DEPARTMENT OF AGRICULTURE

Cooperative State Research, Education, and Extension Service

7 CFR Part 3400

Special Research Grants Program

AGENCY: Cooperative State Research, Education, and Extension Service, USDA

ACTION: Proposed Rule

SUMMARY: This proposed rule will amend the Special Research Grants Program Administrative Regulations to replace references to section 2 of the Act of August 4, 1965, with references to the Competitive, Special, and Facilities Research Grant Act (CSFRGA), to apply to competitive and noncompetitive grants, to include extension and educational activities under the regulation, to shorten the maximum potential grant award period, to require grantees to arrange for scientific peer review of their proposed research activities and merit review of their proposed extension and education activities prior to award, in accordance with subsection (c)(5) of CSFRGA, as amended by section 212 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 450i(c)(5)), and to require an annual report of the results of the research, extension, or education activity and the merit of the results.

DATES: Written comments must be received on or before April 23, 1999.

ADDRESSES: Submit written comments concerning this proposed rule to Dr. Sally Rockey, Deputy Administrator, Competitive Research Grants and Awards Management, USDA Cooperative State Research, Education, and Extension Service, Mail Stop 2240, 1400 Independence Avenue, SW, Washington, DC 20250-2240; telephone, (202) 401–1761; e-mail, srockey@reeusda.gov.

FOR FURTHER INFORMATION CONTACT: Dr. Sally Rockey, Deputy Administrator, at the above address.

SUPPLEMENTARY INFORMATION: On June 23, 1998, President Clinton signed into law the Agricultural Research, Extension, and Education Reform Act of 1998 (AREERA) (Pub. L. No. 105–185). CSFRGA (formerly section 2 of the Act of August 4, 1965, Pub. L. No. 89–106, as retitled by Section 401(a) of the Food, Agriculture, Conservation, and Trade Act Amendments of 1991 (FACT Act Amendments), Pub. L. No. 102–237), as amended by section 212(2) of AREERA, states in subsection (c)(5) that the Secretary shall make a grant under this authority for a research activity only if the activity has undergone scientific peer review arranged by the grantee in accordance with regulations promulgated by the Secretary. Likewise, subsection (c)(5) of CSFRGA, as amended by section 212(2) of AREERA, states that the Secretary shall make a grant under this authority for an extension or education activity only if the activity has undergone merit review arranged by the grantee in accordance with regulations promulgated by the Secretary. This proposed rule is intended to comply with the Secretary's duty to promulgate such regulations.

The proposed rule expands the scope of these regulations to apply to all subsection (c) awards, including both competitive and noncompetitive awards made under this authority. The proposed rule also revises these regulations to address extension and education activities in addition to research activities. CSREES determined that expanding the scope of the existing regulations was preferable compared to the alternative of having two sets of administrative regulations to govern the same program. Having only one set of administrative regulations will result in less confusion of interested parties. Making these regulations applicable to all subsection (c) awards, including competitive and noncompetitive grants, is necessary because the statutory review requirements apply to all grants made under this authority. The proposed rule clearly delineates in revised § 3400.1 which provisions will apply respectively to competitive and noncompetitive awards. Subparts A and B, other than § 3400.1, will continue to apply only to grants awarded under subsection (c)(1)(A). Subpart C, implementing the review requirements, will apply to all grants awarded under subsection (c), including both competitive and noncompetitive awards.

Subpart C of the proposed rule requires that applicants have research proposals undergo peer review and extension and education proposals undergo merit review. The program authority emphasizes the regional or national nature of the funded projects. Consistent with that emphasis, the review must assess the technical quality and relevance of the proposed work to regional or national goals. The proposed regulations also require that any review be credible and independent. By specifying only basic parameters and not detailed procedures for review, CSREES aims to provide applicants with maximum flexibility in determining the timing and use of resources committed for such review. CSREES, however, has reserved the right in the proposed regulations to specify the timing of submission of the notice of completion of review. The agency does not anticipate the need to set the timing of this notice, but intends only to preserve this option should CSREES determine that implementation of this regulation required such action. Flexibility within the review requirements allows applicants to tailor the nature and character of the review more appropriately to the size, scope, and duration of the proposed project. CSREES considers such latitude necessary because of the broad range of research, education, and extension projects supported under this authority.

CSREES is proposing a broad definition of ''scientific peer review.'' For purposes of this grant program, CSREES is implementing ''peer'' to mean ''experts with the scientific knowledge and technical skills to conduct the proposed research work.'' Again, this provision aims to allow applicants flexibility in determining who performs the review while simultaneously imposing the minimum standards that CSREES believes are necessary to ensure the ability of such persons to review the technical components of a proposed activity. CSREES also lists certain persons, such as collaborators, who should not perform the review because of a direct conflict-of-interest. CSREES includes similar requirements for merit reviewers based on the same rationale.

Applicants must provide notice acting as certification prior to an award by CSREES that the review has been completed. Having applicants submit only a notice of compliance, and not the actual review documentation or results, aims to minimize the administrative burden on the applicants. The proposed regulations, however, do require that the applicant retain the review documentation and, consistent with agency assistance regulations, such documentation may be subject to agency inspection.

CSREES has elected not to require peer or merit review for each renewal or extension of a proposed project either through a renewal grant, continuation grant, or supplemental grant except under limited circumstances. These circumstances are: (1) if the funded activity has changed significantly from the original proposal; (2) if other scientific discoveries have affected the project; and (3) if the need for the activity has changed. CSREES will make the final determinations as to whether any of these three situations exists. Under any of these three circumstances, a new review will be required before

CSREES will make a subsequent grant award. Because any grant awarded under this program statutorily cannot extend beyond three years, a new review automatically is required every three years before CSREES can make a new grant award.

Subpart D of the proposed rule requires that recipients submit annual reports describing the results of the research, extension, or education activity. The agency currently requires that recipients submit annual and final performance reports as part of the terms and conditions of each award. The agency believes that subpart D meets the reporting requirements contained in section 212 of AREERA.

This proposed rule also makes technical amendments to Part 3400 to change references to the Act of August 4, 1965, to the Competitive, Special, and Facilities Research Grant Act as retitled by Section 401(a) of the FACT Act Amendments. The proposed rule also changes the maximum potential award period for Special Grants from five (5) years to three (3) years to conform with the amendments in section 212 of AREERA.

This proposed rule has been reviewed under Executive Order No. 12866, and it has been determined that it is not a ''significant regulatory action'' rule because it will not have an annual effect on the economy of $100 million or more or adversely and materially affect a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or tribal governments or communities. This proposed rule will not create any serious inconsistencies or otherwise interfere with any actions taken or planned by another agency. It will not materially alter the budgetary impact of entitlements, grants, user fees or loan programs and does not raise novel legal or policy issues arising out of legal mandates, the President's priorities, or principles set forth in Executive Order No. 12866. In addition, the Department certifies that the rule will not have a significant impact on a substantial number of small entities as defined in the Regulatory Flexibility Act, Pub. L. 96–354 (5 U.S.C. 601–612).

This proposed rule has been reviewed under Executive Order No. 12988, Civil Justice Reform. No retroactive effect is to be given to this proposed rule. This proposed rule does not require administrative proceedings before parties may file suit in court.

This proposed rule does not significantly affect the environment. Therefore, an environmental impact statement is not required under the National Environmental Policy Act of 1969, as amended (42 U.S.C. 4321 *et seq.*).

Under the provisions of the Paperwork Reduction Act of 1995, as amended, 44 U.S.C. chapter 35, and Office of Management and Budget (OMB) regulations at 5 CFR Part 1320, the collection of information requirements for research activities contained in this rule have been approved under OMB Document Nos. 0524–0022 and 0524–0033. When appropriations are made available for extension and education activities under this program, CSREES will fully comply with the Paperwork Reduction Act and submit a revision to the collection of information requirements to include these activities. Comments from potential applicants on this proposed collection of information may be submitted to CSREES–USDA; Office of Extramural Programs; Policy and Program Liaison Staff; Mail Stop 2299; 1400 Independence Avenue, S.W.; Washington, D.C. 20250–2299 by May 24, 1999, or to the Desk Officer for Agriculture, Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, D.C. 20502. Reference should be made to the volume, page, and date of this **Federal Register** publication.

List of Subjects in 7 CFR Part 3400

Grants programs—agriculture, Grants administration.

For the reasons set forth above, CSREES proposes to amend Part 3400 of Chapter XXXIV of Title 7 of the Code of Federal Regulations as follows:

PART 3400—SPECIAL RESEARCH GRANTS PROGRAM

1. The authority citation for Part 3400 is revised to read as follows:

Authority: 7 U.S.C. 450i(c).

2. Revise § 3400.1 to read as follows:

§ 3400.1 Applicability of regulations

(a) The regulations of this part apply to special research grants awarded under the authority of subsection (c) of the Competitive, Special, and Facilities Research Grant Act, as amended (7 U.S.C. 450i(c)), to facilitate or expand promising breakthroughs in areas of the food and agricultural sciences of importance to the United States. Subparts A and B, excepting this section, apply only to special research grants awarded under subsection (c)(1)(A) of the Act. Subpart C, Peer and Merit Review Arranged by Grantees, and Subpart D, Annual Reports, applies to all grants awarded under subsection (c) of the Act.

(b) Each year the Administrator of CSREES shall determine and announce through publication of a Notice in such publications as the **Federal Register**, professional trade journals, agency or program handbooks, the Catalog of Federal Domestic Assistance, or any other appropriate means, research program areas for which proposals will be solicited competitively, to the extent that funds are available.

(c) The regulations of this part do not apply to research, extension or education grants awarded by the Department of Agriculture under any other authority.

3. Revise § 3400.7(c) by inserting in lieu of the words ''five (5) years'' the words ''three (3) years'' so that the paragraph is revised to read as follows:

§ 3400.7 Use of funds; changes.

(c) *Changes in project period.* The project period determined pursuant to § 3400.5(b) may be extended by the Administrator without additional financial support for such additional period(s) as the Administrator determines may be necessary to complete, or fulfill the purposes of an approved project. Any extension, when combined with the originally approved or amended project period shall not exceed three (3) years (the limitation established by statute) and shall be further conditioned upon prior request by the grantee and approval in writing by the Department, unless prescribed otherwise in the terms and conditions of a grant award.

* * * * *

4. Subpart C of Part 3400 is added to read as follows:

Subpart C—Peer and Merit Review Arranged by Grantees

3400.20 Grantee review prior to award.
3400.21 Scientific peer review for research activities.
3400.22 Merit review for education and extension activities.

Subpart C—Peer and Merit Review Arranged by Grantees

§ 3400.20 Grantee review prior to award.

(a) *Review requirement.* Prior to the award of a standard or continuation grant by CSREES, any proposed project shall have undergone a review arranged by the grantee as specified in this subpart. For research projects, such review must be a scientific peer review conducted in accordance with § 3400.21. For education and extension projects, such review must be a merit review conducted in accordance with § 3400.22.

(b) *Credible and independent.* Review arranged by the grantee must provide for

a credible and independent assessment of the proposed project. A credible review is one that provides an appraisal of technical quality and relevance sufficient for an organizational representative to make an informed judgment as to whether the proposal is appropriate for submission for Federal support. To provide for an independent review, such review may include USDA employees, but should not be conducted solely by USDA employees.

(c) *Notice of completion and retention of records.* A notice of completion of review shall be conveyed in writing to CSREES either as part of the submitted proposal or prior to the issuance of an award, at the option of CSREES. The written notice constitutes certification by the applicant that a review in compliance with these regulations has occurred. Applicants are not required to submit results of the review to CSREES; however, proper documentation of the review process and results should be retained by the applicant.

(d) *Renewal and supplemental grants.* Review by the grantee is not automatically required for renewal or supplemental grants as defined in § 3400.6. A subsequent grant award will require a new review if, according to CSREES, either the funded project has changed significantly, other scientific discoveries have affected the project, or the need for the project has changed. Note that a new review is necessary when applying for another standard or continuation grant after expiration of the grant term.

§ 3400.21 Scientific peer review for research activities.

Scientific peer review is an evaluation of a proposed project for technical quality and relevance to regional or national goals performed by experts with the scientific knowledge and technical skills to conduct the proposed research work. Peer reviewers may be selected from an applicant organization or from outside the organization, but shall not include principal or co-principal investigators, collaborators or others involved in the preparation of the application under review.

§ 3400.22 Merit review for education and extension activities.

Merit review is an evaluation of a proposed project or elements of a proposed program whereby the technical quality and relevance to regional or national goals are assessed. The merit review shall be performed by peers and other individuals with expertise appropriate to evaluate the proposed project. Merit reviewers may not include principals, collaborators or others involved in the preparation of the application under review.

5. Subpart D of Part 3400 is added to read as follows:

Subpart D—Annual Reports

§ 3400.23 Annual reports.

(a) *Reporting requirement.* Annually, within 30 days of the anniversary date of each award, the recipient shall submit a report describing the results of the research, extension, or education activity and the merit of the results.

(b) *Report type and content.* Unless otherwise stipulated, grant recipients will have met the reporting requirement under this subpart by complying with the reporting requirements as set forth in the terms and conditions of the grant at the time of award.

Done at Washington, D.C., on this 19th day of March, 1999.

I. Miley Gonzalez,

Under Secretary, Research, Education and Economics.

[FR Doc. 99–7256 Filed 3–23–99; 8:45 am]

BILLING CODE 3410–22–P