

**Frequently Asked Questions
Implementation of 7 CFR 3419
Matching Funds Requirement for Formula Funds for Agricultural
Research and Extension Activities at 1890 Land-Grant Institutions,
Including Tuskegee University, and the 1862 Land-Grant Institutions in Insular Areas**

General

1. What is the legislative basis for this matching requirement?

This requirement arises from section 226 of the Agricultural Research, Extension, and Education Reform Act of 1998 (AREERA) which added section 1449 to the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (NARETPA). This section requires matching funds from non-Federal sources for formula grant funds authorized under sections 1444 and 1445 of NARETPA for agricultural research and extension activities at the 1890 land-grant institutions and Tuskegee University.

2. What was the intent of Congress?

In general, we understand the intent of Congress in enacting section 226 of AREERA was to generate non-Federal funds to be budgeted and expended for agricultural research, extension, and education. The match is intended to support, expand, and promote programs in research, extension, and education related to food and agricultural sciences while providing maximum flexibility to the institution.

3. What is the actual requirement?

The distribution of funds shall be subject to the following matching requirements: (a) For fiscal year 2000, matching funds shall equal not less than 30 percent of the formula funds to be distributed to an eligible institution; (b) For fiscal year 2001, matching funds shall equal not less than 45 percent of the formula funds to be distributed to an eligible institution; and (c) For fiscal year 2002 and each fiscal year thereafter, matching funds shall equal not less than 50 percent of the formula funds to be distributed to an eligible institution. Section 226 of AREERA also provided waiver authority for FY 2000 only.

4. How does this rule apply to the 1862 land-grant institutions in insular areas?

Section 753(d) and (e) of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1999, Pub. L. 105-277, 112 Stat. 2681-33 (1999 Agriculture Appropriations Act), amended section 3(d) of the Hatch Act of 1887 and section 3(e) of the Smith-Lever Act to subject the 1862 land-grant institutions in the Commonwealth of Puerto Rico, the Virgin

Islands, and Guam to the same matching requirements as those applicable to an eligible institution under section 1449 of NARETPA. The amendments made by section 753 apply by operation of law to American Samoa, Micronesia, and Northern Marianas by virtue of section 1361(a) of Pub. L. 96-374, as amended by 9(c) of Pub. L. 99-396, which provides that any provision of law related to the land-grant institutions in the Virgin Islands or Guam applies to the land-grant institutions in American Samoa, the Northern Marianas, and the Trust Territory of the Pacific Islands (now succeeded by the Republic of Palau, the Republic of the Marshall Islands, and the Federated States of Micronesia), the land-grant institution of which is the College of Micronesia.

5. Who has the actual authority to determine the use of these matching funds?

The actual authority to determine the use of these matching funds to support agricultural research or extension activities approved in the 5-Year Plan of Work, or for qualifying agricultural educational activities, rests with the appropriate university/college official responsible for the administration of food and agricultural science research, education, and extension programs.

Calculation of Matching Requirement

1. Is an institution eligible for any agricultural research and extension formula funds if it fails to provide the full matching requirement?

YES. Each eligible institution will be entitled to their allocation of Federal agricultural research and extension formula funds less an amount equal to any required matching amount that the institution fails to provide. For example, the matching requirement for fiscal year (FY) 2000 shall equal not less than 30 percent of the formula funds to be distributed. If an institution was entitled to \$1,000,000 for extension and only matches 15 percent, then the \$1,000,000 would be reduced by 15 percent and the institution would receive only \$850,000.

Source of Funds

1. Must the funds be provided by the States?

Section 1449 of NARETPA requires that the State make available matching funds to an 1890 institution out of non-Federal funds. CSREES has determined that this does not necessarily limit the source of matching funds to those directly provided by the State as part of its direct budget or appropriations process. Accordingly, CSREES has defined “non-Federal sources” to include direct State appropriations and any funds generated by an 1890 institution or by an insular 1862 institution and made available to the institution under other authority (other than authority to charge tuition and fees paid by the students) provided by the State. This would include, for example, gift acceptance or user fee authority.

2. Can in-kind matching contributions be used to satisfy the annual matching requirement under section 1449 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (NARETPA)?

NO. The matching requirement must be satisfied by funds only.

Certification of Offset

1. When is the CSREES Form CSREES-2103 (07/99), Certification of Offset and Entitlement, for the matching funds for Sections 1444 and 1445 of NARETPA Federal formula funds due?

This form is due to CSREES prior to the start of the Federal fiscal year which is October 1. The Funds Management Branch (FMB) of the Office of Extramural Programs will forward to your institution in the fourth quarter of the prior Federal fiscal year an interim Certification of Offset and Entitlement form with an estimate of the following fiscal year's estimated Federal formula funds allocations and associated matching requirements. When the actual Federal formula allocations are determined and made available, a revised Certification of Offset and Entitlement form will be forwarded to your institution. FMB will establish a due date for this actual Certification of Offset and Entitlement form.

2. Can the matching contribution for both Federal agricultural research and extension formula funds (i.e., section 1444 and section 1445 funds or Hatch and Smith-Lever Act funds) be reported and certified on one form?

NO. The matching contribution for Federal agricultural research and extension formula funds must be reported separately on two different forms.

3. Who signs the form?

The form must be signed by the Chief Financial Officer who certifies that the matching funds are available for the Sections 1444 and 1445 of NARETPA Federal formula funds. In addition, the form may be signed, if appropriate, by the Dean, Extension Administrator, or Research Director.

4. What if the amount of matching funds available changes from the previous submission?

The institution must submit a revised Certification of Offset and Entitlement form to FMB.

5. What is the "cut-off" date for a final revised Certification of Offset and Entitlement form?

The "cut-off" date for a final revised Certification of Offset and Entitlement form is July 1. This date has been set by 7 CFR 3419 (the regulation) under section 3419.5. Therefore, no extensions of time may be granted beyond July 1. Please be advised that you should confirm with FMB (by contacting Don

Prindle, Chief, Funds Management Branch, via email at dprindle@reeusda.gov or telephone at 202-401-4527) if your institution intends to revise the final Certification of Offset and Entitlement.

6. Do I need to submit a revised Certification of Offset and Entitlement form if my institution redirects the required matching funds (i.e., from extension activities to “qualifying educational activities” or from extension activities to research activities, etc.)?

NO. Your institution is not required to submit a revised Certification of Offset and Entitlement if the type of activity (i.e. research, extension, or “qualifying educational activity”) changes. A revised Certification of Offset and Entitlement is required only if the amount or the source of funds changes.

Waiver Authority

1. Can we request waivers from these matching requirements?

NO. There was limited waiver authority in the legislation for FY 2000 only. This also is promulgated in 7 CFR 3419.4.

Reapportionment of Unmatched Federal Formula Funds

1. What happens if we cannot meet our matching requirements?

Your institution’s payments through the Department of Health and Human Services’ Payment Management System (DHHS-PMS) will be adjusted accordingly. However, these unmatched funds will not be reapportioned until after July 1 as your institution has through that date to submit a revised Certification of Offset and Entitlement form.

2. How are the unmatched funds distributed?

According to 7 CFR 3419.6, all formula funds not matched and reported under 7 CFR 3419.3 by July 1 of each fiscal year will be reapportioned to the other eligible institutions who have satisfied their current fiscal year requirement for matching funds for the formula funds. Unmatched research and extension funds will be reapportioned in accordance with the research and extension statutory distribution formulas applicable to the 1890 and 1862 land-grant institutions, respectively.

3. Are the reapportioned Federal formula funds subject to the same matching requirements? Is my institution required to submit a revised Certification of Offset and Entitlement form?

YES. Reapportioned Federal formula funds are subject to the same matching requirements (i.e., FY 2000, 30 percent; FY 2001, 45 percent; and FY 2002 and each fiscal year thereafter, 50 percent) for each dollar reapportioned. So if the additional redistributed funds for your institution

are \$2,500 in FY 2001, your institution must match \$1,125 or 45 percent of \$2,500. FMB will forward to your institution a revised Certification of Offset and Entitlement which will be attached to the Final Allocation Letter for Sections 1444 and 1445 Funds.

Qualifying Educational Activities

1. What are “Qualifying Educational Activities”?

“Qualifying Educational Activities” would include all teaching components supporting the study of food and agricultural sciences. In other words, the “Qualifying Educational Activity” must meet both the definition of “Food and Agricultural Sciences” under section 1404(8) of NARETPA and the definition of “Teaching and Education” under section 1404(14) of NARETPA.

2. What are not “Qualifying Educational Activities”?

Activities that would not be considered “Qualifying Educational Activities” are those not meeting both the definition of “Food and Agricultural Sciences” and the definition of “Teaching and Education” under sections 1404(8) and 1404(14) of NARETPA. In addition, “Qualifying Educational Activities” would not include any items that would be included in the institution’s indirect cost pools (i.e., library acquisitions, student recruitment, etc.).

3. How are “Qualifying Educational Activities” approved?

Institutions are responsible for assuring that “Qualifying Educational Activities” meet both the definition of “Food and Agricultural Sciences” and the definition of “Teaching and Education” under sections 1404(8) and 1404(14) of NARETPA.

Auditability

1. Are these matching requirements subject to audit?

YES. In addition, this matching requirement has been identified in the audit compliance supplement to the OMB Circular A-133 for 10.500, Cooperative Extension Activities, that was published in the *Federal Register* on April 4, 2000.