

## Guidelines for Allowable Costs for USDA-NIFA Capacity Grant Fund Accounts

The use of USDA-NIFA Capacity Grant Funds for NJAES-funded research is restricted to very specific categories of expenses that are directly associated with research activity. To ensure compliance with Federal regulations, we have developed this set of guidelines that will be used by the NJAES Office of Cooperative Research and the NJAES/SEBS Office of Business and Financial Affairs when reviewing project expenses charged to a USDA-NIFA Capacity Grant fund source (i.e. a 2-67xxx account). Note that USDA-NIFA Capacity Grant Funds include Hatch, Hatch/Multistate, McIntire Stennis, and Animal Health fund sources.

In general, the only allowable expenses for these funds are those that are directly incurred by the research project or are directly related to the research. With few exceptions (described below), these should be “consumable” services or supplies that are “used up” during the performance period for your funded project. Costs that are administrative in nature are not allowable, unless the expense in question is specifically identified as a direct research expense (such as postage for a mailed survey questionnaire), is requested prior to the appropriation as part of specific work plan accompanied by an itemized budget and budget narrative, and is specifically approved by the NJAES Assistant Director for Research. See the section below under Other Unallowable Costs for more detail.

Below, we provide more detailed explanation regarding allowable costs charged to USDA-NIFA capacity grant funds, by type of expense.

### Salaries/Wages of Labor

USDA-NIFA Capacity Grant Funds can be used to pay Type 1 and Class 3 employees (including Graduate Assistants and Post-Doctoral Associates) under limited circumstances and only with the prior approval of the NJAES Office of Cooperative Research. These funds cannot be used to pay salary for coadjutant (Type 7)/PTL (Type 8) appointments. It is the project director’s responsibility to certify effort for any salaried employees paid with these funds in the NJAES Effort Reporting System.

If effort is not certified, salary paid to those employees must be removed from USDA-NIFA Capacity Grant Fund accounts.

These funds are distributed via a Research Budget Letter (RBL) for below-the-line project expenses only and cannot be used to pay salaried (Type 1) Rutgers employees. These funds **can be used** for hourly (Type 4) /student labor (Type 5). However, this hourly labor must be utilized for research project activities, and not to perform clerical or administrative duties. For example, student/hourly staff who are collecting or analyzing data for your research can be paid from these funds; student/hourly staff who are tracking your project expenses or typing up your research reports/papers cannot be paid from these funds.

**Important:** The NJAES Effort reporting system is not currently configured to capture effort provided to NJAES research projects by hourly students or hourly staff. It is the department’s responsibility to maintain effort records for hourly labor. You **MUST** retain paper time report forms, signed and certified by the project director, as a record of the effort provided to each project by hourly students or staff to specific NJAES projects. These records are subject to audit by the NJAES Office of Research. **Please use the Rutgers Time Certification Report in RIAS III to document effort reporting for your hourly students and staff. This report meets all Federally-mandated effort reporting requirements.**

## **Fringe Benefits**

As per University Policy, all units are required to pay fringe benefits for Class 3 employees (at the applicable fringe benefit rate) paid from any account, including USDA-NIFA Capacity Grant Fund accounts. Please make sure that you allow for this cost when budgeting these funds. No fringe benefits will be charged to Type 4 wages paid from these accounts.

## **Equipment**

Equipment purchases with a purchase price of \$1,000 or less are permitted without prior approval. This equipment must be strictly research, technical, or scientific in nature and must be dedicated to USDA-NIFA approved research. It cannot have any possible administrative use. Thus, a computer or a camera would not be an allowable equipment expense, even if that computer or camera is to be used solely for data collection/data storage for your USDA-NIFA approved project.

Note that equipment purchases exceeding \$1000 must be approved by the Director of the NJAES Office of Cooperative Research (Brad Hillman). An equipment requisition form, available from the NJAES Office of Cooperative Research, should be completed and submitted for approval.

## **Travel**

Travel must be directly related to the research activity. Travel to a location to gather data is an example of travel that is directly related to the research activity. Travel to a professional meeting to present a paper is **not** considered to be directly related to the research, even if the paper is presenting findings from your NJAES project.

Up to \$1000 in travel expenses for attendance at the annual meeting of a multistate project group will be paid from NJAES Administrative Multistate account 2-67000. This will allow more Hatch Multistate funds awarded for specific multistate projects to be used to support this project research. Note that USDA-NIFA capacity grant funds cannot be used to pay campus gasoline charges when a departmental vehicle is used.

## **Research Supplies**

Research supplies should ideally be “consumable” supplies that are used (and “used up”) directly in the USDA-NIFA approved project and which cannot be carried over for use in other projects. This is not an easy expense to classify, as some of your expenses may be for small tools, etc. that are used in your field work. If questioned by an auditor, we have to make the case that, if the item purchased is somewhat durable, it cannot be used for other research not associated with your approved project. We can allow expenses for lab glassware, chemicals, and the like, as well as for very specific semi-durable items for which we can establish a direct linkage to your NJAES project. However, more general durable items such as books, durable clothing items, and similar items could be viewed by an auditor as transferable to other research projects outside of your approved research project, and thus should not be funded with USDA-NIFA Capacity Grant Funds.

## Other Unallowable Costs

A wide range of costs are considered by Federal regulations as strictly administrative and cannot be covered using Federal funds. These rules apply not only to USDA-NIFA Capacity Grant Funds, but also to funding through NIH and other major Federal funding sources, on the premise that certain types of expenses should be covered by the Institution (Rutgers) using indirect cost returns or other funds.

In general, you should not even think of charging any of the following expenses to Hatch/Hatch Multistate project accounts:

- Memberships in professional organizations
- Office supplies
- Office equipment, including computers, fax machines, etc.
- Postage
- Publications
- Repair and maintenance of all equipment (office and research)
- Software
- State vehicle repairs, maintenance, and fuel charges
- Subscriptions
- Telephone charges
- Tuition remission
- Xerox copies

Some of these costs (e.g. postage or Xerox) may be allowable if they are incurred in the course of a specific and approved research activity (such as reproduction and telephone/postage expenses associated with a telephone or mail survey). As mentioned above, use of USDA-NIFA Capacity Grant Funds for these types of expenses must be approved in advance by the NJAES Assistant Director for Administration, after a review of the work plan and itemized budget/budget narrative for this research activity. Such expenses must be for “consumable” items and must be properly documented and auditable. There will be no exceptions to this policy.

Please consult with the SEBS Business Office (Lucy Kwiecinski, 2-3791, [kwiecinski@aesop.rutgers.edu](mailto:kwiecinski@aesop.rutgers.edu)) or the NJAES Office of Cooperative Research (Michael Christian, 2-3773, [christian@aesop.rutgers.edu](mailto:christian@aesop.rutgers.edu)) if you have any questions regarding whether a specific expense is allowable under these guidelines.

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