

National Institute of Food and Agriculture (NIFA)
Office of Grants and Financial Management
Awards Management Division
Updated April 15, 2014

AS AMENDED BY WESTERN SARE ADMINISTRATIVE COUNCIL

REQUIRED BUDGETARY DETAILS

NIFA reviews proposed project costs to make certain those costs are reasonable to the project and allowable per 2 CFR, Part 215 (OMB Circular A-110)-- Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations; 2 CFR, Part 220 (OMB Circular A-21) -- Cost Principles for Educational Institutions; 2 CFR, Part 230 (OMB Circular A-122) -- Cost Principles for Non-Profit Organizations; 7 CFR 3430 – Competitive and Non-Competitive Non-Formula Grant Programs – General Grant Administrative Provisions; 7 CFR Part 3015 -- USDA Federal Assistance Regulations; 7 CFR 3019 -- Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Organizations, and other statutory regulations as applicable.

To help in this review, as well as to expedite the award process, budgets need to include a narrative detailing the 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 NIFA to determine that the costs are reasonable and allowable for the project per the regulations.

Budget Sections A and B:

Salaries – Show NIFA Funded work months that will be charged to the project for which salary is paid by USDA (e.g., Two PD's on a 12 month project. One will spend 100% of time (12 months) and one will spend 50% time (6 Months); total work months would be 18 months). List the funded months in either Academic and Summer or Calendar months depending on the academic appointment of the person. Non-academic institutions would report salary months under the Calendar category. The amount of salary requested should not exceed the amount of time committed on the Current and Pending Support form.

Profit and Non-Profit organizations salary rates of pay should not exceed an Executive Level IV salary range (this rate is currently at \$155,500 a year or \$600 a day). This rate does not include any fringe benefits, G&A, overhead, or other expenses. Provide a justification for the higher rate if any salary rates exceed this amount. Information on future Executive Level IV salary rates may be found at the Office of Personnel Management website: <http://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/2012/executive-senior-level/>.

All organizations should charge salary rates at their normal rates of pay for that employee or position.

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 "Other Direct Costs" (ODC) category.

Secretarial, Clerical or Administrative 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 duties such as answering telephones, filing, typing, or accounting duties are not considered acceptable. The duties must be directly related to the project plan. Examples of circumstances where direct charging of administrative or clerical salaries may be found in 2 CFR Part 220 (OMB Circular A 21).

Provide a brief descriptive narrative of the duties assigned to each position where salary funds are requested.

Fringe Benefits - Show the total of allowable fringe benefits. Provide the rate(s) being used in the budget narrative.

Budget Section C:

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 "Other Direct Costs (ODC)" 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 same type of 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.) is normally considered to be an unallowable cost. In order for it to be approved, a justification as to how it will be used on the project must be provided. Some items with a high dollar cost (tractors or other farm equipment) will require a lease vs. purchase cost analysis prior to approval. Rental of equipment should be listed under ODC in Budget Section F. Some Programs have limitations on the amount or type(s) of equipment to be purchased for the project. Therefore, please refer to the Program's Request for Application for any limitations.

Items of equipment requested for purchase using Federal or Matching funds should be listed with the dollar amount of the item in Section C. Equipment Description with the corresponding justification on an attachment to the Budget.

Fabrication of equipment should be listed under Other Direct Costs.

Software is not considered to be Equipment and should not be listed here. It is more appropriately listed under Materials and Supplies.

Budget Section D:

Travel – For Foreign and Domestic 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 ea.). This includes all travel paid directly by the grantee organization.

Local Travel – (where personal vehicle is used and reimbursed) details required would be the purpose and total dollar amount of reimbursement for vehicle use. If any overnight stays are anticipated, include the number of nights and the amount for meals and lodging (i.e., local travel for site visits to farmers in neighboring counties - \$500 for mileage and \$500 for meals and lodging (5 days @ \$100/day) = \$1,000.

Budget Section E: (NOT CURRENTLY ALLOWABLE UNDER THE SARE PROGRAM)

Participant/Trainee Support Costs- Includes scholarships, stipends, tuition, travel and subsistence. 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

unless required per the Program. The institution should submit an itemization of these costs. Stipends should include a description of services provided, time involvement, and cost.

Budget Section F:

Other Direct Costs (ODC) are those anticipated direct project charges not included in other budget categories. A description and cost must be included in the budget narrative for each item. Items in ODC for Federal & Matching funds should be listed with the corresponding dollar amounts with an explanation of the costs provided in the Budget Narrative. Examples of items are:

1. Materials and Supplies - This includes things such as seeds, garden tools, software, educational or field supplies, and laboratory supplies such as chemicals, reagents, and glassware. For those things that are not typical materials & supplies, a brief narrative or 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.). Otherwise, these costs would be considered indirect and should be included in the organization's indirect cost pool.

2. Publication Costs - This line is associated with the publishing of an article in a scientific or technical journal or other type of field/program related publication or for commercial printing of brochures and program materials. Photocopying costs should be included under the "other" category.

3. Reasonable Consultant Fees - A consultant is someone who renders expert advice in his/her field. The consultant should not be affiliated with the performing organization. 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. A letter of collaboration or intent signed by the consultant or the Authorizing Representative of the consultant organization should also be included.

Consultant rate of pay should not exceed an Executive Level IV (currently \$155,500 per year or \$600.00 per day based on an 8 hour day). This does not include fringe benefits, G&A or overhead or other expenses. Rates exceeding this amount must be documented and justified as to why the person or persons command a higher salary rate. All organizations should charge salary rates at their normal rates of pay for that employee or position.

Information on future Executive Level IV salary rates may be found at the Office of Personnel Management website <http://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/2012/executive-senior-level/>

Consultants may be entitled to indirect costs if the program allows the charging of indirect costs. The same indirect cost caps that apply to the program would apply to the consultant. In order to be eligible to claim indirect costs, the consultant must have an approved Federally negotiated indirect cost rate agreement in place at the time of award. NIFA will not negotiate indirect cost rate agreements with consultants.

Please note that any limitation or prohibition of indirect costs on the Program also applies to the consultants.

The length of time for the consultant agreement may not exceed the period of performance of the grant award.

4. Computer (ADP) Services - 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 "Equipment Costs" or "Materials and Supplies" as appropriate.

5. Sub-awards/Consortium/Contractual Costs - 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 proposal should include a letter of collaboration or intent signed by the subcontractor's Authorizing Representative. 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. All organizations should charge salary rates at their normal rates of pay for that employee or position.

Profit or non-profit Sub-awardees employee rates of pay should not exceed an Executive Level IV (currently \$155,500 per year or \$600.00 per day). This does not include fringe benefits, G&A or overhead or other expenses. Rates exceeding this amount must be documented and justified as to why the person or persons command a higher salary rate.

Information on future Executive Level IV salary rates may be found at the Office of Personnel Management website web-site <http://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/2012/executive-senior-level/>

Sub-awardees may be entitled to indirect costs if the program allows the charging of indirect costs. The same indirect cost caps that apply to the program would apply to the sub-awardee. In order to be eligible to claim indirect costs, the sub-awardee must have an approved Federally negotiated indirect cost rate agreement in place at the time of award. NIFA will not negotiate indirect cost rate agreements with sub-awardees.

Please note that any limitation or prohibition of indirect costs on the Program also applies to the sub- awards.

The period of performance for the sub-award agreement may not exceed the period of performance of the grant award.

6. Equipment/Facility Rentals/User Fees -

a. Equipment Rental – When there is a need to rent equipment for use on the project, provide information on the type of equipment to be rented, the purpose or use on the project, the length of time needed, and the rental rate.

b. Facility - When it is necessary to rent office or other facilities for project implementation, and the space(s) are located off-site from the organization’s main facility in space not owned by the recipient organization, the cost of the rent may be charged against the award if the space is used specifically for the project. The budget narrative should provide details on the normal monthly rental charge and how the rent is pro-rated to the project. For laboratory facilities, please provide a letter signed by an Authorizing Representative of the rented space attesting their agreement to allow the project to operate in the space.

c. Land-Use Charges - When there is a charge for using land for project purposes, provide ownership information, the charge per acre (or other rate charged), number of acres, and total cost.

d. User Fees – When there are usage fees, provide information on the type of service being charged, how it relates to the project, an explanation and break-down of the costs.

7. Alterations/Renovations - When space must be altered or renovated to accommodate the program, provide explicit details of the renovation and a justification of why this is necessary to the project. Provide details of the cost involved.

Please note, most NIFA Programs do not allow Alterations/Renovations as a direct cost to the award.

8. Other – For other costs not specifically listed above. Identify and provide details of the costs involved. Some of the more common items included in this category are:

a. Communications - Mailings, 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. Service or Maintenance Contracts - Costs should be in direct correlation to the use of the equipment for the project (i.e., if a particular machine is used 50% of the time for the project, the project should only be charged 50% of the service/maintenance costs). The length of time for the contract should not exceed the period of performance of the grant. Provide details of the type of equipment and the amount of the service contract to be paid from Federal funds.

d. 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 NIFA policy that a formal group meeting being conducted in a business atmosphere may charge meals to the project if such activity maintains the continuity of the meeting and to do otherwise will impose arduous conditions on the meeting participants. Breakfast meals are generally not allowable because no continuity of the meeting exists and attendees should have ample time before the meeting to have breakfast on their own.

e. Speaker/Trainer Fees - Information on speakers should include the fee and a description of the services they are providing.

f. Honorariums -- Honorariums to persons 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.

g. Incentives – Incentives in the form of cash, gift cards, etc. given to entice participation or reward participants are unallowable. Payment for participation on the project should be classified as stipends, honorariums, or salary and listed on the appropriate budget line and are allowable.

h. 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.

i. Miscellaneous – all costs must be identified and described to be allowable. Provide details of the cost, a dollar amount and a justification on how the item(s) will be used on the project.

Budget Section H: The Western SARE Host Institution anticipates that USDA-NIFA-SARE will give permission for Western SARE to allow up to 10% indirect costs as part of the overall budget of Research and Education projects which are contracted with qualified institutions (including NGO groups) starting with the 2011 R&E subcontracts. “Qualified institutions” refers to Government or non-government institutions which have an established negotiated indirect cost rate agreement with the Federal government . The determination of “qualified institutions” resides solely with the Sponsored Programs Office at the Western SARE Host Institution. If indirect costs are to be included in the budget submitted as part of the proposal for this announcement, please include a copy of your most recent Indirect Cost Agreement.

Western SARE Farmer/Rancher grants are not eligible for allocation of indirect costs due to the fact that they are not “cost -reimbursable” subcontracts. An exception is when they are managed by another institution such as the College of Micronesia or the University of Guam in a cost- reimbursable format.

Indirect Cost – If indirect costs are allowable under the program, state the rate and base used (what the rate has been charged against or what has been excluded from indirect costs). Note: we will calculate your approved negotiated rate against the maximum rate permitted by the program (if different) and will use the rate which results in a lesser dollar amount being charged to the award. You may be asked to provide your Negotiated Rate Agreement or, if none exists, you will be required to provide organizational and financial information and NIFA will negotiate a rate with you. For additional information, see NIFA Process for Establishment of Indirect Cost Rates at http://nifa.usda.gov/business/indirect_cost_process.html.

Please note NIFA will not negotiate rates for consultants and/or sub-awardees organizations.

Budget Section J:

Fee – (NOT CURRENTLY ALLOWABLE UNDER THE SARE PROGRAM)

If a profit-fee is permitted under the Program, include the percentage being charged and the base it is being charged against.

Other Items of Note:

Cost Sharing/Matching – (NOT CURRENTLY ALLOWABLE UNDER THE SARE PROGRAM)

The same level of details required to be provided for Federal funds should be provided for any required cost-sharing/matching. Matching which is not required should not be included on the budget.

Generally, any matching from the recipient is considered to be cash. In-kind (non-cash) contributions usually consist of property or services (i.e., Donations of equipment, use of facilities, etc).

Third Party Matching is any contribution to the project by an organization other than the recipient. Third party matching should be explained in the ODC Section of the Budget Narrative. Any Cost Sharing commitments by a third party organization must include a letter signed by the contributing organization's Authorizing Representative (AR) and counter-signed by the recipient organization's AR 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 letter is submitted with the proposal, counter signature by recipient AR will not be required. Please refer to the Request for Application for matching requirements and specific details of documentation needed to verify matching costs.

UNALLOWABLE COSTS

The following is a list of selected items of costs which are usually unallowable. This list is not all inclusive. For more information on whether costs are allowable, please refer to Section J. General Provisions for Selected Items of Cost in 2 CFR, Part 220 (OMB Circular A-21). This document may be accessed at <http://www.nifa.usda.gov/business/awards/ombcirculars.html>.

- Meals during meetings and conferences without justification explaining why the meal has to be provided
- Breakfast before a meeting starts
- Alcoholic beverages
- Entertainment costs
- Promotional give away items such as tote bags, coffee mugs, t-shirts, etc.
- Incentives such as gift cards, cash, etc. given to entice participation in meetings, surveys, and other events.
- Rent for grantee owned facilities – these costs should be included in the indirect cost pool and may not be charged directly to an award
- Award ceremonies
- Receptions
- Proposal writing costs – these costs should be included in the indirect cost pool and may not be charged directly to an award.
- Contingency Costs – funds set aside as a reserve for events which cannot be foretold with certainty as to their happening.
- 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.

- Capital Improvements – the use of federal funds for renovations or improvements to buildings, land, or equipment is prohibited under the OMB circulars.
- Tuition Remission – Is prohibited by Section 1473 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as amended (7 U.S.C. 3319).
- Indirect Costs (overhead) – Are prohibited in all “PDP” grants and in Farmer/Rancher grants by Section 1473 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as amended (7 U.S.C. 3319).
 - o It has been determined, by USDA-NIFA-OEP that (for FY-2011) SARE “R&E” grants (except Farmer/Rancher grants) are NOT prohibited from allocating indirect costs in their budgets. Hence, the Western SARE Host Institution anticipates that USDA-NIFA-SARE will give permission for Western SARE to allow up to 10% indirect costs as part of the overall budget of most Research and Education projects which are contracted with qualified institutions (including NGO groups) for the 2011 R&E subcontracts. “Qualified institutions” refers to government or non - government institutions which have an established negotiated indirect cost rate agreement with the Federal government. The determination of “Qualified institutions” resides solely with the Sponsored Programs Office at the Western SARE Host Institution. If indirect costs are to be included in the budget submitted as part of the proposal for this announcement, please include a copy of your most recent Indirect Cost Agreement.
 - o Western SARE Farmer/Rancher grants are not eligible for allocation of indirect cost due to the fact that they are not “cost -reimbursable” sub contract . An exception is when they are managed by another institution such as the College of Micronesia or the University of Guam in a cost-reimbursable format. In addition, indirect costs will not be allowed on any Western SARE “P DP ” subcontracts. This is due to Congressionally-mandated limitations in Extension “3 -D” appropriations that fund the SARE-PDP program.

Miscellaneous – Any expense that is not directly related to the program or project would be considered unallowable. Costs such as child-care services hired 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.

Unreasonable Consultant Fees – Consultant fees need to be reasonable and prudent. If the hourly fees are higher than prevailing rates; or, the ratio of fees paid to consultant to the total project funds is too high— questions will be raised as to the validity of this service.

APPLICABLE REGULATIONS

Federal statutes and regulations which apply to project grants awarded under this program include but are not limited to:

2 CFR, Part 215 (OMB Circular A-110) - Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations.

2 CFR, Part 230 (OMB Circular A-122) - Cost Principles for Non-Profit Organizations.

OMB Circular A-133 - Audits of States, Local Governments, and Non-Profit Organizations.

2 CFR, Part 220 (OMB Circular A-21) - Cost Principles for Educational Institutions.

7 CFR 3430 – Competitive and Non-Competitive Non-Formula Grant Programs – General Grant Administrative Provisions.

7 CFR 3015 - USDA Uniform Federal Assistance Regulations.

7 CFR 3019 - USDA Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations.

Copies of the OMB Circulars and USDA Federal Assistance Regulations and applicable to this program may be found at the following web-site:

<http://www.NIFA.usda.gov/business/awards/fedregulations.html>

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