

# College of Agricultural Sciences, Oregon State University

## Hatch and Hatch Multistate Funds

### Standard Operating Procedures

#### **Fund Management/Oversight**

The Hatch Act of 1887 [[As Amended through P.L. 110–246, Effective May 22, 2008](#)] established funding and procedures for support of agriculture related research at land-grant institutions. Funds are appropriated annually by Congress, and apportioned to the States by the U.S. Department of Agriculture (USDA). The Act stipulates institutions provide non-federal cash match for research programs falling within the act's scope. At Oregon State University (OSU), match requirements are met through use of State appropriated Agriculture Experiment Station (AES) funding.

At the institutional level, federal and state funds are allocated to USDA National Institute for Food and Agriculture (NIFA) approved programs of research managed through the College of Agricultural Sciences (CAS).

CAS utilizes Hatch funds for approved Hatch Collaborative projects. Collaborative projects are large, interdisciplinary research programs addressing complex issues currently faced by societies on a national and global scale. Hatch Multistate projects focus on research for high-priority topics among the State Agricultural Experiment Stations, in partnership with NIFA, other research institutions and agencies. Projects are further developed and executed in accordance with the Land-Grant mission of research, extension and education.

Agricultural Sciences and Marine Sciences Business Center (AMBC) financial personnel, in coordination with CAS administrative personnel, provide management and oversight of program funding.

Hatch and Hatch Multistate Capacity Award management adheres to principles of federal award management as outlined in Uniform Guidance. OSU, CAS, and AMBC policies apply within the scope of Uniform Guidance.

#### **Project Participation**

CAS AES administrative personnel work in conjunction with AMBC accounting staff to support identification and assignment of appropriate personnel as participants to Hatch and Hatch Multistate approved projects.

CAS policy on Hatch and Hatch Multistate participation expects any programmatically funded faculty member with an AES appointment of 0.20 or greater to, where possible, actively participate/contribute effort toward an approved project whose objectives align with individual research areas of interest/expertise.

AMBC accounting staff, in coordination with CAS AES administrative personnel, maintain a master list of all approved projects and participants.

The Assistant Director, Oregon Agricultural Experiment Station, conducts a review of current project participants annually and communicates any changes to AMBC for tracking. Changes are also made

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throughout the year to add or remove faculty from projects. Only approved participants (key faculty), or the non-academic personnel they supervise (FRAs, GRAs, student employees, etc.), may charge salary and OPE (except for graduate tuition) to a project. The proportion of salary and OPE charged to a project is commensurate with the effort applied toward applicable research.

For Hatch Multistate projects, key faculty members must be approved in both the National Information Management and Support System (NIMSS) and The Research, Extension, and Education Project Online Reporting Tool (REEport) systems prior to charging billable effort.

For Hatch collaborative projects, only the PI and up to two Co-PIs are listed in REEport as the system does not allow for multiple entries. However, participation itself is not limited. Additional participants are approved and managed internally by CAS AES administrative personnel.

Final approval of project participants on all sponsored projects under the Hatch and Hatch Multistate programs are at the discretion/authority of the Assistant Director, Oregon Agricultural Experiment Station assigned to Hatch project oversight.

Upon approval of project participation, or upon a change of participation, CAS administrative personnel notifies the named participant, the participant's unit leader, the project lead Principal Investigator (PI), and the AMBC AES financial representative assigned to manage Hatch and Hatch Multistate funds. The AMBC AES financial representative then notifies unit accountants.

Copies of notification letters are on file with both AES Administration and AMBC.

To ensure appropriate application of approved effort, labor distributions to apply or redistribute effort on Hatch and Hatch Multistate projects route through the AMBC AES financial representative for approval.

AMBC conducts payroll audits periodically to ensure payroll expenditures applied to specific projects reconcile to the approved participant list, and to ensure the payroll costs are appropriate and allowable to the federal award.

The following payroll related costs are not allowed on Hatch and Hatch Multistate funds:

- Tuition.
- Sabbatical pay

### **Allocation of Funds**

CAS uses the Hatch and Hatch Multistate capacity funds as one component of the college's base budget.

Annual budgets for Hatch and Hatch Multistate appropriations are established separately within two unique University funds, one fund dedicated for each specific program.

Units supported by CAS receive annual capacity award funds in their initial budget. Annual allocations are based on FTE needs of project participants within each unit.

Hatch collaborative project leaders receive a \$50K annual S&S allocation for use toward on-going research needs for the Hatch collaborative project they direct. Annual project leader support is monitored and tracked using specific activity codes established for each project leader. Allowed expenditures include, GRA/FRA/student support, travel and supplies necessary to carry out applicable research as outlined in the project proposal. Annual project leader support allocations are distributed at the discretion of the program administrator. Participants must be up to date on reporting requirements in order to receive annual allotments.

For Hatch Multistate projects, CAS awards supplemental travel allocations for pre-approved travel to multistate regional coordinating meetings (up to \$1200 per trip).

The USDA provides funds for Hatch and Hatch Multistate capacity awards in alignment with the federal fiscal year (Oct 1 – Sept 30). Each award has a two-year performance period. Distribution to research units occurs in accordance with OSU's fiscal year (Jul 1-Jun 30). For any two-year award,  $\frac{3}{4}$  of the projected award amount is allocated and targeted for expenditure during the period of Oct-Jun. The remaining  $\frac{1}{4}$  is allocated and targeted for expenditure in the subsequent OSU fiscal year during the period of Jul-Sep. Any funds remaining as of Oct 1 (year 2 of the federal award period) carry forward and are applied to expenditures occurring during the second year. Because Hatch and Hatch Multistate awards are allocated annually with an award period of two years, overlapping of awards results. The underlying methodology assumes any carryover funds apply to current expenditures before current year award dollars thus ensuring any given award is spent out prior to spending on ensuing awards.

#### **Expenditure Tracking & Federal Draw Down/State Match**

All Hatch and Hatch Multistate funded transactions are reviewed as being necessary, reasonable and allocable to approved research programs, and recorded within the university's accounting system.

Expenditures posting to Hatch and Hatch Multistate funds are monitored to ensure allowability under federal, OSU, CAS, and AMBC policies.

Federal revenue is transferred to the University from USDA based on the annual Federal appropriation. Drawdown requests are processed quarterly based on funds availability in Automated Standard Application for Payments (ASAP) system. If federal funds are not available at the time of a quarterly reconciliation, drawdown occurs as soon as funds become available. The amount of each drawdown is based on the amount of unreimbursed qualifying project expenditures and the balance of federal funds available. To reconcile both federal and match proportions of qualified expenditures, the required match for amounts drawn on federal funds is posted from State AES revenue at the time of each federal drawdown. The proportion of expenditures applied to federal funds and state match are calculated based on requirements outlined in the annual USDA NIFA Notice of Award.

Note: Hatch/Hatch Multistate award management includes an adjustment for retirement expenditures greater than 5% of qualified Salary paid for project participants (7 USC 331). The following methodology regarding the 5% (7 USC 331) limitation is currently utilized. Total project expenditures are adjusted based on the Retirement limitation. OSU Retirement cost in excess of 5% total participant salary are considered a non-qualifying project expenditure and not allowed for federal reimbursement. Non-qualifying costs are covered by additional state AES support. The additional state support is not considered part of the required match. The proportion of non-qualified retirement costs are estimated

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for each OSU fiscal year for budgeting purposes and reconciled to actual by month. Final reconciliation and distribution of state AES funds to cover excess retirement costs are posted prior to OSU fiscal year-end as to balance cash funds to zero.

Policies & correspondence relating to 5% Limitation (7USC331) are on file with AMBC.

### **SF425 Annual Reporting Requirement.**

Per USDA guidelines, SF425 report data for Hatch and Hatch Multistate funds are compiled annually following the end of the federal fiscal year (September 30).

The Executive Associate Director for AES reviews and approves the SF-425 report. The Office for Sponsored Research and Award Administration (OSRAA) reviews and has final signature of the SF-425 report. Approval and execution of award draw-down is performed by OSRAA.

Data is submitted to the OSU Office for Sponsored Research and Award Administration (OSRAA) within 90 days of the period ending 09/30 for submission through the EZFed system as required by the federal regulating agency. Annual report documentation is on file with AMBC.

### **REReport Financial Report (AD419)**

CAS Administration compiles & submits AES data annually in compliance with reporting requirement. Reports are on file with CAS AES.

### **Contacts**

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