

**ARS CSREES ERS NASS**

*Bulletin*

**Title:** Indirect Program Support Costs Policy

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This Bulletin documents current ARS Indirect Program Support Costs (IPSC) policy and identifies updates to the waiver policy.

## Summary of IPSC Policy

It is Agricultural Research Service (ARS) policy to recover total costs, including direct and indirect program support costs (IPSC), incurred in providing services, materials, supplies, equipment, or special benefits to other government agencies and public and private organizations. The following statement summarizes ARS' IPSC policy on all incoming non-appropriated (soft) funds.

- IPSC **will** be assessed at a rate of 10 percent of the gross agreement total on all incoming reimbursable and trust fund agreements, cooperative agreements, and grants signed by ARS officials, **except in the following circumstances:**
  - The proposed amount of the 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 specific Congressional language of the Federal trading partner 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. **However, 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 non-personal 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.

- Agreements which are entered into with Research, Education, and Economics agencies (CSREES, ERS, and NASS) for administrative support as clients of ARS-AFM. **However, IPSC is charged on Research agreements and Services Only agreements with these agencies.**
- **As of May 1, 2006, Research agreements or grants which are entered into with nonprofit organizations are no longer exempt from IPSC. IPSC will be charged on all Research and Services Only agreements regardless of the nonprofit status of an organization. This change affects all newly-negotiated agreements. Agreements which have already been executed and a waiver received will not be adjusted. However, if the agreement is amended to alter the terms and conditions (i.e., new/additional funding over and above the originally negotiated amount, which may also include a change in the period of performance and/or scope of work), IPSC will be built into the agreement and assessed from that point forward. The Extramural Agreements Division will provide supplemental guidance as needed.**
- **CRADAs negotiated after May 13, 2005, will be assessed IPSC at the rate of 20 percent to cover the standard Agency administrative costs (10 percent) and the additional administrative costs associated directly with the Office of Technology Transfer (10 percent).**

## **IPSC RATES**

The Gross IPSC Rate (10 percent) is used to determine the amount of IPSC that will be charged to the agreement when the contributor has informed ARS of the definitive total (gross) dollar amount that will be made available to pay for indirect and direct costs of the agreement. The Net IPSC Rate (11.11 percent) is used when the contributor has not informed ARS of a predetermined dollar amount to be made available for the project. To calculate how much IPSC is charged, use the following examples:

### **Calculating IPSC on the Gross Total (10 percent):**

The contributor agrees to provide ARS with \$50,000 to cover direct and indirect costs. The agreement is assessed 10 percent of \$50,000 (\$5,000) for IPSC, leaving \$45,000 to cover the remaining costs. \*If the agreement is a CRADA, use 20 percent as the overhead rate.

### **Calculating IPSC on the Net Total (11.11 percent):**

The contributor agrees to provide ARS with \$50,000, plus indirect costs (IPSC). To calculate the IPSC, multiply \$50,000 x 11.11 percent = \$5,555. The total agreement will be \$55,555 to cover direct (\$50,000) and IPSC (\$5,555). \*If the agreement is a CRADA, use 25 percent as the overhead rate.

## **Assessment of IRC on Soft Funds**

It is appropriate for Locations to assess indirect research costs on incoming Soft Funds where there is an identifiable increase relating to indirect costs such as space, utilities, greenhouse management, Location administrative support, etc. This assessment is acceptable as long as these costs are reasonable and justifiable.

## **Responsibilities**

All parties involved in the negotiation of agreements should be familiar with the policies covered by this Bulletin and ensure that cooperators are aware of the IPSC assessment and rate. 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.

## **P&P Issuances**

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

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