

COMMENTS & RECOMMENDATIONS

To: Colien Hefferan, Administrator, CSREES
From: D.C. Coston, Chair, Farm Bill Implementation Assistance Committee
Date: October 28, 2008
Cc: The Honorable Gale Buchanan, Under Secretary for Research, Education, and Economics
Re: Comments on Establishment Specialty Crop Research Initiative (SCRI) Information Number (RIN) number 0524-AA28

The Board on Agriculture Assembly of the National Association of State Universities and Land-Grant Colleges (NASULGC) appreciates the opportunity to comment on the proposed rule to implement Section 7311 of the Food, Conservation and Energy Act of 2008 (Public Law 110-246, also known as the 2008 Farm Bill), the Specialty Crop Research Initiative.

The land-grant university system strongly supported the initiation of the specialty crop grant program in recognition of the increasing importance of specialty crop producers in the agricultural economy, as well as the unique needs of this sector in comparison to traditional row crops. However, we are particularly troubled by section 3430.205 of the interim final rule which limits the indirect costs claimed to not exceed 22%.

When Congress authorized this program, it was explicit in requiring a dollar-for-dollar match. What Congress did not do was to limit unrecovered indirect costs that could be counted towards an institution's match. CSREES' application of the 1462(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 is not specifically authorized or discussed in Section 7311. By preventing the use of unrecovered indirect costs as matching, CSREES is in direct conflict with OMB Circular A-110 which specifically allows unrecovered indirect costs to be included to meet Federal grant cost-sharing or matching requirements. Since, as stated, that application of the 22% limit is neither specifically authorized nor discussed by the Committee report there is no indication of Congressional intent to further apply such a limit.

To further restrict these funds by applying burdensome and unauthorized limits on indirect costs threatens to restrict the availability of these funds to many highly qualified universities and researchers. In a recent survey of land-grant institutions, with 57 Experiment Station Directors responding, an overwhelming majority indicated that the unrecovered indirect cost restriction on matching will negatively impact their ability to participate in the SCRI.

When Congress authorized this program, it was explicit in requiring a dollar-for-dollar match to ensure that federal dollars are leveraged to their maximum to benefit the specialty crop industry. However, it was not the intent of Congress to restrict the ability of institutions to submit applications to the program. There are many institutions that are having great difficulty in meeting the matching requirements. This will become increasingly important as the Biomass R&D and Organic Ag programs become available.