

Required Budgetary Details for CSREES Grants – for Budget Narratives

The following is from Adriene Woodin of the USDA CSREES Grants Management Office. It pertains to writing USDA CSREES budgets and budget narratives. This is generic information – where things differ for TSTAR or other Special Grants, I've so indicated.

Note that with the new SF 424 R&R forms, the budget forms are different and items are listed on the budgets in different orders. HOWEVER, the principles, exclusions and unallowable costs have NOT changed.

This information is to assist you in the preparation of your budget and budget narrative.

CSREES reviews proposed project costs to make certain those costs are reasonable to the project and allowable per the Office of Management and Budget (OMB) Circular A-110 – Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations (<http://www.whitehouse.gov/omb/circulars/a110/a110.html>); OMB Circular A-21 – Cost Principles for Educational Institutions (<http://www.whitehouse.gov/omb/circulars/a021/a021.html>); 7 CFR Part 3015 – USDA Federal Assistance Regulations (http://www.access.gpo.gov/nara/cfr/waisidx_03/7cfr3015_03.html); 7 CFR 3019 – Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Organizations (http://www.access.gpo.gov/nara/cfr/waisidx_03/7cfr3019_03.html), and other statutory regulations as applicable. Refer to the Program RFA for specific requirements and restrictions. Most RFAs are available on line.

To help in this review, as well as to expedite the award process, budgets need to include a narrative detailing various line items. The categories listed below are examples of some of the more common items found in project budgets. All items should be described in the narrative in sufficient detail that would enable CSREES to determine that the costs are reasonable and allowable for the project per the regulations.

1. Salaries – Show CSREES funded work months that will be charged to the project for which the salary is paid by USDA (e.g. 2 PD's listed on line A.1.a. on a 12 month project. One will spend 100% of time (12 months) and one will spend 50% time (6 months) total work months for A.1.a would be 18 months). Provide the funded work months for Project Director/Co-Project Director – Senior Associate, Research Associate/Post-Doc. And other professionals and the corresponding dollar amounts for the position for the time stated. For non-traditional recipients (i.e. for-profit and non-profit organizations) a justification of senior Personnel salaries based on the Department of Labor statistics should be included in the memo to the file.

NOTE for TSTAR proposals – summer salary for regular tenured or tenure track faculty is not permitted. The new SF 424 budget forms asks you to list

the PD, co-PD and other key persons on the proposal by name and list salary to be funded by the project. Include work months on the project. Do not list salaries for regular faculty members (tenured or tenure-track).

Profit and Non-Profit organizations salary rates of pay should not exceed an Executive Level IV salary range (currently at \$130,000 a year or \$498 per day). This rate does not include any fringe benefits, G&A, overhead or other expenses. Rates exceeding this amount must be documented.

Please note that only persons employed by the recipient organization should be listed in this category. Those employed elsewhere would be listed as subcontractors or consultants in the “All Other Direct Costs” (AODC) category.

Secretarial and Clerical Salaries – For these salaries to be allowable as a direct charge to the award, a justification of how that person will be directly involved in the project must be included in the narrative. General administrative or accounting duties are not considered acceptable. The duties must be directly related to the project plan.

2. Fringe benefits – Show the total allowable fringe benefits.

For TSTAR proposals, use 38% for regular salaried personnel (APTs, Jr. Researchers, Asst. Researchers); 17% for graduate students and 2.00% for pre-baccalaureate students).

3. Non-expendable equipment – This category includes items of equipment equal to or in excess of \$5,000 (or lower depending on the institutional policy) and having a useful life of more than one year. Details such as the type of equipment, cost, and a brief narrative on the intended use of the equipment for project objectives are required. Purchases of less than \$5,000 may be listed under Materials and Supplies or “AODC.” Please note that a computer system (keyboard, monitor and hard-drive) would be considered a unit and does not have to be listed separately. If the proposed equipment was previously purchased for the project, a brief narrative should be included to provide a rationale of why new equipment is needed.

Each item of equipment should be listed with the corresponding cost. General purpose equipment (office equipment, etc.) must be justified as to how it will be used on the project. Some items such as passenger carrying vehicles will require a lease vs. purchase cost analysis prior to approval. Rental of equipment should be listed under AODC.

List each equipment item separately on the SF 424 Budget form in the appropriate place.

Fabrication of equipment should be listed under AODC.

Software is not considered to be “Non-expendable Equipment and should not be listed here. It is more appropriately listed under “Materials and Supplies”.

4. Materials and Supplies – This could be anything from office supplies and software to educational or field or farm supplies. For those things that aren't typical materials and supplies, a brief narrative and justification of how the item fits the program should be included. Indicate the types of materials and supplies in general terms with estimated costs. Depending on the accounting practices of the organization, certain types of non-traditional materials and supplies might be listed here (postage, shipping, etc.).

Note: we've had considerable questioning by USDA grants management in the recent past – it is best to itemize as much as possible.

5. Travel – Provide information used in estimating the cost such as: the destination, if known, purpose, number of travelers, and estimated cost per trip (e.g. St. Louis, Missouri to attend a conference – 2 persons \$1,000 each). This includes all travel paid directly by the grantee organization.

The new SF 424 Budget form asks you to separate "Domestic Travel" from "Foreign Travel". Itemize as much as possible. Inter-island travel should be itemized.

Travel to a meeting to present research results is generally not permitted during the first year of a TSTAR grant. Exceptions will be considered on a case by case basis.

6. Publications/Page Charges – This line is associated with the publishing of an article in a scientific or technical journal or other types of field/program related publication or for commercial printing of brochures or program materials. Photocopying costs should be included under the "AODC" category.

7. Computer (ADPE) Costs – Represents the charges associated with the organization's shared computer system (i.e. line charges or computer processing usage costs). Charges for Internet access may be included in this category. Equipment purchases should be listed under "Non-expendable Equipment" or "Materials and Supplies" as appropriate.

8. Student Assistant/Support – Includes scholarships, stipend, tuition, etc. Costs should be itemized with a dollar amount provided for each item. The number of students to be supported should be indicated for each item. Obtaining the names of students is not necessary. The institution should submit an itemization of these costs.

Postdoctoral training stipends are not permitted under TSTAR Special Grants. "Post-doc's" can be hired as a junior researcher or assistant researcher. Salary AND fringe benefits must be included. Tuition remission is not permitted in special grants. This section of the SF 424 should be left blank.

Regarding the former budget category of All Other Direct Costs (AODC) on the old CSREES budget forms, this category is not identified on the new SF 424 R&R budget forms. Itemize

items that were originally listed under AODC; list them on the new budget forms as appropriate.

9. All Other Direct Costs (AODC) – Anticipated direct project charges not included in other budget categories should be included in this category. A description and cost must be included in the budget narrative for each item.

Items in AODC for Federal and Matching funds should be listed with the corresponding dollar amounts on Line J of the Budget or Attachment A. Examples of items are:

- a. **Communications** – Mailing, postage, express mail, faxes, and telephone long distance charges. Specific dollar amounts are not required.
- b. **Photocopying** – In-house photocopying of materials associated with the program. Photocopying should not be confused with “Publications/Page Charges” which are costs related to publishing in a journal or commercial printing of brochures and other materials. Specific dollar amounts may not be required.
- c. **Subcontracts** – When a portion of the work proposed will be performed by outside sources, a statement of work (proposal), budget and budget narrative from the proposed subcontractor should be submitted. The subcontract budget is acceptable in any format providing they are clear and easy to follow. The level of details required for the subcontract budget is the same as the recipient’s organization. All funds cannot be allocated to subcontracts as it is expected the awardees organization will have some involvement on the project.

For subcontract TSTAR budgets, use the SF 424 R&R budget forms for subcontracts. In a recent ruling, CSREES has ruled that, for Special Grants, the awardees organization must have a significant involvement in the project. To ensure this, at least 50% of budget expenditures must be done at the awardees institution.

Profit or non-profit subcontractor employee rates of pay should not exceed an Executive Level IF (currently \$130,000 per year or \$498.00 per day). This does not include fringe benefits, G&A or overhead or other expenses. Rates exceeding this amount must be documented.

- d. **Consultants** – A consultant is someone who renders expert advice in his/her field. The consultant should not be affiliated with the performing organization. Budget details should include the name of the consultant and his/her organization, a statement of work, and a breakdown of the amount being charged to the project (e.g. number of days of service, rate of pay, travel, per diem, etc.). A resume or vita for each consultant should be included.

Consultant rate of pay should not exceed an Executive Level IV (currently \$130,000 per year or \$498.00 per day). This does not include fringe benefits,

G&A, or overhead or other expenses. Rates exceeding this amount must be documented.

- e. **Service or Maintenance Contracts** – Costs should be in direct correlation to the use of the equipment for the project (i.e. if a particular copy machine is used 50% of the time for the project, the project should only be charged 50% of the service/maintenance costs). Provide details of the type of equipment and the amount of the service contract to be paid from Federal funds.
- f. **Conferences/Meetings** – Costs of holding a conference or meeting are included in this category. Some examples are the rental of facilities and equipment for the meeting, honorariums or fees for trainers or guest speakers and travel and per diem for participants and speakers. Details of costs for each conference or meeting should be broken out and provided in the budget narrative.

Meals may not be charged as project costs when individuals decide to go to breakfast, lunch or dinner together when no need exists for continuity of a meeting. Such activity is considered to be an entertainment cost. In contrast, it is CSREES policy that a formal group meeting being conducted in a business atmosphere may charge meals to a project if such activity maintains the continuity of the meeting and to do otherwise will impose arduous conditions on the meeting participants.

According to CSREES, costs for coffee breaks for meetings are allowable. Cost of lunches are allowable, if there is a reasonable expectation that work is to be continued during lunch AND to maintain the continuity of the meeting – for example, if the meeting is at a remote area and if participants leave for lunch and might not easily return to the meeting. Justify these expenses in writing.

- g. **Speaker / Trainer Fees** – Information on speakers should include the fee and a description of the services they are providing.
- h. **Honorariums** – Honorariums to person providing a service are allowable. Provide information regarding the honorarium amount (rate of pay) and a brief statement regarding what the person is doing to earn the honorarium.
- i. **Office Rental** – when an office is located off-campus in space not owned by the recipient organization, the cost of the rent may be charged against the award. The budget narrative should provide details on the monthly rental charge and if the rent is pro-rated to the project.
- j. **Land-Use Charges** – When there is a charge for using land owned by the Cooperative Extension Service, the Experiment Station or others for research or demonstration purposes provide the charge per acre (or other rate charged), number of acres, and total cost.

- k. **Fabrication of Equipment** – When the project calls for an item of equipment to be developed vs. purchasing the item, the budget narrative should include a description of the item and its purpose as well as a total cost of the item.
- l. **Other/Miscellaneous** – These costs must always be identified in order to be allowed.

10. Indirect Costs – If indirect costs are allowable to the program, the maximum rate allowed should be verified against the approved negotiated rate. If grantee’s approved negotiated rate results in a lesser dollar amount then that rate should be used. If the grantee’s organization doesn’t have an approved negotiated rate, a billing rate may be established for that project.

If the grantee’s approved negotiated rate results in a lesser dollar amount than the maximum rate allowed, the following should be added to the bottom of the budget:

”The organization’s approved negotiated rate results in the lesser indirect cost dollars for this project (as detailed in the “Unallowable Costs” Article of the General Terms and Conditions of this award” and is therefore the rate that must be used when charging indirect costs under this award.” If a billing rate is used included a statement on the budget such as: “A billing rate for 39% of Total Direct Costs (whatever you used to determine that rate) is acceptable for this grant only.)

It is not necessary to restate the grantee’s approved rate or the maximum rate allowed on the budget line. However, if no indirect costs are allowed, insert “None allowed” when applicable.

Indirect Costs are NOT permitted in any Special Grants – either for the grant recipient or any subcontractor.

11. Cost Sharing / Matching – The same level of details should be provided for required cost sharing/matching as Federal funds. Matching which is NOT required should NOT be included on the budget. Third party matching should be shown in the Non-Federal matching column under AODC. On line Q of the budget form, indicate the total amount (both cash and non-cash) of non-federal cost sharing or matching support that will be available to the proposed project.

Generally, any matching from the recipient is considered to be cash.

Any Cost Sharing commitments by a 3rd party organization must include a letter signed by the organization’s OR and counter-signed by the recipient organization’s AOR* in order for it to be accepted as a required match. This letter should also state whether the matching is cash or in-kind. If the letter is submitted with the proposal, counter signature

* AOR – Authorized Organization Representative – at UH the official AOR is Kevin Hanaoka from Office of Research Services, although Paul Kakugawa from ORS has signed as AOR. It is not your Department Chair.

by recipient AOR will not be required.

In-kind (non-cash) contributions usually consist of property or services (i.e. donations of equipment, use of facilities, etc.).

Cash Matching – cash received from a 3rd party or cost outlays from the grantee organization (for salaries & wages, materials & supplies, etc.) Reference 7 CFR 3019.2 (Definitions) and OMB Circular A-110.

Third Party Matching – any contribution to the project by an organization other than the recipient.

The discussion from the Grants Management folks at USDA is that if matching funds are NOT required – do not include them in the budget. It often raises more questions, especially if the proposal is audited. It also triggers the need for verification of matching funds by the AOR.

UNALLOWABLE COSTS

- 1. General Purpose Equipment** – General purpose equipment is that which does not have a particular scientific, technical or programmatic purpose. It includes passenger carrying vehicles, typewriters, furniture (tables, chairs, file cabinets, book cases, etc), copy machines and fax machines, etc.
- 2. Entertainment** – Banquets, awards ceremonies, and meals for persons not in a travel status, tickets to shows or sporting events, and alcoholic beverages are never permitted.
- 3. Awards & Certificates of Achievement** – Federal funds for awards and certificates of achievement for program participants and/or employees are prohibited by the OMB regulations.
- 4. Incentives** – Federal funds may not be used to offer targeted program participants incentives (fast-food coupons, gift certificates, etc.) to entice participation. This is prohibited under OMB Circulars.
- 5. Capital Improvements** – The use of federal funds for renovations or improvements to buildings, land, or equipment is prohibited under OMB Circulars.
- 6. Tuition Remission** – Is prohibited under Section 1473 of the National Agricultural Research, Extension and Teaching Policy Act of 1977, as amended (7 U.S.C. 3319) for Special Line Item Grants Only.
- 7. Indirect Costs** – Are prohibited by Section 1473 of the National Agricultural Research, Extension and Teaching Policy Act of 1977, as amended (7 U.S.C. 3319) for Special Line Item Grants Only.
- 8. Miscellaneous** – Any expense that is not directly related to the program or project would be considered unallowable. Costs such as child care services so a person can attend a meeting or kitchen help hired to prepare refreshments for a field day are unallowable because these services are not directly related to the project plan. Promotional or thank-you gifts such as T-shirts, coffee mugs, or canvas carry-all bags are not permitted to be purchased with Federal Funds.