

# University of Kentucky Agricultural Experiment Station

## Federal Formula Grant Costing Policy

**Experiment Station Programs:** (Hatch, Multistate, McIntire-Stennis, Animal Health)

**General:** The cost principles prescribed in OMB-A21 are applicable for determining the allowability of costs charged to Experiment Station funds except as provided below.

**NOTE<sup>(1-10)</sup>:** SEE PAGE 2 FOR MORE DETAILED INFORMATION REGARDING VARIOUS CATEGORIES OF COSTS

### ALLOWABLE COSTS (as per NIFA Manuals and/or OMB-A21)

- Branch station costs<sup>1</sup>
- Communication costs<sup>2</sup>
- Compensation for personal services<sup>3</sup>
  - Benefits<sup>4</sup>
- Equipment and other capital expenditures<sup>5</sup>
  - **\*Equipment > \$10,000**
  - Equipment < \$10,000
  - **\*Renovations**
  - **\*Buildings**
  - **\*Land**
  - **\*Rental of land**
- Travel<sup>6</sup>
  - Domestic travel
  - **\*Foreign travel**
- Maintenance and repair costs
- Material and supplies costs
- Meeting and conferences
- Professional service costs
- Publication costs<sup>7</sup>

### UNALLOWABLE COSTS (as per NIFA Manuals and/or OMB-A21)

- Advertising, selling and marketing<sup>8</sup>
- Alcoholic beverages
- Alumni/ae activities
- Bad debts
- Commencement and convocation costs
- Contingency provisions
- Donations and contributions
- Entertainment costs
- Fines and penalties
- Fundraising costs
- Goods or services for personal use
- Housing and personal living expenses
- Insurance and indemnification
- Indirect Costs
- Interest
- Labor relations costs
- Legal costs
- Lobbying
- Losses on other sponsored agreements or contracts (cost overruns)
- Memberships, subscriptions and professional activity costs<sup>9</sup>
- Office supplies<sup>10</sup>
- Pre-agreement costs
- Proposal costs
- Student activity costs
- Tuition, scholarships, & student work-study

**\* Requires prior approval of Director (Associate Dean for Research) – See Page 2 for more detailed information regarding these expenditures.**

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<sup>1</sup> **Branch station costs:** Research at branch stations may be supported by Experiment Station funds if it is related to an approved project.

<sup>2</sup> **Communication costs:** Communication costs are allowable for items such as local and long distance calls. Expenses for recurring line charges are not allowable.

<sup>3</sup> **Compensation for personal services:** Experiment Station funds cannot be used for paying salaries and wages for any activities other than authorized research and all salaries and wages will be based on a system of monitored workload or personnel activity reports (see OMB-A21 J8c & J8d). Recruitment costs for employees are allowable in proportion to how much of that employee's time will be spent working on Experiment Station projects.

<sup>4</sup> **Benefits:** Although benefits are not currently charged to experiment station federal formula grants per college policy, if/when this policy changes, the following parameters will apply:

- i. Employer contributions to retirement systems are limited to five (5) percent of that portion of the salaries paid from Experiment Station funds and contributions from Experiment Station funds may not exceed those contributions from non-federal sources made by or on behalf of the individual concerned.
- ii. Employer contributions to other benefits programs may be charged to Experiment Station funds on that portion of salary paid from Experiment Station funds.

<sup>5</sup> **Equipment and other capital expenditures:** NIFA delegates to the Director the authority to make capital expenditures on Experiment Station funds for equipment having a unit cost of \$1,000 or more and for the renovation of existing facilities. This delegation is subject to the following provisions:

- i. The Director must provide prior approval on all equipment purchases over \$10,000.
- ii. Chairs may approve equipment purchases that are less than \$10,000.
- iii. The need for the equipment or renovation is determined to the satisfaction of the Director (or Chair when less than \$10,000).
- iv. The costs are reasonable and allocable to an approved Experiment Station project or projects.
- v. All renovations must be approved by the Director **in advance**, regardless of the dollar amount.
- vi. All capital expenditures for the purchase or construction of new buildings and purchase of land require prior approval from NIFA.
- vii. Rental of land is allowable under the annual delegation to the Director.

<sup>6</sup> **Travel:** Experiment Station funds may be used to support domestic and foreign travel that will benefit the research progress or to report results of the Experiment Station project on which the scientist is working. Approval of domestic and foreign travel is delegated to the Director. **Foreign travel must be approved before the trip occurs.** In the event foreign travel is necessary for a project, please contact the Research Office immediately to discuss. Experiment Station funds may be used to support travel of prospective employees. If the employee will be employed jointly in the experiment station and in other units within the institution, it is expected that a fair and equitable division of the travel costs will be made.

<sup>7</sup> **Publication costs:** Publications and distribution costs associated with projects approved for Experiment Station funds may be paid from those funds. Where the publication is based upon more than one project or where not all projects are approved for Experiment Station funds, the costs may be reasonably prorated. Expenses associated with providing editorial assistance are considered legitimate publication costs and may be paid from Experiment Station funds.

<sup>8</sup> **Advertising, selling and marketing:** Exception is possible if these costs are necessary for a specific project. Expenses for general marketing activities and promotional items are not allowable.

<sup>9</sup> **Memberships, subscriptions and professional activity costs:** Exception is possible if these costs are necessary for a specific project. Institutional memberships/subscriptions are allowable. Individual memberships/subscriptions are not allowable.

<sup>10</sup> **Office supplies:** Exception is possible when supplies are specific to one project, such as binders to create workshop booklets that are unique to that project.