



United States
Department
of Agriculture


Research,
Education, and
Economics

National Institute
of Food and
Agriculture

1400 Independence
Avenue SW
Washington, DC 20250

December 5, 2016

TO: State Extension Directors/Administrators
Directors, State Agricultural Experiment Stations
Research Directors, Evans-Allen Program
Extension Administrators
1890 Institutions, Tuskegee University, West Virginia State University and
Central State University

FROM: Dr. Robert Holland 
Associate Director of Operations

SUBJECT: Fiscal Year 2017 Capacity Grants

The National Institute of Food and Agriculture (NIFA) is preparing to make first quarter funding allocations for the Fiscal Year (FY) 2017 for Capacity grants administered by NIFA. We have reviewed the Continuing Resolution (CR) legislation to determine the level of funding during the duration of the CR, which runs through December 9, 2016.

Payments to grantees will equal approximately 18% of the Capacity grant awards made during FY 2016. This percentage can be safely made under the requirements of the FY 2017 CR. Therefore, NIFA will be releasing funds for the first quarter payment of FY 2017 allowable under the CR to grantees of Federal Financial Assistance awards. Institutions will receive FY 2017 Notice of Award (formerly Award Face Sheets) showing approximately 18% of the final allocations received in FY 2016.

The funding allocations grantees will receive under the FY 2017 CR for the first quarter will differ from the final allocation amounts listed in FY 2016 Appendix A due to several factors (see attachment). We have summarized and attached a document on how the agency reached the decision on the CR funding levels available for the Capacity Grant programs. This document describes some considerations on how we went from the initial appropriation to the levels during the temporary FY 2017 CR. We have determined that a standard percentage across-the-board should be used for Capacity programs that will be awarded during the CR. As additional funds become available through the appropriation process, additional quarterly payments are expected to be released. The final FY 2017 fourth quarter allocation will be adjusted once we have the final funding levels for the FY.

We hope this information is helpful to you as Executive Directors as we plan to provide Capacity funds earlier in the FY. Please contact Cynthia Montgomery, Deputy Director, Office of Grants and Financial Management, via cmontgomery@nifa.usda.gov if you have any questions or concerns.

Implementation of 2017 Appropriations under Continuing Resolution (CR) through Dec. 9, 2016

The National Institute of Food and Agriculture (NIFA), like the rest of the Federal Government, is funded under a temporary FY 2017 appropriations bill. Funding levels available to support our programs during the CR were reduced as a result of an across-the-board reduction of 0.496 percent from the 2016 discretionary appropriations levels. Due to the 19.18% CR level, funding amounts were further reduced below the first quarter amount at 25%. NIFA applied additional reductions for program administration and other set asides as required by law. A detailed description of the process to determine the payments to the states for FY 2017 CR is described below:

Available Funds Calculations

NIFA begins by calculating the amount of funding available under the duration of the CR. These calculations include:

1. First, the annualized funding amount under the CR legislation was determined. A specific reduction was required on all discretionary funds from the base funding level, which was the FY 2016 appropriated amount. This reduction of 0.496% was applied across-the-board as mandated by Section 101(b) of H.R. 5325 (Public Law 114-223).
2. Second, NIFA determined the amount of funding available during the CR, which is 19.18% of amounts provided on the annualized basis as calculated after the reduction was taken.
3. Next, NIFA calculated how much funding was available for (1) administration and (2) program funds. The administrative rates vary by program and are applied prior to other program set asides required by law, as described below.

Program Set-Aside Calculations

For the program funds, additional allocations were made to support program funding as required by law, as follows:

1. For all research grant funds, a legislative set-aside of 3.2% was calculated to support the Small Business Innovation Research (SBIR) Grants Program. Per legislation, this percent is 3.2% for FY 2017 and each fiscal year thereafter.
2. For all biotechnology research grant funds, a legislative set-aside of 2% was calculated to determine funds available for the Biotechnology Risk Assessment Grants (BRAG) program.
3. For competitively reviewed grants, including the Smith-Lever special needs competitively administered program, the peer panel expenses were computed and payments to grantees amounts were adjusted to cover those costs.
4. Extension funds are not impacted by the SBIR or BRAG set-asides.

Payments to States

During a full year appropriations scenario, once the SBIR, BRAG, and peer panel costs are determined, the remainder of the funds is available for payments to states. However, spending under the CR should not put the agency at risk of over obligating the full year appropriations amounts. Therefore, a common threshold was determined that could be applied to all the capacity/formula grants being awarded during the CR as follows:

1. After the above calculations, a comparison of the payments to states amount was made to the prior year funding amount. The percentage of the calculated 2017 CR amount was compared to the 2016 payments to states amounts for each Capacity/Formula program.
2. To apply the same percentage to all programs in a consistent manner, we determined the lowest common denominator that could be applied during the CR. We also allowed for a small contingency in case funding levels are modified in final appropriations. This was determined to be the maximum allowable percentage to apply for all payments to states under the Capacity/formula funds.
3. The appropriate percentage of 18% was applied to the funding amounts from 2016 to determine the final payments to states allowed under the 2017 CR.