

# Guidelines for Use of Funds

## USDA Animal & Plant Health Inspection Service HPAI Poultry Innovation Grand Challenge Cooperative/Interagency Agreements

This guidance describes costs allowed or unallowed for reimbursement through an Animal and Plant Health Inspection Service (APHIS) cooperative or interagency agreement funded by the Highly Pathogenic Avian Influenza (HPAI) Poultry Innovation Grand Challenge and aligns with the Office of Management and Budget (OMB) cost principles ([2 CFR – Subpart E – Cost Principles General Provisions for Selected Items of Cost](#)). These cost principles must be used to determine whether a cost can be charged to the project and, if so, the extent to which it can be charged.

A review of the detailed Financial Plan will focus on reasonable requests for expenses that support the accomplishment of Work Plan objectives.

### Contents

Allowable Costs.....	2
Unallowable Costs .....	3
Cost Sharing .....	4
Subawards.....	4
Indirect Costs .....	4
Definitions.....	5
Common Cost Types .....	6

## Allowable Costs

Allowable costs must be reasonable, allocable, and necessary for project completion.

When identifying the resources needed, the Applicant must comply with Federal and State policy and should include the following details.

**1. Personnel:** APHIS will allow costs for salary and wages for personnel who are essential to complete the activities described in the Work Plan. The total compensation per individual employee must be reasonable for the work performed, conform to the established policy of the organization, and be consistently applied to Government and nongovernmental activities. Applicants must:

- List all personnel needed to accomplish the project, including position titles, number of hours, hourly rate (or percentage of staff year), and the total amount needed for each employee position.
- Identify employee's appointment type, e.g., full-time, temporary, or part-time workers.
- Explain how employee compensation was calculated.
- Identify any compensation increases projected during the award period.

**2. Fringe Benefits:** List the benefits rate.

- Benefits may include health and life insurance, unemployment insurance, workers' compensation, retirement, social security, pensions, etc.
- Identify benefits included in the wages or salaries (e.g., vacation and sick leave).

**3. Travel:** Funds may be requested for field work, training, attendance of meetings and conferences, and other travel costs (excluding international travel) associated with the proposed work. Recipients should follow their State written travel policies when calculating travel costs. If there is no State travel policy, Federal per diem rates should be used. Federal per diem rates can be found on [GSA](#). Reference 2 CFR Part 200.474. Travel rates can't exceed the Federal GSA Per Diem Rates for lodging and M&IE.

- Local travel: Identify any local travel to project work sites as outlined in proposed activities. Indicate, by position type, who will be traveling, total projected mileage, and rate per mile. Include number of days and per diem rates for extended or overnight travel. Indicate the number of trips per day/week/month, as appropriate.
- Out of State travel: Identify the number of travelers, meeting/conference/training title, and destination. Provide the cost of transportation, lodging, subsistence and related items, number of days, rate per day, and the total. Registration fees should be included in the "Other" category.
- Foreign travel: Identify any travel outside of Canada and the United States and its territories and possessions. However, for a recipient located outside Canada and the United States and its territories and possessions, foreign travel means travel outside that country. Prior approval is required for all foreign travel which is accomplished by reference to it in the Work Plan and financial plan.

**4. Equipment:** All equipment included in the Financial Plan must be described in the Work Plan. The description must include a justification of why the equipment is reasonable and necessary to achieve the project objectives. The Federal definition of equipment is tangible personal property (including information technology systems) having a useful life of more than 1 year and a unit value of \$10,000 or more unless the Recipient definition of equipment is more restrictive. Provide a description of the equipment to be purchased or leased, including unit cost, and total purchase or leasing costs. The purpose of each equipment item and how it will benefit or be used for the project must be provided in the project Work Plan.

**5. Supplies:** Provide a general description of the supplies required to perform the proposed activities. Provide an itemized breakdown of the types of supplies and total estimated cost per type when the cumulative value of supplies exceeds \$5,000.

**6. Contractual:** Applicants must describe, in the narrative of the Work Plan, what the subaward/contract will accomplish. Applicants should include the total “contract” cost, by contractor or subrecipient, in the project budget. Provide a separate budget with cost breakdowns for each contractor or subrecipient, for all applicable cost categories and totals. Make sure to describe in the narrative of the Work Plan how the subaward/contract will be accomplished: competitive or sole source. Sole source requires a justification with the package.

Consulting contract applicants must include: 1) name(s) of consultant(s) to be engaged; 2) daily fees to be paid to each consultant; 3) number of estimated days of continuing services; 4) scope of work to be performed (deliverables); 5) other incidental data supporting the proposed costs; and 6) a description of how the consultant(s) will be selected: competitive or sole source (sole source requires a justification with the package).

**7. Other:** Identify any direct costs which were not itemized elsewhere, such as conference registration fees, communications, printing, publication charges, computer time or usage, Recipient laboratory testing, etc.

<b>Total amount of the project must be a whole dollar amount, no cents.</b>
---

## Unallowable Costs

The items below are costs that **will not be funded** through the HPAI Poultry Innovation Grand Challenge cooperative/interagency agreements as well as unallowable costs in 2 CFR Subpart E:

- Costs incurred prior to the effective date of the agreement (unless a pre-award has been signed).
- Construction of a new building or facility, or the acquisition or expansion of an existing building or facility, including site grading, improvement, and architect fees.
- Land acquisition.
- Meeting, conference, symposia, or workshop honoraria which is payment to individuals or guests other than for documented professional services.
- Compensation of Federal Employees. Salary payments, consulting fees, or other remuneration of full-time Federal employees are unallowable costs.

## Cost Sharing

Cost sharing and matching, defined in 2 CFR Part 200.306, is “the portion of the project costs not paid by Federal funds (unless otherwise authorized by Federal statute).”

There is no required cost share/match for the HPAI Poultry Innovation Grand Challenge cooperative/interagency agreements.

If an Applicant includes contributions, including third-party in-kind contributions (non-cash contributions that have value that will benefit the project and are contributed by a non-Federal third-party without charge) as part of a cost share in their budget proposal and it is accepted by APHIS, the commitment of funds becomes legally binding, must be reflected in the financial plan as part of a cost share, must be reported on the Federal Financial Report SF-425, and is subject to audit.

## Subawards

Subawards are defined as an award provided by the applicant to a subrecipient who will be performing tasks or providing deliverables that adhere to the work as identified in the applicants Work Plan. If an applicant desires to use a subaward, the subrecipient selected must undergo risk assessment reviews as detailed in 2 CFR Part 200.205 in order to receive the subaward. Recipient procurements shall be in accordance with 2 CFR Part 200.317 or .318, as applicable. Other types of subawards must be approved per 2 CFR Part 200.308 (c) (6).

## Indirect Costs

If an Applicant has a current Negotiated Indirect Cost Rate Agreement (NICRA) with their cognizant agency then they may use that NICRA rate accordingly and need to attach the current NICRA to the application in eFG.

Applicants, except for state and local government entities that receive more than \$35 million in direct Federal funding each year, that have an expired NICRA or who have never had an approved rate, can use a **de minimis** rate of **15 percent of modified total direct costs** pursuant to 2 CFR Part 200.414 (f). No documentation is required to justify this rate. Modified total direct costs is the sum of these costs:

- all direct salaries and wages
- applicable fringe benefits
- materials and supplies
- services
- travel
- subawards and subcontracts up to the first \$50,000 of each subaward and subcontract

## Definitions

The [eCFR :: 2 CFR Part 200 -- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#) includes a comprehensive list of definitions. Below are some common definitions along with definitions for terms that are not listed in the eCFR :: 2 CFR Part 200 -- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

- 1. Allowable costs:** costs that are reasonable, allocable, and necessary to the project and comply with funding statute requirements.
- 2. Contract:** *Contract* means a legal instrument by which a non-Federal entity purchases property or services needed to carry out the project or program under a Federal award. The term as used in this part does not include a legal instrument, even if the non-Federal entity considers it a contract, when the substance of the transaction meets the definition of a Federal award or subaward.
- 3. Cooperative agreement:** a legal instrument of financial assistance between a Federal awarding agency or pass-through entity and a non-Federal entity when substantial involvement is anticipated.
- 4. Cost sharing or cost matching:** the portion of project costs not paid by Federal funds (unless otherwise authorized by Federal statute). **Cost sharing** refers to the portion of project *not* borne by the Federal Government, i.e., a recipient's participation on the total cost of the project. For example, if the Recipient "cost-sharing" is 33 ¼ percent, then the Federal share is 66 ¾ percent of the recipient's total project costs. **Cost matching** refers to the portion of the project *not* borne by the Federal Government, and it directly compares Federal and non-Federal participation dollar for dollar. For example – a 50 percent match of Federal funds means that the recipient must provide 50 cents for every Federal dollar. A 100 percent match means one recipient dollar (or dollar value) for every Federal dollar.
- 5. Disallowed costs:** those charges to a Federal award that the Federal awarding agency or passthrough entity determines to be unallowable, in accordance with the applicable Federal statutes, regulations, or the terms and conditions of the Federal award.
- 6. Equipment:** tangible personal property (including information technology systems) having a useful life of more than 1 year and a per unit value of \$5,000 or more.
- 7. Grant:** a legal instrument of financial assistance between a Federal awarding agency or passthrough entity and a non-Federal entity which does not provide for substantial involvement.
- 8. Indirect (facilities & administrative (F&A)) costs:** costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved.
- 9. Information technology systems:** computing devices, ancillary equipment, software, firmware, and similar procedures, services (including support services), and related resources.
- 10. Non-Federal entity:** A State, local government, Indian tribe, institution of higher education (IHE), or nonprofit organization that carries out a Federal award as a recipient or subrecipient.
- 11. Pass-through Entity:** a non-Federal entity that provides a subaward to a subrecipient to carry out part of a Federal program.
- 12. Recipient:** a non-Federal entity that receives a Federal award directly from a Federal awarding agency to carry out an activity under a Federal program.

- 13. Restricted costs:** those charges to a Federal award that the Federal awarding agency or passthrough entity determines to be unallowable, in accordance with the applicable Federal statutes, regulations, or the terms and conditions of the Federal award.
- 14. Subaward:** an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.
- 15. Subrecipient:** a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program.
- 16. Substantial involvement:** when the Federal awarding agency provides collaboration, participation, or intervention. The Federal awarding agency is substantially involved when it acts as a partner with the Recipient.
- 17. Unliquidated obligations:** on a cash basis, unliquidated obligations are obligations incurred but not yet paid. On an accrual basis, they are obligations incurred but for which an expenditure has not yet been recorded.
- 18. Unobligated balance:** the amount of funding that has been authorized on a Federal award but remains uncommitted by the Recipient.

## Common Cost Types

### 2 CFR – Subpart E – Cost Principles General Provisions for Selected Items of Cost

Type of Cost	2 CFR Part	Classification of Costs
Advertising and public relations costs	200.421	Restricted – refer to CFR
Advisory councils	200.422	Unallowable – unless authorized by statute, the Federal agency, or as an indirect cost where allocable to Federal awards
Alcoholic beverages	200.423	Unallowable
Alumni/ae activities	200.424	Unallowable
Audit services	200.425	Restricted – refer to CFR
Bad debts	200.426	Unallowable
Bonding costs	200.427	Restricted – refer to CFR
Collections of improper payments	200.428	Refer to CFR
Commencement and convocation costs	200.429	Unallowable except as provided for in Appendix III to Part 200- Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Institutions of Higher Education, paragraph (B)(9) Student Administration and Services, as student activity costs
Compensation - fringe benefits	200.431	Allowable – provided that the benefits are reasonable and are required by law, non-Federal entity-employment agreement, or an established policy of the non-Federal entity
Compensation - personal services	200.430	Refer to CFR

Conferences	200.432	Refer to CFR
Contingency Provisions	200.433	Restricted – refer to CFR
Contributions and donations Defense and	200.434	Unallowable
prosecution of criminal and civil	200.435	Restricted – refer to CFR
proceedings, claims, appeals, and patent infringements		
Depreciation	200.436	Restricted – refer to CFR
Employee health and welfare costs	200.437	Refer to CFR
Entertainment costs	200.438	Unallowable
Equipment and other capital expenditures	200.439	Restricted –refer to CFR
Exchange rates Fines, penalties,	200.440	Allowable – prior approval of agency required – refer to CFR
damages, and other settlements	200.441	Unallowable – prior approval of agency required – refer to CFR
Fund raising and investment management costs	200.442	Restricted – refer to CFR
Gains and losses on disposition of depreciable assets	200.443	Restricted – refer to CFR
General costs of government	200.444	Unallowable
Goods or services for personal use	200.445	Restricted – refer to CFR
Idle facilities and idle capacity	200.446	Restricted – refer to CFR
Insurance and indemnification	200.447	Restricted – prior approval of agency required – refer to CFR
Intellectual property	200.448	Restricted – refer to CFR
Interest	200.449	Restricted – refer to CFR
Lobbying	200.450	Unallowable – refer to CFR
Losses on other awards or contracts	200.451	Unallowable

Maintenance and repair costs	200.452	Allowable
Materials and supplies costs, including costs of computing devices	200.453	Allowable
Memberships, subscriptions, and professional activity costs	200.454	Restricted – refer to CFR
Organization costs	200.455	Unallowable – prior approval of agency required – refer to CFR
Participant support costs	200.456	Allowable – prior approval of agency required – refer to CFR
Plant and security costs	200.457	Allowable
Pre-award costs	200.458	Restricted – refer to CFR
Professional service costs	200.459	Restricted – refer to CFR
Proposal costs	200.460	Restricted – refer to CFR
Publication and printing costs	200.461	Refer to CFR
Rearrangement and reconversion costs	200.462	Allowable
Recruiting costs	200.463	Refer to CFR
Relocation costs of employees	200.464	Restricted – refer to CFR
Rental costs of real property and equipment	200.465	Allowable – refer to CFR
Scholarships and student aid costs	200.466	Restricted – prior approval of agency required – refer to CFR
Selling and marketing costs	200.467	Unallowable – prior approval of agency required – refer to CFR
Specialized service facilities	200.468	Allowable – refer to CFR
Student activity costs	200.469	Unallowable
Taxes (including Value Added Tax)	200.470	Restricted – refer to CFR
Termination costs	200.471	Restricted – refer to CFR
Training and education costs	200.472	Allowable
Transportation costs	200.473	Allowable
Travel costs	200.474	Refer to CFR
Trustees	200.475	Refer to CFR

