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Cotton Board

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WILLIAM P. CRAWFORD
PRESIDENT

September 25, 1995

Mr. J. Nicholas Mahn
President and CEO
Cotton Incorporated
1370 Avenue of the Americas
New York, New York 10019

Dear Nick:

As you know, a number of growers from various states have expressed concern about overhead costs charged by institutions involved in the State Support Program. They strongly believe Cotton Incorporated should not have to pay such expenses.

In response to this concern, our Board passed a resolution at the annual meeting on September 9, reaffirming the policy of not paying for overhead charges to institutions which contract to deliver State Support projects. We hope the Board's action will resolve this issue in those states where it remains a concern.

Please call me if you have any questions.

Sincerely,

William P. Crawford

WPC/mg

enclosure

cc: P. Sasser ✓
W. Lalor ✓ dr
H. Malone 9/20/95
D. Byrd

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COTTON INCORPORATED**F A C S I M I L E T R A N S M I S S I O N**

TO: June Tirpak
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RE: Policy of Indirect Costs for State Support Funded Projects

COPY TO: Dave Byrd

Below is some background on the State Support Program and attached is a document regarding Cotton Incorporated's policy of not paying overhead charges/indirect costs on State Support funded projects.

Cotton Incorporated conducts a program of research and promotion with the objective of increasing the use of U.S. produced cotton. The program is supported by U.S. cotton producers and an important part of the program is agricultural research on cotton production. The program in agricultural research is guided, in part, by committees of cotton producers within each cotton producing state. We call these State Support Committees and the cotton growers on these committees decide what local research projects are to be funded. The research on the projects funded under this State Support Program is usually conducted at the local Land Grant University and/or State Experiment Stations.

Several years ago, growers from the cotton producing states agreed that they should be able to support cotton research at their local public institutions without paying overhead costs. The Cotton Board (the organization set up by the U.S. Congress to collect the funds from cotton growers) set a policy that overhead charges would not be paid on State Support Program projects. The rationale for this policy is that growers should be able to support research on local production problems at their local public institutions without paying overhead costs. Since then, that policy has applied to all Cotton Incorporated State Support Program projects across the Cotton Belt.

Hope this will help resolve the issue of indirect costs surrounding the State Support funded Projects.

Vicky