



National Institute of Food and Agriculture

U.S. DEPARTMENT OF AGRICULTURE

Grant Applicant/Guarantee
Technical Assistance

BIOENERGY, CLIMATE, AND ENVIRONMENT
FOOD PRODUCTION AND SUSTAINABILITY
YOUTH, FAMILY, AND COMMUNITY
FOOD SAFETY AND NUTRITION
INTERNATIONAL PROGRAMS

NIFA

Allowable/Unallowable Costs

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NIFA Team

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Introduction

- Cost consideration is not just for new application preparation; it's a critical component of grants management throughout the award lifecycle
- **No two applications or awards are like**; each cost for every project must be examined within the scope of:
 - The program authorizing legislation
 - Office of Management and Budget Uniform Guidance cost principles
 - NIFA policy
 - Award terms and conditions
 - Internal institutional/organizational policy
 - The project plan

Therefore, it is not possible for NIFA to provide definitive statements on allowability for many costs



Cost Principles

- Where do you start?
- How does NIFA approach general cost considerations?

By focusing first on the 3 basic cost principles

1. Reasonableness
2. Allocability
3. Allowability



Reasonableness

Think: prudent person

- A cost is reasonable if, in its nature and amount, does not exceed which would be incurred by a prudent person under the circumstances at the time the decision was made.
- Ask yourself:
 - Is this cost ordinary?
 - Is it the market price for my area?
 - Am I following my organization's established practices and policies?



Allocability

Think: who or what benefits

Ask yourself:

- Does this cost benefit the project?
- Is it distributed in a proportion that is reasonable to the project if more than one project benefits?
- Am I following my organization's established practices and policies?



Allowability

Think: is it necessary & consistent

Ask yourself:

- Is this cost needed for the performance of the award?
- Does it conform to legislative statute, Uniform Guidance and NIFA Policy?
- Am I following my organization's established practices or policies?
- Am I being consistent when assigning it as a direct cost versus an indirect cost?



Commingling and Misuse - Repercussions

Using federal grant dollars for purposes other than their intended use can result in:

- Recoupment & Offset
- Fines
- Suspension & Debarment
- Criminal & Civil Prosecution



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Pre-submitted Questions

Some questions have been modified for clarification



Reimbursement

How often should we submit claims for reimbursement?

- Claims for reimbursement are submitted to Automated Standard Application for Payments (ASAP)
- Following your organization's policy draw down regularly
- ASAP is closed the last four business days of the month



Budget Modification

1. Does NIFA require prior approval when salary previously budgeted for one category of personnel is shifted from one category to another?
2. How can we implement high school students to our pathway as paid students? They were not initially included in the pathway's budget.
3. Can we add additional people after receiving grant if they were not budgeted before by moving funds from one category to another?

- **Follow your award Terms and Conditions**
- Competitive grants generally follow the [Research & Related prior approval matrix](#)



Budget Modification...cont.

- Shifting the budget within a direct cost category typically does not need prior approval from NIFA but **your institution's approval might be required**
 - However, if changing personnel **changes the scope or objective of the project**, approval must be requested from NIFA
- If approval is needed, submit on official letterhead
 - A request detailing the revised scope or objective
 - A justification/explanation of why the changes are necessary
 - Any budget changes associated with the revision (before and after comparison are helpful).
- The letter must be signed by the Project Director and Authorized Representative
- Keep in mind the any revisions to your Program objectives should stay within the NIFA Program's objectives



Travel costs

Are travel costs to attend conference allowed?

NIFA Policy Guide pg. 157-158

- Travel costs generally allowable as direct costs
- Reimbursement for travel should be in accordance with the organization's established travel policies and subject to statutory limitations. May be on an actual cost basis, on a per diem, or a combination.
- Tipping when on travel
 - Tipping is generally allowed, and you should follow your institution's travel policy regarding tipping
 - Consider what a prudent person would do to determine reasonableness



International Travel

Please touch on international travel

- [2CFR 200.475](#) covers some foreign travel. [48 CFR 31.205-46\(a\)](#) which outlines exceptions to the lowest travel cost being allowable.
- The [Fly America Act](#) requires Federally-funded travel to use US carriers, but also has a list of exemptions.
- “There are some circumstances where it’s not reasonable to use a U.S. flag air carrier, and you can make an exception to the Fly America Act. These circumstances are:
- When a U.S. air carrier is not available.
- When using a U.S. carrier service would extend the travel time by 24 hours or more.
- When a U.S. carrier does not offer a nonstop or direct flight between origin and destination, and using a U.S. carrier:
 - Increases the number of aircraft changes outside the United States by two or more;
 - Extends travel time by six hours or more; or
 - Requires a connecting time of four hours or more at an overseas interchange point.
- When the flight time from origin to destination is less than three hours and using a U.S. flag carrier doubles the flight time.”



Common Errors

What are the most common errors you see by grantees with regard to charging for items that are unallowable?

- Charging costs to the grant that were incurred either prior to, or after, the period of performance, unallowable per 2 CFR 200.403(h).
- Charging administrative salaries to awards; NIFA Policy Guide and 2 CFR 200.413 (c) both state that the direct charging of salaries of administrative and clerical staff is only appropriate if specific conditions are met, including prior approval.
- Charging of 100% of leave payout for terminating employees to the current award (2 CFR 200.405(a)).
- Inadequate documentation for allocation of expenses to current award, and cost transfer journal entries. (2 CFR 200.403-405).
- Entertainment costs are unallowable. Some funding (like extension) is generally allowable to support activities like youth camps, but no portion of the funds can be used for entertainment.



Match

What types of match dollars are allowed for grants?

Types of match include cash, in-kind and third-party contributions

- **Cash:** recipient's cash outlay of money contributed
 - Recipient's cost to purchase an item of equipment; salaries for staff time; purchase of supplies, travel expenses, etc.
- **In-Kind:** the value of non-cash contributions of property or services
 - Use of facilities, use or donation of equipment, supplies and other non-expendable property
- **Third-Party:** any contribution to the project by another organization. Can include cash or in-kind contributions

Must be for costs that are incurred specifically for the project and during the project period

Must be for costs that are normally allowable under Cost Principles and/or are specifically approved in the budget



Match: Unallowable Sources

Unallowable sources of match

- Funds provided by another organization for use on another, similar project ('double dip')
- Funds provided by another Federal agency (unless explicitly allowed by statute)
- Income expected to be earned during the project period
- Indirect cost rates applied beyond the federal portion of the award
- Contingency costs set aside for 'unexpected expenses' or future usage or costs pending approval



Participant Support Costs

What can be included in participant support costs?

Direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences, or training projects.

(<https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-A/subject-group-ECFR2a6a0087862fd2c/section-200.1>)



Participation Incentives

What is the right way to pay stakeholders like farmers for their time as advisors, focus group participants, or survey/interview respondents for USDA-funded projects?

- If gift cards/incentives are to influence the behavior or result of research or survey, it is not allowed. An example would be for someone to receive a gift card to vote a certain way when asked a question instead of answering truthfully.
- If gift cards/incentives are used as compensation for completing a task, they are allowed.
 - An example would be to give someone a gift card to complete a survey/participate in research – they are considered research subjects and the item would be a direct cost (some grantees are using the term “participant support cost” in this case, so it is important for us to be able to differentiate the terminology).



Promotional Items

Are Federal funds allowed to purchase t-shirts, bags, or food to feed program or workshop attendees?

NIFA Policy Guide pg. 153-154

- Items to give away such as conference giveaways; t-shirts; bags, pens; pencils, etc., are not allowed.
- Food used as part of a demonstration project, or a specific focused program (i.e., GusNIP or CFP) are allowable as programmatic costs with prior approval



Working Meals

We allocated funds for subsistence, specifically for working lunches during the PD workshops attended by participant teachers on Native American reservations. Could you provide clarification on the allowability of working lunches?

Meals in coordination with an event or meeting

- Not allowable when there isn't a need for continuity of a meeting or isn't related to the grant program
- If the food is necessary for continuity to achieve goals, reasonable, and allocable to the award, then it's allowable.
- Food provided as part of the grant programming is allowable (such as demos).

NIFA policy guide (pg 153-154; 157)

- Business 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 an entertainment cost.
- Meals are allowable as part of the costs of meetings and conferences when the primary purpose is the dissemination of technical information
- Meals consumed while in travel status do not fall into the category of conference meals. They are considered per diem expense and should be reimbursed in accordance with the organization's established travel policies



Working Meals...cont.

NIFA policy guide (pg 153-154; 157)

- When considering the allowability of food as part of a conference/meeting, use basic cost principles:
 1. Is food necessary for continuity to achieve goals?
 - NIFA does not consider breakfast, dinner or receptions as allowable as they are not typically necessary for continuity. However, there are exceptions depending on the meeting agenda
 2. Is the food/meal a reasonable cost?
 3. Is it 100% allocable to the award? The meeting or conference agenda can be used to demonstrate allocability

- Costs must be consistent with institution policies and procedures and supported with documentation to demonstrate the above considerations



Institutional Allowance

For USDA NIFA's Postdoctoral Fellowship, what are allowable expenses under the "institutional allowance" area?

- [AFRI Education Workforce Development RFA](#): Institutional allowance is in lieu of indirect costs which are not permitted on fellowship grants.
- Allowance may be used to cover expenses for the fellow and include items such as research supplies, equipment, travel to scientific meetings and health insurance to otherwise offset as appropriate the administrative costs of training.
- NIFA anticipates expenditures of this type to be authorized by the institution on behalf of the fellow according to institutional policy.



General Information

What do you wish every institution knew about NIFA awards, post award?

(These are common compliance review findings, that should be known pre-award and post-award...)

- Capacity funding cannot receive the same treatment as revolving funds in the financial management system. All awards (including Capacity awards and matching funds) must be associated with their specific Federal award identification number and year, and period of performance, in the financial system. 2 CFR 200.302(b)(1).
- The same allowability, allocability and reasonableness criteria that apply to Federal funds, apply to matching funds. 2 CFR 200.306(b)(4).
- NIFA is sometimes unable to conclude that payroll allocations for staff members with split appointments are accurately charged to NIFA grants. Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. Support for allocation of effort for employee salaries (including matching funds) to various cost objectives is required to be documented. 2 CFR 200.430(i)(1).
- Salaries and wages of employees used in meeting matching requirements on Federal awards must be supported in the same manner as salaries and wages claimed for reimbursement from Federal awards. 2 CFR 200.430(i)(4).



Contact Information

We have several points of contact, but if we have a question about whether or not a cost is allowable, who is it best to reach out to?

- You can reach out to the National Program Leader, Program Specialist, or Grants Management Specialist from the award face sheet
- You can email awards@usda.gov for competitive awards, capacitygrantquestions@usda.gov for capacity awards, 1890@usda.gov for 1890s stakeholders.



Office Equipment - Computing

Are computers and computer equipment purchases allowed on grants?

[2 CFR 200.453 Materials & supplies costs, including costs for computing devices](#)

- Costs incurred for materials, supplies and fabricated parts necessary to carry out an award are allowable
- Materials and supplies used for the performance of an award may be charged as direct costs. In the specific cases of computing devices, charging as direct cost is allowable for devices that are **essential and allocable**, but not solely dedicated, to the performance of the award



Equipment: Competitive Grants

What prior approval is needed for equipment purchases for competitive grants?

NIFA Policy Guide: pg. 151

- Competitive grants follow 1 of 3 Terms and Conditions sets
 - Research Terms and Conditions (*most common*)
 - Small Business Terms and Conditions
 - 1890 Facilities Terms and Conditions

Check your Terms and Conditions for more information



Equipment: Competitive Grants...cont.

Example: Research Terms and Conditions: pg. 4

- Expenditures for the acquisition or improvement of general and special purpose equipment is allowable without prior approval, if the cost of the equipment is appropriately prorated among the activities to be benefited
- [2 CFR 200.313 Equipment](#) titling, use, management and disposition requirements apply
- Communication with NIFA National Program Leader and/or the administrative Point of Contact can be of benefit in the event there is a project or budget change



Equipment Capacity Grants

Can a vehicle or side-by-side be purchased with extension funds?

Possibly, with prior approval from NIFA

- Submit a letter on letterhead
 - Description of the item
 - Justification of use of the equipment on the current project
 - Management requirements of equipment (if applicable), disposal of equipment, invoice or quote associated with the equipment cost



Insurance Coverage

[2 CFR 200.447 Insurance coverage](#) for equipment purchased with grant funds

Generally allowable, but check with your business office because it might already be covered by indirect costs and expenses need to be consistent with institution's business practices and generally acceptable accounting principles



Contributions & Donations

Community organization is holding an event that directly relates to our grant activities, can we provide funds to support that event?

[2 CFR 200.434 Contributions and donations](#)

- Costs of contributions and donations, including cash, property, and services, from the non-Federal entity to other entities are unallowable
- If another organization is providing services for a grant, that sounds like something that should be covered by a subaward agreement. Work with your business office to decide the appropriate steps within your institution's policies and procedures



Entertainment

2 CFR 200.438: Entertainment costs

- Costs of entertainment, including amusement, diversion, and social activities and any associated costs are unallowable
- Examples include banquets, award ceremonies, tickets to shows or sporting events, alcoholic beverages
- Potential exceptions for costs that might otherwise be considered entertainment when there is a specific programmatic purpose *and* are authorized either in the approved budget or with prior approval from NIFA



Award Amendments

- If you want an amendment on an award, send the request to:
 - Competitive Agreements – awards@usda.gov
 - Capacity Agreements - formulagrants@usda.gov or the Grants Management Specialist
 - 1890s Universities – 1890@usda.gov



Indirect Cost

If the request for application states: the indirect cost is limited to 10 percent of total direct costs and the grantee negotiated indirect cost agreement based on modified total direct costs (MTDC). Which base is used to calculate the maximum allowable figure?

- The maximum allowable figure is the lesser of the two calculation results: 10% of total direct costs or the indirect cost calculation according to the Negotiated Indirect Cost Rate Agreement (NICRA).
- For example, an award with a total direct costs of \$400,000 and a MTDC of \$250,000.
 - If the grantee's NICRA is 15% of the MTDC: the maximum Indirect Costs (IDC) allowable figure is \$37,500 (because $15\% \times \$250,000 = \$37,500$ is less than $\$400,000 \times 10\%$)
 - If the grantee's NICRA is 30% of the MTDC: the maximum IDC allowable figure is \$40,000 (because $\$400,000 \times 10\%$ is less than $30\% \times \$250,000 = \$75,000$)



International Students

1. Can international students apply for NIFA fellowship funds?

Please check the RFA for the specific programs

- Pre and post doctoral fellowship program (A1701/A1702): Applicant must be citizens, nationals, or permanent residents of the United States
- National Needs Fellowship/Multicultural Scholars Program: Applicant is the institution, but RFA limits funds to students who are US citizens, nationals, or permanent residents

2. Can grant funds support a student who is not a U.S. Citizen?

It depends on the type of the program. Please see RFA for any applicable citizenship and eligibility requirements.

Eligibility applies to the primary applicant and the institution of the primary applicant

- If not stated specifically in the RFA and the institution is eligible to apply, student support may not be not limited to US citizens but we recommend checking with NIFA on the types of funds to be provided to non-U.S. citizens for allowability.



International Staff

Can non-US citizens can be a project director if the institution is eligible to apply?

Please refer to each RFA for specific eligibility requirements

- It depends on your institutional policies. The institution must follow their internal policies regarding project director eligibility when submitting and administering potential grant awards.

Financial Report Audits

Are financial reports completed in REEPort auditable reports?

REEport financial reports are not auditable



PDAL

With a Professional Development for Agricultural Literacy (PDAL) grant how should travel funds and stipends be distributed to participants (teachers)?
Directly to the participant or to the school district where the teacher is employed?

NIFA does not have a required way that the participant support funds are distributed but funds and stipends can be given directly to the participant. Awardees should clarify the terms of participation for participants with the school districts from which they will be recruiting if activities will be taking place during hours of employment.



BFRDP Funds

Is it allowable to use grant (BFRDP) funds to help clients (farmers/ranchers) apply for grants (federal or otherwise)?

Is it allowable to use BFRDP funds to support the formation/operations of a farmer cooperative?

- Funds cannot be used as mini grants
- If training farmers to write strong applications, this request must be approved in the proposal that was submitted for funding

For more information, please contact program staff



Annual Grants Support Technical Assistance Workshop

MARCH 4-8, 2024

NIFA is hosting a free 5-day virtual event with 3-hour sessions each day from 10 a.m. to 1 p.m. CST. Registration required.

TOPICS COVERED:

MARCH 4: Accessing NIFA Web Resources on Grants Development and Grants Management

MARCH 5: Overview of Major NIFA Programs

MARCH 6: Opportunities for Selective NIFA Applicants (Groups)

MARCH 7: Learning Moments from Grants Management

MARCH 8: Reporting and Related Topics



➤➤➤ New to grant writing or management?
Applied before and not been as successful?

WWW.NIFA.USDA.GOV/EVENTS/FY24-ANNUAL-GRANTS-WORKSHOP

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<https://www.nifa.usda.gov/events/second-annual-virtual-grants-support-technical-assistance-workshop>



Feedback

Questions/Comments/Suggestions

NIFA Learning and Development Team

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