

USDA-NIFA CAPACITY PROJECT BUDGET GUIDELINES

Guidelines for Allowable Costs on Capacity (Hatch, Multistate, McIntire-Stennis and Animal Health) Projects:

The use of Capacity funding is restricted to very specific categories of expenses that are directly associated with research activity. To ensure compliance with Federal regulations, the SEBS Business Office refers to this set of guidelines that they use when reviewing these project expenses.

In general, the only allowable expenses under Capacity funding are those that are directly incurred by the research project or are directly related to the research. Costs that are administrative in nature are not allowed, even if that administrative support or item is used to support a Capacity project. Tuition remission for graduate students may not be charged to Capacity funds. Below is a more detailed explanation regarding allowable costs by type of expense:

Salaries/Wages of Labor

*Any individuals paid on a Capacity Grant project, MUST be working on that project.
Justifications may be requested at any time.*

With prior approval of the Director of Research, Capacity funds may be used to support salaried (Type 1) employees, such as lab. Please consult with Diane French before proposing a budget that allocates funds to support salaried employees.

Salaried GAs/TAs (Class 6) can be charged to Capacity Funds without requiring prior authorization from the Director. Please keep in mind that to remain compliant with Federal guideline, effort MUST be claimed for any salaried individuals during the corresponding NJAES Effort Reporting Cycle. *Failure to certify effort for these individuals will result in reversal of funds.*

Capacity funds can be used for hourly/student labor (Class 5). *Important:* this hourly labor *must* be utilized for research project activities, and not to perform clerical or administrative duties. For example, a student/hourly help who is collecting or analyzing data for your research can be paid from these funds; a student/hourly help who is tracking your project expenses, ordering supplies or typing up your research reports/papers cannot be paid from these funds.

Other allowable:

Class 3 short-term temporary employees – like class 6 as are salaried and effort must be filed

Class 4 casual hourly employees – like class 5, effort should be captured in the payroll system

Disallowable classes/types:

Class 7 – Part time lecturers

Class 8 – Co-adjutant casual employees and summer research

Class 9 – no employer/employee relationship (generally fellows)

The NJAES Effort reporting system is not currently configured to capture effort provided to projects by hourly students/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 as well as by USDA-NIFA. Please use the Rutgers Time Certification Report 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, NJAES is reimbursed for Class 1 employees paid from Federal Capacity Fund accounts so those do not need to be factored in if you have an approved Class 1 in your budget. *Class 6 GA/TA fringe should be included in your budget as well as Class 3 temporary and Class 4 hourlies.*

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 your Capacity research. It should not have any administrative use. Thus, a general computer or a camera would not be an allowable equipment expense under McIntire-Stennis or Hatch/Multistate regulations.

Equipment purchases in the last year of a project are unallowable.

Equipment requests exceeding \$1000 must be approved by the Director of the Office of Research and your Departmental Chair. When you are ready to purchase the equipment, the request must be accompanied by a completed/signed NJAES equipment request form. Also, USDA-NIFA has instituted a new policy that applicable general-purpose equipment purchases over \$5000 (even if the purchase for an item is split between projects) must have prior USDA approval first. You can inquire with Diane French or Michael Christian regarding your request to see whether this would be required.

Travel

Travel must be directly related to the research activity. Travel to a location to gather data or for the annual meeting of a multistate group 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 Capacity-funded project. Also, these funds cannot be used to pay mileage rates when a departmental vehicle is used.

Research Supplies and Services

Research supplies should ideally be “consumable” supplies that are used (preferably “used up”) directly in the 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 must make the case that, if the item purchased is somewhat durable, it cannot be used primarily for other research not associated with your Capacity Fund 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, clothing items (such as gloves or boots for fieldwork) and similar items would be viewed by an auditor as transferable to other research projects outside of your approved research project, and thus cannot be funded with Capacity Funds.

Excessive amounts of research supplies in the last year of a project are unallowable.

New: Manuscript publication charges are now allowable if the Capacity Project that funded the research has not yet expired. Proper credit to your Capacity Project must be listed in the acknowledgements whenever the publisher allows.

Other Unallowable Costs

A wide range of costs are considered by Federal regulations as strictly administrative and cannot be covered using Capacity Funding. These rules apply not only to McIntire-Stennis and Hatch 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.

With very few exceptions, do not charge any of the following expenses to Capacity Fund accounts:

- Memberships in professional organizations
- Meals except while during travel status
- Foreign travel on McIntire-Stennis funding (must have USDA approval and justification)
- General office supplies
- Promotional items
- Renovation or refurbishment of research spaces
- Office equipment, including computers, fax machines, etc.
- Postage
- Purchase of books/journals
- Repair and maintenance of all equipment (office and research)
- General-use Software
- State vehicle repairs, maintenance, and fuel charges
- Subscriptions unless directly related to the research that provide datasets available only to subscribers
- Telephone charges
- Tuition remission
- Xerox copies

Please consult with the NJAES Office of Research (Diane French, dfrench@njaes.rutgers.edu or Michael Christian, mc1464@njaes.rutgers.edu) if you have any questions regarding whether a specific expense is allowable under McIntire-Stennis or Hatch regulations.