

# University of Kentucky Cooperative Extension Service

## Federal Capacity Grant Costing Policy

### Cooperative Extension Service Programs: (Smith Lever)

**General:** The cost principles prescribed in OMB-A21 are applicable for determining the allowability of costs charged to Cooperative Extension Service funds except as provided below. Smith Lever funds may only be used for extension programs consistent with the institution's approved 5-year Plan of work and must be allowable, must be necessary for and provide direct benefit to the project, must be directly allocable, must be reasonable and must be non-personal in nature.

**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)

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

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

- Advertising, selling, and marketing<sup>7</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>8</sup>
- Office supplies<sup>9</sup>
- Pre-agreement costs
- Proposal costs
- Purchase, construction, repair of buildings or rental of land.
- Student activity costs
- Tuition, scholarships, & student work-study

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

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<sup>1</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>2</sup> **Compensation for personal services:** CES funds cannot be used for paying salaries and wages for any activities other than authorized extension projects 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 CES projects.

<sup>3</sup> **Benefits:** Although benefits are not currently charged to CES federal capacity 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 CES funds and contributions from CES 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 CES funds on that portion of salary paid from CES funds.

<sup>4</sup> **Equipment and other capital expenditures:** NIFA delegates to the Director the authority to make capital expenditures on CES 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 CES project or projects.
- v. All renovations must be approved by the Director **in advance**, regardless of the dollar amount.

<sup>5</sup> **Travel:** CES funds may be used to support domestic and foreign travel that will benefit the extension project progress or to report results of the CES 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 Extension Office immediately to discuss. CES funds may be used to support travel of prospective employees. If the employee will be employed jointly in the CES and in other units within the institution, it is expected that a fair and equitable division of the travel costs will be made.

<sup>6</sup> **Publication costs:** Publications and distribution costs associated with projects approved for CES 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 CES funds, the costs may be reasonably prorated. Expenses associated with providing editorial assistance are considered legitimate publication costs and may be paid from CES funds.

<sup>7</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>8</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>9</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.