

APR 9 2008  
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TO: State Extension Directors/Administrators  
Directors, State Agricultural Experiment Stations  
A-TRs, McIntire-Stennis Program  
Research Directors, Evans-Allen Program  
Deans, Schools of Veterinary Medicine

SUBJECT: Update on CSREES Formula Policies and Procedures

As you probably are aware, the Cooperative State Research, Education, and Extension Service (CSREES) and other Federal agencies have been working together to streamline and standardize grant policies and procedures as mandated by the enactment of the Federal Financial Assistance Management Improvement Act of 1999 (P.L. 106-107). One of the outcomes of this effort has been the implementation of Grants.gov as an eGovernment initiative under the President's Management Agenda (PMA) which was published in 2002. One of the goals of this PMA initiative is to allow applicants for Federal grants to apply for and ultimately manage grant funds online through a common website, thus simplifying grants management and eliminating redundancies. In fiscal year (FY) 2007, CSREES solicited applications for all of its non-formula programs through Grants.gov and conducted a Grants.gov pilot for the solicitation of applications for one of the CSREES Formula Programs, the FY 2007 McIntire-Stennis Program. Under this pilot, applicants were required to submit an application package which included an SF-424M Application (Cover Page Form), CSREES Supplemental Form, and Key Contacts Form through Grants.gov. Please note this application package replaced information or forms being solicited each year by the Office of Extramural Programs (OEP) and did not duplicate information being collected under the Current Research Information System (CRIS).

CSREES conducted this pilot for all CSREES Formula Programs for the following reasons: 1) Receipt of all applications for CSREES funding through the same common website or portal; 2) Facilitation of a more efficient release of formula funds with timely electronic notifications to the appropriate institutional staff; 3) Elimination of paper processes (e.g., forms being mailed, emailed, or faxed) and 4) Implementation of an adequate CSREES Continuity of Operations Plan. All information will be received, stored, and eventually managed electronically; thereby, allowing for a more efficient and timely recovery of business operations in the event of a significant business interruption. In addition, it is anticipated that this Grants.gov application information when integrated with other CSREES reporting processes, Plan of Work (POW) and CRIS, will facilitate better review and monitoring by both the Federal and State Partners. Originally, CSREES intended to expand the Grants.gov pilot (for formula programs) in FY 2008 to only three additional CSREES Formula Programs; but the reporting requirements of the

Federal Funding Accountability and Transparency Act (FFATA) required CSREES to reconsider this plan and timetable as some of the information collected on these application forms is needed for the FFATA reporting requirements (e.g., Dun and Bradstreet Data Universal Numbering System (D-U-N-S®) number, legal name of institution, legal address, congressional district, etc.). This law required that by January 1, 2008, the U.S. Office of Management and Budget (OMB) develop and implement a public searchable data base for all Federal financial assistance awards (including grants, contracts, loans, and cooperative agreements) made since October 1, 2006. In addition, the law requires that by January 1, 2009, subaward data be made available through the same public website; and OMB is currently planning and conducting a pilot for this purpose. OMB makes this information available through a public searchable database at <http://www.usaspending.gov>. Due to these subaward reporting requirements, CSREES will need to require annual budget data for all CSREES Formula Programs via the Grants.gov application process.

In complying with FFATA and the resulting Federal government-wide effort to make spending information more transparent and usable to the public, CSREES is now required to use the legal term "grant" when referring to "formula funds." Henceforth, CSREES will refer to these awards as "formula grants" versus "formula funds." This change in terminology in no way reflects any change in the terms and conditions under which this Federal assistance is awarded to institutions. This term will apply to funds allocated and awarded via a legislative or administrative formula under the following authorities: Hatch Act, Smith-Lever Act (except the competitive programs for special needs and under the 3(d) authority), McIntire-Stennis Cooperative Forestry Act, Renewable Resources Extension Act (RREA) (except for the competitive Focus Funds), section 1444 of the National Research, Extension, and Teaching Act of 1977 (NARETPA) for 1890 Extension Programs, NARETPA section 1445 for 1890 Research Programs, and NARETPA section 1433 for Animal Health and Disease Research Programs. CSREES will solicit application packages through Grants.gov via Formula Grant Opportunities (FGOs). The FGO will include the instructions for submitting a package via Grants.gov and if available, will include the final formula allocation. Initially, there will be 13 FGOs, released over the next four weeks; and later in the FY, there will be three more FGOs for the formula allocations for the Cooperative Extension Service retirement costs (CSRS and FERS) and the Pesticide Safety Education Program. Please note that this process does not change how funds are administered at your institution. Your matching requirements will not change and indirect costs and tuition remission are still ineligible costs per NARETPA section 1473. These requirements and restrictions will be identified in the applicable FGO. See Attachment A for the actual application submission requirements for FY 2008 and FY 2009. See Attachment B for information regarding FGO release dates, FGO due dates, and informational teleconference calls on the submission process. We are especially interested to know if there is information you need to assist Federal assistance offices at your universities to understand this procedural change. We have provided a shorter version of this memorandum to be shared with other institutional officials including Presidents and Directors of Sponsored Programs. It is available at <http://www.csrees.usda.gov/business/awards/formula.html>.

The Administrative Manuals for the CSREES Formula Programs need to be revised and updated to reflect legislative changes, current administrative requirements that apply to all Federal assistance awards, and current business practices and policies. This will allow for clear, consistent application of CSREES formula policies by both Federal and State Partners. CSREES has been working on an Administrative Manual for Extension Formula Grants (that will replace Chapter III of the Administrative Manual for Cooperative Extension Work) and a set of Terms and Conditions for the Extension Formula Grants. These will be vetted with the Partnership for a 60-day comment period and will be discussed at the 2008 CSREES Administrative Officers' Conference. It is anticipated that these documents will be released by late April 2008, for the 60-day comment period. Once these documents are cleared and finalized, CSREES will draft and vet an Administrative Manual for Research Formula Grants. It is anticipated that work will begin in January 2009 for this latter effort.

In closing, I want to assure you that we are not changing how these CSREES Formula Programs are managed at your institutions, but rather we are responding to the need to comply with legislatively-mandated reporting requirements as well as an ongoing effort to standardize and streamline the business processes that are transparent and meet accountability requirements. In addition, I want to assure you that you will have until the fourth quarter of FY 2008 to develop an approved application package before we will withhold funds. As always, we welcome input and comments. If you have a programmatic comment or question, please contact Dr. Ralph Otto, Associate Administrator, at [rotto@csrees.usda.gov](mailto:rotto@csrees.usda.gov); and if you have an administrative comment or question, please contact Ms. Andrea Brandon, Deputy Administrator, Office of Extramural Programs, at [abrandon@csrees.usda.gov](mailto:abrandon@csrees.usda.gov).

  
COLIEN HEFFERAN  
Administrator

Attachment A  
Attachment B

cc: ESCOP Executive Directors  
ECOP Executive Directors