

May 2004

RE: FY 2004 Grant Award Notification (Program Year 2004-2005)
Fiscal Year 2004 Budgets
Reminder on Indirect Costs

Dear TRIO Director:

Enclosed you will find a copy of the fiscal year (FY) 2004 Grant Award Notification for your TRIO project. For program year 2004-2005, all TRIO grant recipients are receiving level funding, which is equal to the amount of funding you received for the current budget period (program year 2003-2004).

We have enclosed two copies of the grant award. Please examine your Grant Award Notification carefully, and forward one copy to the certifying representative at your agency/institution. All attachments mentioned in Block #8 on the Grant Award Notification were issued last year. They remain the same, and therefore are not attached to this award document. The Education Program Specialist assigned to your grant and his/her telephone number is shown in Block #3.

Program specialists are currently reviewing performance reports in order to verify that you are making substantial progress toward achieving agreed upon performance objectives. Deductions or adjustments will be made to the enclosed award if, based upon the data and information submitted by your project, the program specialist cannot verify that substantial progress is being made. Should the latter be the case, we will be in touch with you before the beginning of the award period.

In regards to your budget for the upcoming academic year, the following is very important: Unless you are proposing a revision to your budget that is covered by 34 CFR 74.25 (c), it is not necessary to submit a revised budget that reflects the 2004-2005 grant award amount.

If you are proposing a revision covered by 34 CFR 74.25 (c), you are required to submit a revised budget. It must be submitted to your program specialist by **[date specified in your letter]**. This budget should consist of two parts: (1) a budget summary page; and (2) a detailed itemized budget, including narrative.

The last issue I wish to address is indirect costs. Most of you charge indirect costs to your grant. Therefore, it is important that I call your attention to the federal requirements about indirect costs that are applicable to the TRIO grants:

- A grantee must have a current indirect cost rate agreement to charge indirect costs to a grant. To obtain an indirect cost rate, a grantee must submit an indirect cost proposal to its cognizant agency and negotiate an indirect cost rate agreement. (See 34 C.F.R. 75.560 (b).)
- TRIO grants are considered “educational training grants.” Indirect costs on educational training grants are limited to the recipient’s actual indirect costs, as determined by its negotiated indirect cost rate agreement, or eight percent of a modified total direct cost base, whichever amount is less. (See 34 C.F.R. 75.562.)

If your community-based agency or educational institution has--

- only one TRIO grant and no other source of revenue, all eligible costs must be charged as direct costs.
- multiple TRIO grants and no other source of revenue, you must have a cost allocation plan and allocate all eligible costs directly to each grant.
- multiple revenue sources, you must have a negotiated indirect cost rate agreement approved by the cognizant Federal agency to charge indirect costs. The cognizant Federal agency is the agency from which you receive the greatest amount of funds.

Generally, educational institutions participating in the Federal TRIO Programs will have a negotiated indirect cost rate agreement.

If you are charging all eligible costs as direct costs and have more than one source of revenue, you must have a cost allocation plan in your records. If you are charging indirect costs to your TRIO grant, you must have a current copy of the negotiated indirect cost rate agreement for your organization in your records. For additional guidance about indirect cost rates you may refer to 34 CFR Part 75, 76, or 80 and to OMB circular A-122, A-21, or A-87, as appropriate. ***Under no circumstance may you include the same costs as a direct line item in your budgets that are included in your indirect cost rate plan.***

We all look forward to the services you will provide in the 2004-2005 project year with the enclosed funding. Please contact your program specialist if you have any questions.

Sincerely,

Larry Oxendine
Director
Federal TRIO Programs