

USDA Budget Guidelines

**United States Department of Agriculture
Cooperative State Research Education and Extension Service
Office of Extramural Programs
Agreements and Special Projects Branch**

REQUIRED BUDGETARY DETAILS

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; OMB Circular A-21 -- Cost Principles for Educational Institutions; OMB Circular A-122 -- Cost Principles for Non-Profit Organizations; 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 CSREES to determine the costs are reasonable and allowable for the project per the regulations. Budgets for programs requiring cost-sharing or matching should provide the same level of details for the matching portion as required for the Federal portion:

1. **Salaries** - Provide the funded work months for each primary participant (individuals whose salaries are shown on Budget Lines A.1.a. or b. and A.2.a. or b.) and the corresponding dollar amount for the time stated. 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" category.

Secretarial and Clerical Salaries - per the OMB Circulars, in order 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** - Provide the rate of fringe benefits for each salary category.

3. **Non-Expendable Equipment** - This category includes items of equipment in excess of \$5,000 (or lower depending on your 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 is required. Purchases of less than \$5,000 may be listed under "All Other Direct Costs". Please note that a computer system (keyboard, monitor and hard-drive) would be considered a unit and does not have to be listed separately. Also, before we provide approval for equipment purchases, we will take into consideration what was purchased

in the previous year(s) to be certain duplication of purchases does not occur. If, for example, you are budgeting to purchase a computer for a second time during the life of the award, it would help to expedite the process if you included a rationale of why you need another of the same item.

Software is not considered to be “non-expendable equipment” and 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 supplies. For non-typical materials & supplies items, include a brief narrative of how this fits the program. The level of detail required would be an itemized list by category and estimated dollar amount. (Office supplies such as pens, paper, toner, etc. - \$500; Gardening supplies such as soil & fertilizer - \$500.)

Items such as telephone, postage, fax and express mail are more appropriately listed in the “All Other Direct Costs” category.

5. **Travel** - Required details for travel are the destination, if known, purpose, number of travelers, and estimated cost per trip (i.e., St. Louis, Mo. to attend the National Conference; 2 persons - \$1,000 ea).

Local travel (where personal auto 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 neighboring counties - \$500 for mileage and \$500 for meals and lodging (5 days @ \$100/day) = \$1,000.

6. **Publications/Page Charges** - 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. In-house photocopying is more appropriately listed under All Other Direct Costs.

7. **Computer (ADPE) Costs** - Represents the charges associated with your organization's shared computer system (i.e., line charges or CPU costs). Charges for Internet access may be included in this category. Equipment purchases should not be listed here.

8. **Student Assistance/Support**: Includes scholarships, stipends, 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. Please note, however, this item is considered an unallowable cost for programs funded under the Smith-Lever Act (Youth at Risk, AgrAbility, Integrated Pest Management).

9. **All Other Direct Costs** - 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. Examples of items are:

a. **Communications** - Mailings, postage, express mail, faxes, and telephone long distance charges. Provide the estimated cost for this category.

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.

c. **Subcontracts** - When a portion of the work proposed will be performed by outside sources, a statement of work (proposal) and cost details from the proposed subcontractor should be submitted. The level of details required for the subcontract budget is the same as the recipient’s organization.

All funds may not be allocated to the subcontractor as it is expected the awardee organization will have some involvement in the project.

Rates of pay for subcontractor employees in organizations other than institutions of higher education may not exceed \$130,000/yr or \$500/day. Rates exceeding this amount must be justified. This rate does not include fringe benefits or other expenses (travel, materials, etc.)

To avoid problems and questions during the review phase, please provide us with the full proposal as submitted by the organization.

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.

Rates of pay for consultants may not exceed \$130,000/yr or \$500/day. Rates exceeding this amount must be justified. This rate does not include fringe benefits or other expenses (travel, materials, etc.)

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 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 the project if such activity maintains the continuity of the meeting and to do otherwise will impose arduous conditions on the meeting participants.

When including the cost of a meal in the conference budget, provide a justification why it is necessary. Some examples of acceptable reasons are that the conference facility is located in a remote area where public facilities are not accessible; there will be a speaker and business discussions during the meal; there is insufficient time available to allow participants to go out on their own. If one or more of these justifications cannot be met, or if there are no other acceptable and compelling reasons, then the meals should not be charged to the award. The attendees should be responsible for providing their own meals.

Breakfasts for conference attendees are usually considered unallowable as it is expected these individuals will have sufficient time to obtain this meal on their own before the conference begins in the morning.

This does not pertain to persons in a travel status. When paying for the travel of a person to attend a conference, meals and lodging may be included in the cost without additional justification.

g. Speaker/Trainer Fees - Provide the amount of the speaker's fee and a description of the services they are providing.

h. Honorariums - Honorariums to persons providing or performing a service are allowable. Provide information regarding the honorarium amount (rate of pay) and a brief statement to 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's 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 either 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 Cost** - Check the Program's Request for Application to determine if indirect costs are allowed. Programs funded under the Smith-Lever Act (Youth at Risk, AgrAbility, Special Needs, etc.) do not allow the charging of indirect costs.

APPLICABLE REGULATIONS

OMB Circular A-110 - Administrative Requirements for Grants & Agreements with Institutions of Higher Educations, Hospitals, and Other Non-Profit Organizations.

OMB Circular A-133 - Audits of Institutions of Higher Learning and Other Non-Profit Institutions.

OMB Circular A-21 - Cost Principles for Educational Institutions.

OMB Circular A-122 - Cost Principles for Non-Profit Organizations.

**Copies of the OMB Circulars may be found on the OMB web-site at:
<http://www.whitehouse.gov/OMB/circulars/>**

7 CFR 3015 - USDA 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 USDA Federal Assistance Regulation 7 CFR 3015 and 7 CFR 3019 may be found on CSREES-USDA's web-site at <http://www.reeusda.gov/crgam/oep/cfr.htm>

Copies of the General Terms and Conditions - A applicable to these awards may also be found on CSREES-USDA's web-site at <http://www.reeusda.gov/crgam/oep/awardterms.htm>

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. OMB Regulations prohibit the purchase of these items.
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. Again, the OMB regulations prohibit these expenses.
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. **Capital Improvements** - The use of federal funds for renovations or improvements to buildings, land, or equipment is prohibited under the OMB Circulars.
5. **Tuition Remission** - Is prohibited by Section 1473 of 7 U.S.C. 3319.

6. **Indirect Costs (Overhead)** - Is prohibited by Section 1473 of 7 U.S.C. 3319.
7. **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.