

DEPARTMENT OF AGRICULTURE**Cooperative State Research,
Education, and Extension Service****7 CFR Part 3419****RIN 0524-AA25****Matching Funds Requirement for
Formula Funds for Agricultural
Research and Extension Activities at
1890 Land-Grant Institutions, Including
Tuskegee University and West Virginia
State College****AGENCY:** Cooperative State Research,
Education, and Extension Service,
USDA.**ACTION:** Proposed rule.

SUMMARY: The Cooperative State Research, Education, and Extension Service (CSREES) proposes to revise part 3419 to title 7, subtitle B, chapter XXXIV of the Code of Federal Regulations, for the purpose of implementing the statutory amendments applicable to the matching requirements for Federal agricultural research and extension formula funds for 1890 land-grant institutions, including Tuskegee University and West Virginia State College. These matching requirements were amended by section 7212 of the Farm Security and Rural Investment Act of 2002 (FSRIA).

DATES: Submit comments on or before June 30, 2003.

ADDRESSES: Address all comments to CSREES-USDA; Office of Extramural Programs; Policy and Program Liaison Staff; Mail Stop 2299; 1400 Independence Avenue, SW.; Washington, DC 20250-2299. Comments may be hand-delivered to CSREES-USDA; Office of Extramural Programs; Policy and Program Liaison Staff; Waterfront Centre, Rm. 2242; 800 9th Street, SW.; Washington, DC 20024. Comments may be mailed or sent electronically to oepr@reeusda.gov.

FOR FURTHER INFORMATION CONTACT: George Cooper, Deputy Administrator, Science and Education Resources Development; CSREES/USDA; Mail Stop 2250; 1400 Independence Avenue, SW.; Washington, DC 20250-2250; at (202) 401-2655, (202) 720-3945 (fax) or via electronic mail at gcooper@reeusda.gov.

SUPPLEMENTARY INFORMATION:**Background and Purpose**

The Cooperative State Research, Education, and Extension Service (CSREES) is revising part 3419 of title 7, subtitle B, chapter XXXIV of the Code of Federal Regulations which

implements the matching requirements provided under section 1449 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (NARETPA) for agricultural research and extension formula funds authorized for the 1890 land-grant institutions including Tuskegee University and West Virginia State College. This revision is required due to the statutory amendments of sections 7212 and 7213 of the Farm Security and Rural Investment Act of 2002 (FSRIA), Public Law 107-171. Section 7212 of FSRIA revised the matching requirements in section 1449 from 50 percent of the formula funds distributed to each eligible institution in fiscal year (FY) 2002 to 60 percent of the formula funds distributed in FY 2003; 70 percent in FY 2004; 80 percent in FY 2005; 90 percent in FY 2006; and 100 percent in FY 2007 and thereafter. In addition, this section provided the Secretary of Agriculture with a new waiver authority for the matching funds requirement above the 50 percent level for any fiscal year for an eligible institution of a State if the Secretary determines that the State will be unlikely to satisfy the matching requirement. The Secretary's prior waiver authority extended only to FY 2000 formula funds. The proposed rule also implements section 753 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2002, Pub. L. 107-76, to extend this regulation to West Virginia State College.

Prior to FSRIA, section 3(d) of the Hatch Act (7 U.S.C. 361c(d)) and section 3(e) of the Smith-Lever Act (7 U.S.C. 343(e)) subjected the 1862 land-grant institutions in American Samoa, the Commonwealth of Puerto Rico, Guam, the Commonwealth of Northern Marianas Islands, the Virgin Islands of the United States, and the College of Micronesia to the same matching requirements as those applicable to an eligible institution under section 1449 of NARETPA. In implementing these Hatch Act and Smith-Lever Act requirements, CSREES promulgated the existing rule also to address the matching requirements for the insular area land-grant institutions. Section 7213 of FSRIA amended the Hatch Act and Smith-Lever Act to no longer subject the insular area land-grant institutions to the NARETPA section 1449 matching requirements. Instead, section 3(d) of the Hatch Act and section 3(e) of the Smith-Lever Act provide for the insular areas a 50 percent matching requirement of the Federal formula funds beginning in fiscal year 2003. Both Acts empower the

Secretary of Agriculture to waive these matching requirements for any fiscal year if the Secretary determines that the government of the insular area is unlikely to meet the requirement for that fiscal year. Promulgation of the insular area land-grant institution matching requirements for Federal formula funds will be done at a later date and through a separate rulemaking. The proposed revised part 3419 will address only the matching requirements for the 1890 land-grant institutions.

CSREES also proposes to clarify the definition of "Qualifying Educational Activities" by proposing that the "Qualifying Educational Activities" meet the definition of "Food and Agricultural Sciences" under § 1404(8) of NARETPA (7 U.S.C. 3103(8)) and the definition of "Teaching and Education" under section 1404(15) of NARETPA (7 U.S.C. 3103(15)). In addition, CSREES is proposing that the word "approved" be deleted in § 3419.6 "Use of matching funds" as the use of this word has been misleading. CSREES does not consider and approve the types of "Qualifying Educational Activities" used to meet the matching requirements. It is the responsibility of the eligible institution to ensure that the "Qualifying Educational Activities" meet the definition of "Food and Agricultural Sciences" and "Teaching and Education." The proposed rule also will remove the outdated requirement in the current § 3419.3 for eligible institutions to submit a 1999 report. The proposed rule will revise § 3419.3 to address the Secretary's new waiver authority discussed above.

Classification

This proposed rule was reviewed under Executive Order 12866 and was determined to be nonsignificant. It will not create a serious inconsistency or otherwise interfere with an action planned by another agency. It will not materially alter the budgetary impact of entitlement, grants, user fees, or loan programs, or the rights and obligations of the recipients thereof. It will not raise novel legal or policy issues arising out of legal mandates, the President's priorities, or principles set forth in Executive Order 12866. This proposed rule will not have an annual effect on the economy of \$100 million or more or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or tribal governments or communities.