

USDA Budget Guidance

USDA 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.

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 USDA to determine that the costs are reasonable and allowable for the project per the regulations.

The USDA/NIFA Grants.gov application guide can be found at:

http://www.csrees.usda.gov/funding/grant_forms/nifa_grants_dot_gov_instructions_3_22_10.pdf

Salaries –

The budget detail should include the name, title for each person listed in the budget, and how the requested salary was determined: EXAMPLE (monthly salary rate x # of months). If the project is multi-year, indicate the annual increase (e.g. 3%). Provide a description of what each position will be doing within the grant proposal.

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. All salaries requested must be consistent with the regular practices of the institution.

Show funded work months that will be charged to the project for which salary is being requested to be paid by USDA (e.g., Two post doc. Associates 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).

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 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 duties such as answering telephones, filing, typing, or accounting duties are not considered acceptable. The duties must be directly related to the project plan. Refer to OMB Circular A-21, Exhibit C (Major projects).

Fringe Benefits - Show the total of allowable fringe benefits. Indicate if there is an annual increase.

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

Each item of equipment should be listed with the corresponding cost. General purpose equipment must be justified as to how it will be used on the project.

Please note that general purpose equipment, such as a personal computer, is not eligible for support unless primarily or exclusively used in the actual conduct of scientific research.

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

Some items such as vehicles will require a lease vs. purchase cost analysis prior to approval.

Rental of equipment should be listed under “Other Direct Costs”. 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. Provide a description of the equipment and a quote for costs with the corresponding justification on an attachment to the Budget.

Fabrication of equipment should be listed under “Other Direct Costs or Materials and Supplies”. (e.g. A researcher wishes to build a specific piece of equipment.)

Travel

Foreign travel – Foreign travel includes any travel outside of North America and/or U.S. Possessions. In the budget justification section, include purpose, destination, and dates of travel (if known) and number of individuals for each trip. If the dates of travel are not known, specify estimated length of trip (e.g. 3 days).

Domestic travel- Domestic travel includes Canada, Mexico, and U.S. Possessions. 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 the NCURA Region IV Spring Meeting, 2 persons - \$1,000 ea.). <http://www.gsa.gov/portal/category/21287>

Travel and subsistence should be in accordance with organizational policy. Allowances for air travel should not normally exceed round trip economy air accommodations.

Participant/Trainee Support Costs-

Typically used on federal awards for the costs of the travel, meals, and lodging of project participants; i.e., the trainees at a science education conference or a stipend for participants who complete project survey. Facilities and administration costs are not charged on participant support costs on federal awards.

When Participant support costs are proposed in a budget, a detailed justification should describe the purpose for the costs and the way in which they will directly benefit the proposed project’s scope of work. If participant support costs at conferences/meetings are requested, the budget justification should indicate the purpose, date, and place of conference/meeting; number of

participants; cost for each; speaker fees (include number of persons, number of days, and cost per person); cost of facilities rental, and other related expenses.

Cost 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.

Program Participants are individuals who are the recipients of service or training provided at a workshop, conference, seminar, symposia or other short-term instructional or information sharing activity funded by an external grant or award. Participants perform no work or services for the project or program other than for their own benefit. A participant is not involved in providing any deliverable to the university or subawardee, or would not be terminated or replaced for failure to perform. University employees may not be participants. A person classified as an intern or GRA would be paid as an employee and not as a program participant, because the intern, while receiving certain training, is also providing services to OSU, the grant sponsor, or a third party. **Trainee costs** are the costs associated with educational projects that support trainees (pre-college, college, graduate and post graduate).

Participants may include students, national scholars and scientists, private sector representatives, agency personnel, teachers and others who attend and participate in a formal meeting, conference, symposia, or training project.

These costs include stipends or subsistence allowances, travel allowances and registration fees paid to or on behalf of participants or trainees. Costs that cannot be specifically identified to a participant are not allowed as a participant support cost. Participant support allowances may not be paid to trainees who are receiving compensation, either directly or indirectly, from other Federal government sources while participating in the project

Other Direct Costs are those anticipated direct project charges not included in any of the previously mentioned budget categories. A description and cost must be included in the budget narrative for each item.

Items in "Other Direct Cost" 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:

Materials and Supplies - This includes categories such as office supplies, software, educational or field supplies, and laboratory supplies such as chemicals, reagents, and glassware. For those items that aren't 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.).

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.

The proposal budget may request funds for the costs of documenting, preparing, publishing or otherwise making available to others the findings and products of the work conducted under the award. Costs of preparing and publishing the results of a project conducted under the award, including costs of reports, reprints, page charges or other journal costs, and necessary illustrations, may be included.

Consultants - A consultant is someone who renders expert advice in his/her field. The consultant should not be affiliated with the performing organization. The budget narrative 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 costs, per diem, and total estimated costs.). 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 \$153,200 per year or \$590.00 per day based on an 8 hour day). Information on Executive Level IV salary rates may be found at the Office of Personnel Management website <http://opm.gov> and click on "Salaries and Wages."

Applicants normally are expected to utilize the services of their own staff to the maximum extent possible in managing and performing the activities supported by awards.

Computer (ADP) Services - Research specific computer services, such as reserving computing time on supercomputers or requesting specialized software to help run your statistics. This section should not include the standard desktop office computer, laptop, or the standard tech support provided by your institution. Those types of charges generally included in the F&A costs. In the budget justification, include the established computer service rates at the proposing organization, if applicable.

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 included. 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 awardee organization will have some involvement on the project.

Profit or non-profit subcontractor employee rates of pay should not exceed an Executive Level IV (currently \$153,200 per year or \$590.00 per day). Information on Executive Level IV salary rates may be found at the Office of Personnel Management website <http://opm.gov> and click on "Salaries and Wages."

Equipment/Facility Rentals/User Fees –

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.

Facility Rental- When it is necessary to rent office or other facilities' space(s) for project implementation, and the space(s) are located off-site from the organization's main facility and the space is 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.

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

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.

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. In the budget justification, itemize by category and justify the costs of alterations and renovations including repairs, painting, removal or installation of partitions, shielding, or air conditioning. Where applicable, provide the square footage and costs. Provide details of the cost involved. Most USDA Programs do not allow Alterations/Renovations as a direct cost to the award.

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:

Communications - Includes telephone communication, postage, FedEx, advertising and associated costs that are non-routine and pose an extraordinary need (i.e., a phone bank for a project that includes a survey administered via the telephone).

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). Provide details of the type of equipment and the amount of the service contract to be paid from Federal funds.

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 continuing the meeting. Such activity is considered to be an entertainment cost. In contrast, it is USDA 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. Alcohol is never permitted.

Tuition/Fees – Tuition and fees are normally considered an “Other Direct Cost”. Identify the number of students, number of quarters/semesters, the annual rate of tuition, and the annual rate of increase (e.g. 6%).

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

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.

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. This could also go under Materials and Supplies.

Indirect Cost – If indirect costs are allowable under the program, state the rate used and what the rate has been charged against or what has been excluded from indirect costs. Note: USDA 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, documentation showing how you arrived at the rate being charged.

Many NIFA programs have statutory limits on the amount limits of F/A rate cost recovery. This limitation flows down to subcontracts.

Fee – Generally, a fee is not allowed on a grant or cooperative agreement. Do not include a fee in your budget unless the program announcement specifically allows the inclusion of a "fee" (e.g., SBIR/STTR). 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 – The same level of detail 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.

Example of a BAD Budget Justification

The PD and Co-PD are requesting summer salary. Two graduate students will be recruited for this project. Funds for the 2 PhD students including stipend, benefits and tuition are budgeted. Also undergraduate student will be trained and will be utilized in parts of the project. Funds are requested to support 4 undergraduate students.

Materials and supplies include expenditures for Microsatellite Development and Analysis, supplies and video equipment.

Travel funds are requested to defray the cost of presenting our results at one national or international meeting each year. The travel will be used to support the travel of either the PD or Co-PD or the graduate students.

Tuition and fees are standard fees set by the Ohio State University. Because only a partial indirect rate is applied to the direct costs, the university requires that the sponsor pay for the graduate tuition.

Other costs are at OSU for sample populations and extension components.

Example of A GOOD Budget Justification

The Ohio State University
Dr. Mary M. Smith, Project Director

Title: Buckeye Blitz
Program: AFRI (A1111) Pest and Beneficial Insects in Plant Systems Program
Grant Period: 1/01/2011 – 12/31/2013
Total Budget: \$442,686

Dr. M.M. Smith will serve as a Principal Investigator and Project Director responsible for all aspects of the project. She will insure that research goals are met in a timely manner, with scientific integrity, and completed within budgeted amounts. Dr. Brutus Jones (OSU) will serve as a Co-Principal Investigator on this project.

Salaries (\$163,200)

Project Director, Dr. Smith, Summer Salary: \$10,000

One month of summer salary for Dr. Mary Smith is requested per year of the proposed project. This salary is based is based on a 9 month salary appointment.

Co-Pi, Dr. Jones, Summer Salary: \$10,000

One month of summer salary for Dr. Brutus Jones is requested per year of the proposed project. This salary is based is based on a 9 month salary appointment.

Two Graduate Students (2): \$100,000

Mary Smith and Brutus Jones will each advise a Ph.D. student for three years, beginning in year 1 of the project. In years 1 and 2 these students will be paid .50 FTE as a teaching assistant and .50 FTE as a research assistant. In year 3, the students will be paid full time on a research assistantship. The Ph.D. student working with Brutus Jones will oversee Obj. 1 of the project and the Ph.D. student working with Mary Smith will oversee Obj. 2-4.

Undergraduate Research Assistants (4): \$43,200

Four undergraduate student researchers will be paid an hourly rate of \$9 for 12 weeks (June-August), 40 hours per week during years 1-3 to complete field work and assist with sorting, identifying and entering data associated with the Buckeye Lady Beetle Blitz program.

Annual wage increase of 3% applied to each position in subsequent years.

Fringe (\$27,814)

Fringe benefits are requested for all the above requested positions. Fringe rates are determined by the Ohio State University, and increase 1% annually.

Travel and Related Expenses (\$28,000)

All funds requested are for domestic travel. Majority of funds will be used to pay the costs of fuel and vehicle rental. Funds will also cover the cost of food and lodging for a total of 35 days two students will spend in Iowa conducting research (2 weeks during 2011 and 2012, 3 weeks during 2013). Funding is also requested for PD travel to the USDA Project Directors workshop in Washington, D. C. (\$1,000).

Materials and Supplies: (\$34,790)

Funds are requested for consumable supplies to accomplish this project.

Field Collecting Supplies: A total of \$4,500 is requested for field collecting supplies such as sweep nets, plastic bags, clip cages, mesh fabric, PVC pipe, flagging, Petri dishes, and rearing containers.

Microsatellite Development and Analysis: A total of \$26,290 is requested for microsatellite analysis. Cost breakdown: 15 populations X 50 individuals X \$6.30 genotyping/individual = \$4,725 per species X 3 species = \$14,175 for current populations. Historical collections will add an additional 7 populations per species, totaling \$6,615. The \$6.30 per individual includes DNA extraction, PCR generation, genotyping costs, and general plastic lab equipment. For microsatellite development, \$5,500 is needed for 2nd generation sequencing and fluorescently labeled primers.

Video Equipment: A total of \$4,000 is requested to build three surveillance camera systems to collect video data of IGP events.

Publication Costs: (\$2,000)

A total of \$2000 is requested to publish peer-reviewed publications based on research findings.

Other Direct Costs: (\$89,492)

Other: Tuition and Fees (\$62,472)

Tuition and fees are requested for all three years for graduate students in Dr. Smith and Dr. Michel's lab (stipend included in wages). Year One and Two, a total of four quarters (2 quarters for each student), in Year Three, a total of eight quarters (four quarters for each student)

Other: Purchased Services (\$16,020)

A total of \$16,020 is requested to purchase lady beetle populations from 14 individuals who have agreed to collect 50 individuals of *H. convergens*, *C. munda* and *C. maculata*.

Other: Extension Expenses (\$11,000)

The Buckeye Lady Beetle Blitz Toolkits

A total of \$9,000 is requested for step-in fence posts, yellow sticky card traps, folders, copying costs, padded mailing envelopes, and pre-paid mailing costs to produce 250 BLBB toolkits per year for three years.

Extension Bulletins

A total of \$2,000 is requested to publish four extension bulletins to accompany webinars focused on enhancing beneficial insects in the home landscape.

Indirect Costs **\$97,390**

Indirect costs are calculated at the rate of 28.205% of the total direct costs