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TO: CSREES Applicants and Grantees

FROM: Andrea Brandon
Deputy Administrator
Office of Extramural Programs

SUBJECT: Application of Indirect Costs for FY 2008 Awards After the Passage of the Food, Conservation, and Energy Act of 2008

Section 7132 of the Food, Conservation, and Energy Act of 2008 (FCEA) amended section 1462(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (NARETPA) to limit indirect costs on any agricultural research, education, and extension grant awarded under any authority delegated to the Under Secretary for Research, Education, and Economics and to the Administrator of the Cooperative State Research, Education, and Extension Service (CSREES) to 22 percent of the Federal funds provided under the grant award. This became effective on May 22, 2008, and consequently, applies to all FY 2008 CSREES noncompetitive awards made after that date.

Unlike noncompetitive awards, the indirect cost cap for competitive awards made in FY 2008 continues to be limited to 20 percent as provided by section 706 of the Agriculture, Food and Drug Administration, and Related Agencies Appropriations Act, 2008. However, for any new competitive program authorized by FCEA, the indirect costs are capped at 22 percent as provided under FCEA section 7132. Please note that Small Business Innovation Research (SBIR) grants will continue to be allowed full indirect costs as provided by section 9 of the Small Business Act.

Hence, some potential awardees may be requested by the Awards Management Branch to submit a revised budget to comply with the new indirect cost cap (e.g., noncompetitive Federal Administration Awards). A more comprehensive indirect cost policy will be issued prior to FY 2009.

Further questions may be directed to Carol Langguth, Chief, Awards Management Branch, at clangguth@csres.usda.gov or Melanie Krizmanich, Senior Policy Specialist, at mkrizmanich@csres.usda.gov.