air carrier.

d. *Use of Foreign-Flag Air Carriers*

There are certain circumstances under which use of a foreign-flag air carrier is permissible. These circumstances are outlined below:

1. *Airline "Open Skies" Agreements:*

A foreign flag air carrier may be used if the transportation is provided under an air transportation agreement between the United States and a foreign government, which the Department of Transportation has determined meets the requirements of the Fly America Act. For information on "open skies" agreements in which the United States has entered, please refer to the General Services Administration's (GSA) website at <http://www.gsa.gov/portal/content/103191>.

Note on U.S./European Union Open Skies Agreement

In 2007, the U.S. entered into an "Open Skies" Agreement with the European Union ("EU"). This agreement was modified in June 2010. The current Agreement gives European Community airlines (airlines of Member States) the right to transport passengers and cargo on flights funded by the U.S. government, when the transportation is between: (1) any two points outside the United States; or (2) a point in the United States and any point outside the United States that the EU airline is authorized to serve under the "Open Skies" Agreement.

As of 2011, two significant changes have been made to the U.S./EU Open Skies Agreement. First, EU airlines are now granted the right to transport civilian agency-funded passengers who are NOT eligible to travel on GSA Airline City Pair Contract fares (e.g., grantees) between a point in the United States and a point outside the United States even if there is a GSA Airline City Pair Contract fare in effect between the origin and destination points. An individual, however, who is traveling on a route for which there is a City Pair Contract fare in effect, *and who is eligible for such a fare* (e.g., Federal employee), will be required to fly on a U.S. carrier, absent another applicable exception.

Second, under the amended Agreement, EU airlines are now authorized to transport passengers between points in the United States and points outside the EU if the EU airline is authorized to serve the route under the Agreement. This includes flights that originate, arrive, or stop in the EU. Prior to this change, EU airlines were limited to flying passengers between points in the U.S. and points in the EU.

2. *Involuntary Rerouting:* Travel on a foreign-flag carrier is permitted if a U.S.-flag air carrier involuntarily reroutes the traveler via a foreign-flag air carrier, notwithstanding the availability of alternative U.S.-flag air carrier service.

3. *Travel To and From the U.S. on non-European Community Airlines*

Use of a non-European Community foreign-flag air carrier is permissible if the airport abroad is:

- (a) the traveler's origin or destination airport, and use of U.S.-flag air carrier service would extend the time in a travel status by at least 24 hours more than travel by a foreign-flag air carrier; or
- (b) an interchange point, and use of U.S.-flag air carrier service would increase the number of aircraft changes the traveler must make outside of the U.S. by two or more, would require the traveler to wait four hours or more to make connections at that point, or would extend the time in a travel status by at least six hours more than travel by a foreign-flag air carrier.

4. *Travel Between Points Outside the U.S. on non-European Community Airlines*

Use of a non-European Community foreign-flag air carrier is permissible if:

- (a) travel by a foreign-flag air carrier would eliminate two or more aircraft changes en route;
- (b) travel by a U.S.-flag air carrier would require a connecting time of four hours or more at an overseas interchange point; or
- (c) the travel is not part of the trip to or from the U.S., and use of a U.S.-flag air carrier

would extend the time in a travel status by at least six hours more than travel by a foreign-flag air carrier.

5. *Short Distance Travel.* For all short distance travel, regardless of origin and destination, use of a foreign-flag air carrier is permissible if the elapsed travel time on a scheduled flight from origin to destination airport by a foreign-flag air carrier is three hours or less and service by a U.S.-flag air carrier would double the travel time.

11. Rearrangements and Alterations

- a. Rearrangement and alteration costs that do not constitute construction (i.e., rearrangements and alterations aggregating less than \$25,000) to adapt space or utilities within a completed structure to accomplish the objectives of the award, are allowable and approved, provided:
 1. the building has a usable life consistent with project purposes and is architecturally suitable for conversion;
 2. the rearrangements and alterations are essential to the project; and
 3. the space involved will be occupied by the project.
- b. Rearrangements and alterations (construction) aggregating \$25,000 or over require the prior written approval of the NSF Grants Officer.

12. Allowable Costs

- a. The allowability of costs and cost allocation methods for work performed under this award, up to the amount specified in the award, shall be determined in accordance with the applicable Federal cost principles in effect on the effective date of the award and the terms and conditions of the award.
- b. The Federal cost principles applicable to specific types of grantees are contained in:
 1. 2 CFR Part 220, Cost Principles for Educational Institutions (OMB Circular A-21);
 2. 2 CFR Part 225, Cost Principles for State, Local, and Indian Tribal Governments (OMB Circular A-87);
 3. 2 CFR Part 230, Cost Principles for Nonprofit Organizations (OMB Circular A-122)
 4. Federal Acquisition Regulation 31.2 (48 CFR § 31.2) for commercial firms and those non-profit organizations specifically exempted from the provisions of OMB Circular A-122; and
 5. 45 CFR Part 74, Appendix E, "Principles for Determining Costs Applicable to Research and Development Under Grants and Contracts with Hospitals," for hospitals.
- c. Certain prior approval requirements contained in these Federal cost principles have been modified by Article 2.