AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

proposed project prior to entering into any non-assistance cooperative agreement.

§ 550.13 Mutuality of interest.

The REE Agency shall document both parties interest in the project. Mutual interest exists when both parties benefit in the same qualitative way from the objectives of the agreement. If one party to the agreement would independently have an interest in the project, which is shared by the other party, and both parties pool resources to obtain the end result of the project, mutual interest exists.

§ 550.14 Indirect cost/tuition remission.

(a) *Indirect cost*—(1) *State Cooperative Institutions.* Payment of indirect costs to State Cooperative Institutions in connection with non-assistance cooperative agreements awarded under the authority of 7 U.S.C. 3318(b) is prohibited. This prohibition does not apply to funds for international agricultural programs conducted by a State cooperative institution and administered by the Secretary or to funds provided by a Federal agency for such cooperative program or project through a fund transfer, advance or reimbursement. (7 U.S.C. 3319.)

(2) *Non-profit organizations.* Payment of indirect costs to non-profit institutions in connection with USDA cooperative agreement, under the authority of 7 U.S.C. 3318(b), is limited to 10 percent of the total direct cost of the project. (Annual Appropriations Bill for Agriculture and Related agencies, General Provisions.)

(3) *All other cooperating organizations.* With the exception of paragraphs (a)(1) and (2) of this section, payment of indirect costs is allowable in connection with REE non-assistance cooperative agreements. Reimbursement of indirect costs is limited to the percentage(s) established in the Cooperator's negotiated indirect cost rate schedule.

(4) In any case, the REE Agency shall not reimburse indirect costs prior to receipt of the Cooperator's negotiated indirect cost rate schedule.

(b) *Tuition remission*—(1) *State Cooperative Institutions.* Reimbursement of tuition expenses to State Cooperative Institutions in connection with REE non-assistance cooperative agreements is prohibited. (7 U.S.C. 3319)

(2) *All other cooperating organizations.* Except for paragraph (b)(1) of this section, tuition remission is an allowable expense as determined in accordance with the cost principles applicable to the Cooperator. REE agencies shall negotiate and approve such payments as related to the scope and objectives of the non-assistance agreement.

§ 550.15 Resource contribution.

Each party must contribute resources towards the successful completion of the project. Required resource contributions must be substantial enough to substantiate a true stake in the project as determined by the ADO.

(a) *REE Agency's contribution.* The REE Agency's contribution must consist of the total in-house costs to the REE Agency and the total amount to be reimbursed by the REE Agency to the Cooperator for all allowable costs agreed to in advance as reflected in the cooperative agreement.

(b) *Cooperator's contribution.* (1) The Cooperator's contribution must be no less than 20 percent of the total of the resource contributions under the cooperative agreement. Resource contributions of the Cooperator must consist of a sufficient amount of itemized direct costs to substantiate a true stake in the project as determined by the ADO. The Cooperator's contribution must be maintained at 20 percent of Federal funding throughout the life of the cooperative agreement.

(2) Cooperators share of contributions may consist of ''in-kind'' contributions and may also include unrecoverable indirect costs. Such costs may be accepted as part of the Cooperator's resource contribution when all of the following criteria are met:

(i) Costs are verifiable from the Cooperator's records.

(ii) Costs are not included as contributions for any other federally assisted project or program.

(iii) Costs are necessary and reasonable for proper and efficient accomplishment of project or program objectives.

(iv) Costs are allowable under the applicable cost principles.