

Appendix C: Budget Guidance--Explanation of Eligible Expenses and Expense Categories

Use the Northeast SARE Budget Justification and Narrative Templates (Excel spreadsheet) provided at: <https://northeast.sare.org/HUFGrantBudget>

Eligible Expenses

Funds may be used for the following expenses if they are specific to the project:

- Labor, including wages, stipends, salary, and fringe benefits for individuals working on the project
- Materials and supplies, including research and education supplies, outreach materials, and project-specific software
- Travel and per diem expenses necessary for the project
- Expenses to produce publications, like fact sheets, guides, flyers, etc., as well as copies, postage and other project communication expenses
- Compensation for services like farmer stipends, presenter fees, translation, and other services rendered, lab fees, as well as research incentives and compensation for interviewees, and subscriptions for project-specific services, e.g., for video conferencing or online data storage
- Meeting and training expenses, including facility rental and participant support costs
- Equipment purchases and fabrication necessary for, and specific to, the project; Equipment with general uses, like a computer or tractor, are not typically eligible — please see restrictions, described in the budget documents
- Rental or operating charges for farm equipment, land, or greenhouse space
- Subawards for portions of the project conducted by other organizations
- Indirect costs up to 10 percent of total direct costs. Please note that for-profit businesses generally cannot include indirect costs in the budget

Ineligible Expenses

Funds may not be used for:

- Capital costs including the purchase of land, buildings, livestock, general use machinery, orchards, greenhouses, and major improvements, fixtures or expansion expenses
- Normal operating expenses that would be incurred in the absence of the project such as utilities, general maintenance, or general supplies (some portion of these is covered by the allowable indirect rate – which is up to 10% of total direct costs)
- Promotional items, including clothing (hats, tee shirts, aprons, etc.), swag, giveaways, subsidies, raffles, and branded promotional material
- Travel to conferences and other meetings unless essential to the project's success, such as presentation of project results or to explicitly bring information back to project participants
- International travel unless integral to the project's success and described in the proposal (Note: There are certain restrictions on costs and carriers)

- Cell phone charges, even if cell phones are used during the course of the project
- Food expenses unless necessary for the continuity of a training event or project meeting; and
- Expenses outside of the grant period. SARE cannot pay for expenses incurred before the award start date or after the end date on the grant contract

Additionally, it is expected that costs for copiers, cameras, computers, video equipment, and other items that have uses beyond the project will be covered by the applicant. To be considered Agras a direct cost, the item must be clearly essential and specific to the proposed project.

Expense Categories

The information about expense categories is available in the Budget Justification and Narrative Template. It is included here as well for your convenience.

Unless otherwise noted, all budget lines should include the following justification:

- Name of item or service
- Why the item is essential to the project
- Quantity and unit
- Per-unit cost

1. Personnel

Definition: The time of the employees of the host organization

Please list:

- For hourly employees:
 - Hourly rate
 - Anticipated time needed to complete the project
- For salaried employees:
 - Percentage of time (FTE) and salary.

Details:

- Only people employed by your organization working on the project should be listed in this section.
- Use the Timeline section to help you estimate the hours worked.
- If you are paying a consultant or providing payments to people who are not employees of the host organization , enter these expenses under “Other Direct Costs”
- Northeast SARE encourages project leaders to include an accurate and comprehensive accounting of the amount of time invested to implement a project and to request a thriving wage to support these efforts.

2. Non-Personnel Expenses

Categories under non-personnel expenses are:

- a. Materials and supplies
- b. Travel
- c. Publications/printing

More information below on each of these categories.

2a: Materials and Supplies.

Definition: Items that are not depreciated over time.

Please list:

- Name of the item
- Why the item is essential to the project
- Quantity and unit
- Per-unit cost
- *Example: Cover crop seed for 10 acres, 12 lbs. per acre = 120 lbs. @ \$4 per pound = \$480.*

Details:

- Depending on use, perennial plants and livestock are allowed
- Livestock feed is allowed
- Housing or fencing investments are treated as equipment expenses (see “Purchase of Equipment” below)

A note on perennials and livestock:

Perennials and livestock may be considered Materials and Supplies expenses, depending on how they will be used in your project. Please see details below to discern:

Perennial crops and livestock are **not** allowable expenses when:

- Used for the purposes of establishing a farming enterprise.

Perennial crops and livestock **are** allowable expenses when:

- Example 1: You are testing a perennial crop that is new to your region. Perennial plants are an allowable expense.
- Example 2: You are comparing a beehive treatment between two different hives. Bees are an allowable expense, so long as the numbers are in accord with the numbers you would need to reasonably compare treatments.
- Example 3: You are testing the use of ducks or chickens as pest or weed control. These smaller, shorter-lived animal species would be an allowable expense.
- Livestock are only eligible if they are newly purchased, specific to the project, and the study is likely to result in loss of income.

2b. Travel.

Definition: Expenses related to the travel of any employees of the host organization.

Please list:

- For each trip:
 - Purpose of the trip
 - Who is traveling
 - Destination
 - Expenses
 - For travel by car, please list the total anticipated mileage
 - If a trip will be repeated multiple times, please indicate the number of trips
- Break out expenses onto different lines. Such as:
 - Registration fees
 - Lodging
 - Airfare or mileage
 - Per diem
 - Other lines as applicable to your travel
- *Example: M. Sanchez, project leader, car travel to experiment station for insect identification training, one 62-mile round trip @ 0.655/mile = \$40.61*

Details:

- Travel expenses for technical advisors, consultants and other collaborators should be listed under “Other Direct Costs.”
- International travel is discouraged and, if proposed, must be integral to the project’s success and described in your budget justification. There are certain restrictions on costs and carriers. Contact Northeast SARE staff for details.

A note on auto travel: When requesting funds for travel by car, the maximum allowable rate is the current federal mileage rate of 67¢ per mile.

2c: Publications/Printing

Definition: Outreach expenses, such as the cost of commercial printing of workshop flyers, fact sheets, etc. Includes publishing costs for scientific or technical journal articles.

Note: Photocopies belong under “Other Direct Costs”.

3. Other Direct Costs:

Categories under Other Direct Costs are

- | | |
|--|---|
| a. Communications | g. Purchase of equipment or cost of fabrication |
| b. Photocopying | h. Rental of equipment or land-use charges |
| c. Consultants, speakers, and other services | i. Other costs |
| d. Conferences/Meetings/Workshops | j. Subawards |
| e. Participant Support Costs | |
| f. Off-site office rental | |

More information below on each of these categories.

3a. Communications

Includes:

- Postage
- Fax
- Telephone (Please note that charges for cell phones are not allowable)
- *Subscription fees for online services should be included in the Services category, below.*

3b. Photocopying.

Please list:

- Number of copies needed
- Cost per page.

3c. Consultants, speakers and other services.

Includes payments to:

- Collaborators, including:
 - Farmer Partner
 - Project Participants
- Consultants
- Speakers
- Other individuals hired on a temporary basis to carry out specific tasks
- Any outside entity that is hired for a specific non-contracted custom job, such as lab services for soil testing.

Please list:

- Whether the cost is for a collaborator, consultant, speaker, service or outside entity (in column A).
- For collaborators, consultants and speakers, list:
 - Names of the individual
 - Name of their organization or farm
 - Description of the work they are providing
 - Number of days or hours of service
 - Rate of pay
 - Expenses to be reimbursed (travel), etc.
 - If the person's experience and role are not described in the proposal, please describe that here.
 - Example: *J. Abrams, education consultant, to assist in identification of pests, 6 hours at \$80/hr = \$480*
- For services and outside entities, list:
 - Name of entity
 - Purpose of service
 - Fees
 - Quantity
 - Example: *Nutrilabs, N analysis of leaf samples, 64 samples at \$20 each = \$1280*

3d. Conferences/Meetings/Workshops

Definition: Expenses related to events you will host.

Details:

- Food expenses are typically not allowed unless clearly justified as necessary for the continuity of a training or meeting.
- Events the project leader will attend (to present your results, etc.) should be listed under Travel.

3e. Participant Support Costs

Definition: Meals, registration costs, transportation, lodging, stipends or other expenses to be paid on behalf of participants who are receiving training as project beneficiaries.

3f. Off-site office rental

Please list

- Description of space to be rented
- Why the rental is essential to the project
- Why it is not part of an organization's existing location
- Cost of rental

Office rental is often covered under the organization's indirect costs and would only be applicable if a remote site was specifically needed to carry out the project.

3g. Purchase of Equipment or Cost of Fabrication.

Definition: Equipment is defined as an item that has

1. An acquisition cost of \$5,000 or more **and/or**
2. An expected useful life of more than one year (i.e. a \$1,000 item with a useful life of 5 years would belong in this category).

Details:

- Equipment must be project-specific and not general-purpose. Equipment must have uses clearly specific to the project and must be used consistently throughout the project timeline.
- Fabrication of equipment in a SARE project is only appropriate when a project plan of work calls for a piece of equipment to be constructed as an integral part of the project.
- When possible, equipment should be rented, but if the equipment is relatively inexpensive to purchase, or not available for rent, you may propose to buy the equipment.
- Prorate equipment:
 - If equipment to be purchased has a useful life on your farm or other farms that extends beyond the project period, SARE funds should be requested using a prorated share of the total cost based only on the time it will be used for the project.
 - The allowed expense should be calculated as the purchase price, divided by expected useful life in years (typically 5 years for farm equipment) times the number of years used for the project.
- Shipping and delivery costs may be included.

Please list:

- Name of equipment including model if possible
- Why the equipment is essential to the project
- Why it is not part of a farm's normal inventory
- Cost of the equipment
- Shipping and delivery costs
- Prorating calculation

Examples of allowable equipment expenses:

- A \$6,000 scale (plus a shipping fee of \$200) is needed to weigh cattle being raised under different feed regimens and one is not available for rent (www.cattlescales.com, Model AP600). It will be used over two years in the project with a useful life of 10 years, the allowable SARE portion of the purchase price would be $\$6,200/10 \text{ years} = \620 per year . $\$620 \text{ times two years} = \$1,240$. This is the allowable expense charged to the SARE grant; the balance of \$4,960 would be paid by the farm.
- A microscope is needed to identify insects for a two-year study. It has a useful life of 10 years (www.microscopes.com, model GW168, The Microscope Store). The purchase price (including shipping) is \$1,600. The useful life is 10 years so the per year price is \$160. For a two-year project, the amount allowed to be charged to the SARE grant is \$320 and the balance of \$1,280 would be paid by the farm.
- Ten electric netting rolls are needed to keep sheep in a hops yard for a weed management study. The netting has a useful life of three years. The equipment is Electro Net 35, 164-foot length each (www.premier1supplies.com) and costs \$112 per roll. 10 rolls are needed totaling \$1,120 plus \$50 shipping for a total cost of \$1,170. $\$1,170/3 \text{ years} = \390 per year . Since this is a one-year study, \$390 may be charged to the grant; the remaining \$780 would be paid by the farm.
- Insect screening is needed as a control method when comparing it to pesticides in a two-year study. Insect Mesh, 13 feet x 328 feet (www.americannettings.com) costs \$612 plus \$28

shipping. Assuming the screening has a five-year useful life, \$640/5 year totals \$128/year. For this two-year project, \$256 may be charged to the grant; the remaining \$384 would be paid by the farm.

3h. Rental of equipment or land-use charges.

Please list:

- For rental equipment, list:
 - Name of equipment including model if possible
 - Why the equipment is essential to the project
 - Why it is not part of an organization's normal inventory
 - Cost of rental
- For land-use charges, list:
 - Square footage, acreage, or other measure of the amount of land to be rented
 - Note: Land-use charges are most typical in field or greenhouse research projects when a rental rate is applied.

3i. Other Costs If you have a project expense that truly does not fit into any of the above categories, it should be included in this section. Each item must be clearly identified and justified to be allowed. Unidentified, unjustified and undefined (“etc.”, “miscellaneous” or “contingency expense”) items are not allowed.

3j. Subawards

Definition: A portion of the project budget that will be awarded to another organization (‘sub-awardee’).

Please list

- the institution, organization, or farm
- the sub-awardee leader's name
- the amount of the subaward

Details:

- Each sub-awardee will need to complete a Budget Justification and Narrative Template and a Grant Commitment Form. These must be uploaded to the proposal in the online submission system.
- The host organization must take the lead on the effort with full responsibility for reporting
- Each subaward must be less than 50% of the overall project funding request.

4. Indirect Costs

Indirect costs are also known as “overhead” or “facilities and administration” costs. These are costs for utilities, office space, administrative staff, etc. that would exist whether the project was funded or not (although a specific percentage of these costs might be allocated to a specific project). They are typically calculated as a percentage of total OR modified total direct costs.

For organizations that have a federally negotiated indirect rate: You must use an indirect rate of 10% of total direct costs. Select the federally negotiated rate at the bottom of the

Budget Justification and Narrative Template. The indirect rate will be calculated automatically for you.

For organizations that don't have a federally negotiated indirect rate: You may budget 15% of **modified** total direct costs (MTDC - also known as "de minimis"). Select the de minimis rate at the bottom of the Budget Justification and Narrative Template. The indirect rate will be calculated automatically for you.

Modified Total Direct Cost is the sum of all direct costs minus Participant Support, Office Rental, Purchase of Equipment or Cost of Fabrication, Equipment Rental of Land-use Charges, Other and each Subaward amount above \$25,000.

For for-profit businesses (including farms): Businesses will receive vendor service agreements as contracts, and these service agreements cannot include indirect costs. Any overhead expenses that can be directly attributed to the grant project may be itemized in the direct cost budget. The total amount of these costs cannot exceed the USDA NIFA indirect cap of 10% of total direct costs.