

United States Department of Agriculture  
Research, Education, and Economics

**ARS   CSREES   ERS   NASS**

***Bulletin***

**Title:** Indirect Program Support Costs Policy

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**Distribution:** All ARS Employees (Please distribute to all employees who may not have access to electronic mail.)

This Bulletin documents current ARS Indirect Program Support Costs (IPSC) policy and identifies a new assessment rate for CRADAs.

## Introduction

Financial Management Bulletin 98-306, dated October 1, 1998, announced a change to the Agricultural Research Service (ARS) Indirect Program Support Costs (IPSC) policy whereby the Research, Education, and Economics (REE) agencies; the Cooperative State Research, Education, and Extension Service (CSREES); Economic Research Service (ERS); and National Agricultural Statistics Service (NASS) are exempt from IPSC on all administrative support agreements as clients of ARS Administrative and Financial Management (AFM).

## Increased IPSC

**This Bulletin increases the IPSC assessment from ten percent to twenty percent on Cooperative Research and Development Agreements (CRADAs) only.**

## Summary of IPSC Policy

The following statement summarizes ARS' IPSC policy on all incoming nonappropriated (soft) funds.

- IPSC **will** be included in all incoming reimbursable and trust fund agreements, cooperative agreements, and grants signed by ARS officials, **except in the following circumstances. Agencies/organizations are exempt from IPSC when:**
  - The proposed amount of any agreement or grant is \$5,000 or less over its total life. This policy is intended to save time and effort by not assessing IPSC for minimal dollar amounts. **However, if an increment is added to an agreement in its first fiscal year or any subsequent year so that the total amount of incoming funds exceeds \$5,000, IPSC will be assessed on the entire amount of the agreement at that time.** IPSC will also be assessed on any additional increments of funding through the life of the agreement, regardless of the dollar amount.
  - Charging IPSC is expressly prohibited by statute or by the written bylaws of the organization providing the funds.
  - Research agreements or grants are entered into with the following Department of Agriculture Action and Regulatory agencies: Agricultural Marketing Service; Animal Plant and Health Inspection Service; Farm Service Agency; Foreign Agricultural Service, including International Cooperation and Development; Food Safety and Inspection Service; Grain Inspection, Packers and Stockyards Administration; and Natural Resources Conservation Service. **IPSC is charged on Services Only agreements with these agencies.**

Services Only agreements are not linked **directly** to research projects. They are for personal and nonpersonal services, and are generally provided onsite, such as facilities and grounds maintenance, vehicle maintenance, data processing support, word processing support, other

office support services, maintenance of warehouses/storerooms, rent, utilities, non-research laboratory services (i.e., running routine samples), etc. Generally, in Services Only agreements, ARS is not required to develop or make and deliver a specified end-product as a condition of accepting soft funds.

- Research agreements or grants are entered into with nonprofit organizations as identified by the Internal Revenue Service or the National Directory of Nonprofit Organizations. **IPSC is charged on Services Only agreements with these organizations.**
- Agreements are entered into with REE agencies (CSREES, ERS, and NASS) for administrative support as clients of ARS-AFM. **IPSC is charged on research agreements and Services Only agreements with these agencies.**
- **CRADAs negotiated after May 13, 2005, will be assessed IPSC at the rate of twenty percent (20%) to cover the standard Agency administrative costs (10%) and the additional administrative costs associated directly with the Office of Technology Transfer (10%).**

### **Responsibilities**

As stated in P&P 324.0-ARS, the Location Administrative Officer/Technician will ensure that the approved ARS IPSC is covered in the development of agreement budget proposals.

Any consideration or decision to deviate from the ARS IPSC policy will be made by the Office of the Administrator on a case-by-case basis. Requests/justifications for an exception to ARS IPSC policy must be submitted in writing to the Budget and Program Management Staff by the Area Director, on behalf of Centers and field locations; Director, National Agricultural Library (NAL), on behalf of the NAL; and Director, Financial Management Division, on behalf of AFM and Headquarters Program Management.

### **P&P Issuances**

The changes in policy covered in this Bulletin will be incorporated into a new issuance on IPSC which will replace current Directive 329.5, "Assessment of Indirect Program Support Costs and Indirect Research Costs," dated August 12, 1994. Indirect Research Costs policy published in Directive 329.5 remains unchanged and will be republished in a new and separate issuance.

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