

**USDA APHIS Veterinary Services**  
**National Animal Disease Preparedness and Response Program (NADPRP)**  
**Cooperative and Interagency Agreements**  
**Guidelines for Use of Funds**

This guidance describes costs allowed or unallowed for reimbursement through an APHIS Veterinary Services (VS) Cooperative or Interagency Agreement funded via Farm Bill Section 12101 resources in the National Animal Disease Preparedness and Response Program (NADPRP). Additional cost guidance may be included in the NADPRP Funding Opportunity Announcement.

The Office of Management and Budget (OMB) cost principles ([2 CFR Subpart E](#)) 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.

## 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:** VS 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 number 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:** Allowable benefits may include health and life insurance, unemployment insurance, workers' compensation, retirement, social security, pensions, and similar costs.
  - List the benefits rate.
  - 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 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.
  - **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 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.

- Travel to the United States Animal Health Association (USAHA) Annual Meeting. For each awarded project, NADPRP funds may be used for one person to travel to the USAHA Annual Meeting to present project information one time during the project performance period, preferably near the conclusion of the project.
4. **Equipment:** 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 \$5,000 or more, unless the Recipient definition of equipment is more restrictive. Applicants must describe the equipment to be purchased or leased, including unit cost and total costs and include the purpose of each equipment item and how it will benefit or be used for the project
  5. **Supplies:** Applicants must 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 Financial Plan 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.

If the project budget includes payment to consultants, the Work Plan 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) whether 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.
8. **Information Technology:** Work Plans that include a cumulative request for Information Technology of \$25,000 or more require, additional USDA IT review. Information Technology is any equipment, interconnected system(s), or subsystem(s) of equipment that is used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information by an Agency. The term “information technology” includes, but is not limited to, computers, network and ancillary equipment, software, firmware, and similar procedures, services (including support services), and related resources. Refer to 2 CFR Part 200.1 for additional information.
9. **Communications Materials:** Program funds may be used for publications, outreach materials, websites, presentations, videos, and other communications products needed to complete the project. Cooperators are not obligated to put the USDA logo or acknowledge NADPRP funding on public-facing materials they produce or purchase under a cooperative agreement. However, APHIS may review the communications materials and may request acknowledgement of funding if we determine it is in our collective best interest. Refer to the [General Terms and Conditions for APHIS Cooperative Agreements Grants](#), Publications and Audiovisuals article for additional information.

## Unallowable Costs

The items below are costs that **will not be funded** through NADPRP Cooperative Agreements:

- 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.
- Projects or activities associated with APHIS VS-State-industry cooperative agreement funding programs that are typically supported through appropriated funds such as APHIS VS umbrella agreements, animal disease traceability agreements, and swine health improvement program agreements. However, NADPRP funds may be used to build on preparedness and response activities associated with other VS cooperative programs.
- Software for management of animal disease program data, premises data, animal disease traceability data, and similar animal disease information. NADPRP funds may be used for projects that extend or enhance the capabilities of existing software for the benefit of all users but not for purchasing software to support the cooperator's regular operational activities.
- Promotional or thank-you materials, incentives to encourage participation, or similar costs unallowable by OMB cost principles ([2 CFR Subpart E – Cost Principles General Provisions for Selected Items of Cost](#)).
- Food and beverage for meetings, trainings, or workshops.
- Bonuses or commissions.
- Fundraising.
- 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, travel costs, or other remuneration of full-time Federal employees are unallowable costs.

## Guidelines on Use of NADPRP Funds for Projects on Livestock<sup>1</sup> Depopulation for Emergency Response

The APHIS National Animal Disease Preparedness and Response Program (NADPRP) provides funding to support projects aimed at enhancing the nation's capabilities and capacity for animal disease preparedness and emergency response, including activities associated with livestock depopulation in an animal disease outbreak emergency.

NADPRP funds may be used to support projects focused on **evaluating depopulation methods** that gather scientific information to provide to the American Veterinary Medical Association (AVMA) and USDA APHIS on those methods. These projects may address, but are not limited to, methods that are *not* listed as "preferred" in the [American Veterinary Medical Association \(AVMA\) Guidelines for the Depopulation of Animals](#). Proposals submitted for consideration must consider all aspects of AVMA guidelines, including the information on evaluating depopulation methods. Proposals must describe how project findings will be shared with AVMA to assist with the continuous assessment and improvement of depopulation guidance for American producers

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<sup>1</sup> The NADPRP uses the Animal Health Protection Act definition of Livestock, which is "all farm-raised animals" (Animal Health Protection Act, 7 USC Ch. 109); this includes poultry, farm-raised aquatic animals, and other traditional and non-traditional farm-raised animals.

and how protocols will be reviewed for animal welfare concerns, such as review by an Institutional Animal Care and Use Committee (IACUC).

NADPRP funds may also be used to support projects focused on **training animal agriculture responders** to conduct safe and humane livestock depopulation for animal disease outbreak response. For this type of project, the approach must focus on methods that AVMA designates as “preferred” in the [AVMA Guidelines for the Depopulation of Animals](#). Proposals must describe the types of animals (species, production type, or class) and types of premises to verify that the project aligns with AVMA guidelines on preferred depopulation methods.

## Cost Sharing

Cost sharing and matching, defined in 2 CFR Part 200.29, 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 NADPRP cooperative agreements. If an Applicant includes contributions as part of a cost share in their budget proposal and it is accepted by APHIS VS, the commitment of funds becomes legally binding, must be reported on the SF-425, and is subject to audit. Third-party in-kind contributions are non-cash contributions that have value that will benefit the project and are contributed by a non-Federal third-party without charge. These contributions should also be reflected in the budget proposal as part of a cost share.

Neither Applicant costs, nor the value of third-party, in-kind contributions, may count towards satisfying a cost sharing or matching requirement if they have been, or will be, counted towards satisfying the cost sharing or cost matching requirement of another Federal assistance award, a Federal procurement contract, or any other award of Federal funds.

If the Applicant does not meet its cost share ratio or cost-match requirement as stipulated in the cooperative agreement, action can be taken to (1) reduce the next cooperative agreement, (2) reduce VS’ share proportionately, or (3) allow the reduced cost share when it is in the best interest of the Federal Government. After the cooperative agreement has expired, adjustments to a cost share cannot be approved. Refer to 2 CFR Part 200.306 for additional information.

## Subawards

The 2018 Farm Bill Section 12101 provides this guidance on subawards: “Nothing in this section prevents an eligible entity from using funds received under the Program to enter into subawards with another eligible entity or with a political subdivision of a State that has legal responsibilities relating to animal disease prevention, surveillance, or rapid response.”

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

For NADPRP cooperative agreements, the 2018 Farm Bill limits an eligible applicant’s assessment of IDC to no more than 10 percent of the project’s total costs or the application of their negotiated indirect cost rate agreement (NICRA), whichever is less. This limit also applies to sub-applicants (subawards). If you are submitting a proposal for NADPRP Farm Bill funding and requesting IDC, please calculate your indirect costs based on the following information.

### **Applicants that have a NICRA**

Indirect costs are negotiated by the recipient and their cognizant agency (2 CFR Part 200.19). The cognizant agency is the Federal agency responsible for reviewing, negotiating, and approving cost allocation plans and

indirect cost proposals on behalf of all Federal agencies. The result of this negotiation is a Negotiated Indirect Cost Rate Agreement (NICRA). The applicant must submit a copy of its fully executed current NICRA in their application when indirect costs are assessed in the budget.

Applicants that have a NICRA need to (1) calculate IDC using the base and rate in the NICRA, and (2) calculate IDC using the NADPRP formula below. The lesser amount should be used as the final IDC rate.

NADPRP formula for IDC (i.e., 10 percent of the project's total costs):

STEP 1.  $\text{DIRECT COST} / (1 - \text{INDIRECT RATE}) = \text{TOTAL COSTS}$

STEP 2.  $\text{INDIRECT COSTS} = \text{TOTAL COSTS} - \text{DIRECT COSTS}$

This can be mathematically simplified to:  $\text{INDIRECT COSTS} = \text{TOTAL DIRECT COSTS} \times 11.11\%$

Refer to Appendix A for an example and further information on formulating indirect costs.

**Applicants that do not have a NICRA**

Applicants that have never had a NICRA may charge a de minimis rate of 10 percent of modified total direct costs as defined in 2 CFR Part 200.414 (f). No documentation is required to justify this rate. See Appendix A for an example.

## 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 pass-through 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 pass-through 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:** a mixture of allowable and unallowable costs and/or requires agency approval.
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	200.434	Unallowable
Defense and prosecution of criminal and civil proceedings, claims, appeals, and patent infringements	200.435	Restricted – refer to CFR
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	200.440	Allowable – prior approval of agency required – refer to CFR
Fines, penalties, 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

Type of Cost	2 CFR Part	Classification of Costs
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



## APPENDIX A: Calculating Indirect Costs

Eligible Applicants and Sub-awardees should follow these instructions when determining which rate and formula to use for calculating indirect costs if claiming indirect costs in their financial plan:

- 1) If an Applicant has a Negotiated Indirect Cost Rate Agreement (NICRA) with a cognizant Agency two calculations must be made to determine which to use:
  - a. Calculate 10 percent of the project's total costs (use formula: total direct costs x 11.11%)
  - b. Calculate indirect costs according to the base and rate in NICRA.

The lesser amount must be used as the calculation of indirect cost.

- 2) If an Applicant has no NICRA, a 10% de minimis of modified total direct costs may be claimed for indirect costs. 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 \$25,000 of each subaward and subcontract

Indirect Costs Formula: modified total direct costs X 10% (*not 11.11%*)

### INDIRECT COST CALCULATION EXAMPLES

The examples below use this Financial Plan data:

#### Financial Plan for Example #1 and #2

Personnel	\$100,000
Fringe Benefits	\$20,000
Travel	\$5,000
Equipment	\$20,000
Supplies	\$2,000
Contractual	\$30,000
Other	\$1,000
Total Direct Costs	\$178,000

**Example #1: The applicant has a NICRA and their negotiated indirect cost rate with their cognizant agency is 15% with a base applicable only to personnel and travel.**

1. Calculate indirect costs using the NADPRP formula of Total Direct Costs X 11.11%:
  - a.  $\$178,000 \times 11.11\% = \$19,776$
2. Calculate indirect costs using the NICRA rate of 15% for base of personnel and travel only:
  - a.  $\$105,000 \times 15\% = \$15,750$
3. Determine the lesser amount.
  - a. The lesser amount is \$15,750. This must be used as the indirect cost calculation.

4. Final Financial Plan for Example #1:

Personnel	\$100,000
Fringe Benefits	\$20,000
Travel	\$5,000
Equipment	\$20,000
Supplies	\$2,000
Contractual	\$30,000
Other	\$1,000
<b>Total Direct Costs</b>	<b>\$178,000</b>
<b>Indirect Costs using NICRA rate of 15% for base of personnel and travel only (\$105,000 x 15%)</b>	<b>\$15,750</b>
<b>Total Award Amount</b>	<b>\$193,750</b>

*In this scenario, the Applicant's NICRA rate would apply because the indirect costs are lower than using the 10% Farm Bill rate/formula.*

**Example #2: The applicant does not have a NICRA.**

1. Calculate the Modified Total Direct Costs as 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 \$25,000 of each subaward and subcontract

The modified total direct costs for this example is  $(\$100,000 + 20,000 + 5,000 + \$2,000 + \$25,000) = \$152,000$

2. Calculate indirect costs using the de minimis rate of 10% of the modified total direct costs:  
 $10\% \times \$152,000 = \$15,200$   
 This is the correct indirect cost calculation.
3. Final Financial Plan for Example #2:

Personnel	\$100,000
Fringe Benefits	\$20,000
Travel	\$5,000
Equipment	\$20,000
Supplies	\$2,000
Contractual	\$30,000
Other	\$1,000
<b>Total Direct Costs</b>	<b>\$178,000</b>
<b>Indirect Costs using de minimis rate of 10% of modified total costs</b>	<b>\$15,200</b>
<b>Total Award Amount</b>	<b>\$193,200</b>