

Coordinating Council

12 June 2003

Memorandum

To: All CESU Representatives and Participants from Host Universities, Partner Institutions, and Federal Agencies

FROM: CESU National Coordinator, on behalf of the CESU Council /s/ G.E. Machlis

Subject: Increase in CESU Indirect Cost Rate Applied to All CESU Agreements

The Cooperative Ecosystem Studies Units (CESU) Network was established in 1999 through a Memorandum of Understanding (MOU) among participating federal agencies. Under this MOU, the CESU Council establishes broad policies for the Network.

These policies include establishing a single indirect cost rate that is consistently applied to all CESU agreements. Exceptions are federal agencies, such as the USDA Forest Service, that have a specific indirect cost rate established by law. Beginning in 1999, when the first CESUs were competitively established under cooperative agreements, the Council set the indirect cost rate at 15% across the Network. The Council also established the policy that all participating nonfederal partners in the Network would operate under the same indirect cost rate. This 15% indirect cost rate has been applied to all CESU agreements executed since 1999. As the CESU Network approaches its five-year anniversary in 2004, the CESU Council has approved an increase in the indirect cost rate from 15% to 17.5% beginning 1 May 2004.

The Office of the Solicitor, Department of the Interior, has directed us that this policy change regarding the indirect cost rate can be made effective across the CESU Network by written notification from the CESU Council. Amendment of each individual CESU agreement is not required to make the new indirect cost rate effective.

This memo serves to notify all CESU federal and nonfederal participants that the indirect cost rate of 17.5% will become effective for all CESU agreements on 1 May 2004. Please note that projects and activities conducted under CESU agreements with modifications (also identified as task orders, task agreements, or other equivalent federal agency funding vehicles) to the agreement that are executed prior to 1 May 2004 must apply the existing 15% indirect cost rate for the full term of the modification, even if the term extends beyond 1 May 2004. Modifications executed on or after 1 May 2004 must apply the new indirect cost rate of 17.5%. The date of the last signature on an executed modification determines the indirect cost rate for the funds allocated under the specific modification.

We look forward to the continued development of the CESU Network, and its collaborative activities on behalf of its federal, university and other partners.

If you have any questions, please contact Dr. Gary Machlis, CESU National Coordinator, at 202/208-5391 or gmachlis@uidaho.edu.