

## **Administrative Guidance for Multistate Extension Activities and Integrated Research and Extension Activities Frequently Asked Questions**

### **General**

#### 1. Why was this Administrative Guidance developed?

This Administrative Guidance was developed to implement sections 105 and 204 of the Agricultural Research, Extension, and Education Reform Act of 1998 (AREERA). Section 105 of AREERA amended the Smith-Lever Act to require that a specified amount of agricultural extension formula funds be expended on multistate extension activities. Section 204 of AREERA amended the Hatch Act and Smith-Lever Act to require that a specified amount of agricultural research and extension formula funds be expended on integrated research and extension activities.

#### 2. To whom does the Administrative Guidance apply?

The Administrative Guidance applies to the 1862 land-grant institutions in the 50 States. The requirements of section 204 of AREERA also applies to the District of Columbia for the Hatch Act funds only.

#### 3. What was the intent of sections 105 and 204 of AREERA?

The intent of section 105 of AREERA is to strongly encourage 1862 land-grant institutions to address critical agricultural issues within States more effectively and efficiently by requiring institutions to expend a certain percentage of Smith-Lever Act (Section 3(b) &(c)) funds on Multistate Extension Activities. In addition, as a result of the States not only having to commit and expend funds on these activities, but to report on them as well, the Cooperative State Research, Education, and Extension Service (CSREES) hopes to provide better accountability (i.e., showing impacts) to the Office of Management and Budget (OMB) and to Congress. In FY 2000 and thereafter, CSREES will be able to report the impact of this legislation by comparing the current level of expenditures on Multistate Extension Activities with the fiscal year (FY) 1997 levels and by evaluating the success of the Multistate Extension Activities supported with these funds.

The intent of section 204 of AREERA is to strongly encourage 1862 land-grant institutions to address critical agricultural issues within States through an integration of research and extension activities by requiring institutions to expend a certain percentage of their Hatch Act and Smith-Lever Act (Section 3(b) & (c)) funds on Integrated Activities. This integration of research and extension activities will hopefully provide for a more timely, effective, and efficient solutions to the critical agricultural issues being addressed. In addition, as a result of the States not only having to commit and expend funds on these activities, but to report on them as well, CSREES hopes to provide better

accountability (i.e., showing impacts) to OMB and to Congress. In FY 2000 and thereafter, CSREES will be able to report the impact of this legislation by comparing the current level of expenditures on Integrated Activities with the FY 1997 levels and by evaluating the success of the Integrated Activities supported with these funds.

4. What are the requirements of the Administrative Guidance?

The requirements of the Administrative Guidance are for the affected institutions to establish target percentages for meeting the requirements of sections 105 and 204 of AREERA; to commit and expend the established target percentages of Hatch Act and Smith-Lever Act (Section 3(b) & (c)) funds on Multistate Extension Activities and Integrated Activities in FY 2000 and thereafter; to provide an update to the 5-Year Plan of Work for these activities; and to report on these activities via the Annual Report of Accomplishments and Results.

5. What is due on July 1, 2000?

On July 1, 2000, you must submit Form CSREES-TARGET (2/00), Form CSREES-BASE (2/00), and Form CSREES-PLAN (2/00) to the Partnerships Unit of CSREES. However, you may submit this information electronically to Bart Hewitt at [bhewitt@reeusda.gov](mailto:bhewitt@reeusda.gov). If your institution has chosen Option A, the submission of Form CSREES-BASE (2/00) is not required. In addition, if the information required on Form CSREES-PLAN (2/00) has already been included in your institution's 5-Year Plan of Work, please indicate on Form CSREES-PLAN (2/00) that this is the case.

6. If we have any questions, who do we contact?

You may contact Bart Hewitt of the Partnerships Unit at 202-720-0747 or [bhewitt@reeusda.gov](mailto:bhewitt@reeusda.gov) for programmatic or plan of work reporting issues or Ellen Danus of the Policy and Program Liaison Staff at 202-401-4325 or [edanus@reeusda.gov](mailto:edanus@reeusda.gov) for administrative issues.

### **Establishing Target Percentages**

1. What is a target percentage?

A target percentage is the amount of Hatch Act and Smith-Lever Act (Section 3(b) & (c)) funds that an institution is required to expend from each annual allocation of Hatch Act and Smith-Lever Act (Section 3(b) and (c)) funds on Multistate Activities and Integrated Activities.

2. How is this target percentage established?

An institution has four options. Option A allows the institution to decide to commit 25% of the funds to Multistate Extension Activities and/or Integrated Activities in FY 2000 and thereafter. The requirement

to determine the amount of FY 1997 funds that were expended on Multistate Extension Activities and/or Integrated Activities is waived. Consequently, the submission of Form CSREES-BASE (2/00) is not required. With Option B, an institution determines their actual FY 1997 Preliminary Baseline Percentage based on the FY 1997 expenditures for Multistate Extension Activities and/or Integrated Activities. Under this option, the institution must expend the lesser of 25 % or twice the FY 1997 Preliminary Baseline Percentage on Multistate Extension Activities and Integrated Research and Extension Activities. In Option C, an institution selects a target percentage that is higher than twice the FY 1997 Preliminary Baseline Percentage, but less than 25%. Institutions may choose this option due to a low FY 1997 Preliminary Baseline Percentage (including 0%) or when an institution in good faith is unable to document the FY 1997 Preliminary Baseline Percentages. With Option D, an institution chooses to phase in the target percentage selected under Option C over a 3-year period. All four options require the submission of Form CSREES-TARGET (2/00) on July 1, 2000. Options B, C, and D also require the submission of Form CSREES-BASE (2/00) on July 1, 2000, even if the FY 1997 Preliminary Baseline Percentage is zero or an institution in good faith is unable to document the FY 1997 Preliminary Baseline Percentages. In these cases, institutions should indicate on Form CSREES-BASE (2/00) the zero percentage as actual or their inability to document the FY 1997 Preliminary Baseline Percentages.

3. Are we required to reach the 25% threshold within a certain period of time for Multistate Extension and Integrated Activities?

No, you are not required to reach the 25% threshold within a certain period of time for Multistate Extension Activities and Integrated Activities unless (a) your institution has chosen Option A, or (b) twice the FY 1997 Preliminary Baseline Percentage for your institution is 25%. In these two cases, your institution would be required to meet the 25% threshold in FY 2000 and thereafter.

4. What are the potential consequences of not meeting 25% for Multistate Extension Activities and Integrated Activities?

If an institution does not meet the target percentages established under Options A, B, C, and D for a specific fiscal year and the institution is not granted a waiver from these requirements for a specific fiscal year, the Federal formula funds equal to the difference between the target percentage and the actual percentage would be disallowed and would have to be repaid to the Agency. For example, if an institution received \$100,000 in FY 2000 and had a target percentage of 10%, and an audit determined that the institution had only expended \$5,000 toward the percentage target, or 5%, then \$5,000 of the institution's FY 2000 formula funds would be disallowed and such amount repaid to the Agency.

5. Does the target percentage for Integrated Activities at my institution have to be the same for both Hatch Act and Smith-Lever Act funds?

No, the target percentage for Integrated Activities does not have to be the same for both Hatch Act and Smith-Lever Act funds.

6. If my institution has decided that it will commit 25% towards Multistate Extension Activities and/or Integrated Activities, are we required to establish a FY 1997 baseline?

No, your institution does not have to establish a FY 1997 Preliminary Baseline Percentage, and your institution is not required to submit Form CSREES-BASE (2/00).

7. If my institution is unable to provide documentation for the establishment of a FY 1997 baseline for either Multistate Extension Activities or Integrated Activities, what do we do?

You must indicate on Form CSREES-BASE (2/00) that your institution in good faith is unable to establish a FY 1997 Preliminary Baseline Percentage. In addition, you must indicate on Form CSREES-TARGET (2/00) the target percentage selected by your institution.

### **Accounting and Auditing Issues**

1. Are the requirements of sections 105 and 204 of AREERA “auditable”?

Yes, these requirements are “auditable.” The establishment of the FY 1997 Preliminary Baseline Percentage and the expenditures used to satisfy the requirements of sections 105 and 204 of AREERA must be documented in accordance with standard accounting procedures. The OMB Circular A-133 Audit Supplement for Cooperative Extension Services (Catalog of Federal Domestic Assistance (CFDA) 10.500) will be revised in Spring 2001 to include audit compliance tests for these requirements.

2. One of the ways that Smith-Lever Act funds differ from Hatch Act funds is that Smith-Lever Act funds may be carried forward from one fiscal year to another. How do I account for this in establishing my fiscal year 1997 baselines? How do I account for this in meeting the requirements of sections 105 and 204 of AREERA in FY 2000 and thereafter?

In establishing your FY 1997 Preliminary Baseline Percentage, your institution would consider only the applicable expenditures made with FY 1997 Smith-Lever Act funds. If your institution should carry over Smith-lever Act funds from one fiscal year to another, your institution may consider the carryover funds as meeting the requirement for the fiscal year for which they were appropriated. For example, an institution receives their FY 2001 Smith-Lever Act allocation of \$1,000,000, with a target percentage of 10% for Multistate Extension Activities. They expend \$800,000 of their FY 2001 funds in FY 2001 and of that, they expend \$30,000 on Multistate Extension Activities. To satisfy their Multistate Extension Activity requirement for FY 2001, they must expend \$70,000 of their \$200,000 (carryover funds) on Multistate Extension Activities in FY 2002.

3. Do we consider matching funds when determining our FY 1997 Preliminary Baseline Percentage and in meeting the Multistate Extension Activities and Integrated Activities requirements?

No, matching funds are not considered when determining your FY 1997 Preliminary Baseline Percentage and in meeting the Multistate Extension Activities and Integrated Activities requirements.

### **Multistate Extension Activities**

1. What are some examples of Multistate Extension Activities?

Will be made available at a later date.

2. What are some examples of “brief summaries” for Multistate Extension Activities?

Will be made available at a later date.

### **Integrated Activities**

1. For an activity to be considered “integrated,” does the activity have to be supported by both Hatch Act and Smith-Lever Act funds?

No, an “Integrated Activity” does not have to be supported by both Hatch Act and Smith-Lever Act funds. To satisfy the requirement under the Hatch Act, the “Integrated Activity” could be supported by Hatch Act funds (research component) and State or other funds (extension component). To satisfy the requirement under the Smith-Lever Act, the “Integrated Activity” could be supported by Smith-Lever Act funds (extension component) and State or other funds (research component).

2. What are some examples of Integrated Activities?

Will be made available at a later date.

3. What are some examples of “brief summaries” for Integrated Activities?

Will be made available at a later date.

4. Can we use “split appointments” to meet the Integrated Activities requirements?

Yes, you may use “split appointments”; however the activities conducted by the individual on the “split appointment” must be integrated.