



USDA AMS LAMP Grants - Budget Guidance

This document is meant to provide quick guidance on common allowable and unallowable costs and explanations of the budget categories applicants will see in the Budget and Justification section of the Project Narrative form.

It is not meant to be comprehensive, please refer to the program specific Request for Application (RFA) and Project Narrative Form, [AMS Grants General Terms and Conditions](#), and [Federal Cost Principles: 2 CFR 200 Subpart E](#) for the most up to date and thorough guidance on budget requirements and allowable/unallowable costs.

Common Allowable/Unallowable Costs

Common Allowable Use of Funds

- Pre-award costs: Project costs incurred up to 90 calendar days before the award at the recipient's own risk and when these costs are provided in the approved budget or given prior written approval by the federal agency.
- Rental costs of building space
- Conference costs (with exceptions): may include rental of facilities, speakers' fees, and/or local transportation.
- Special purpose equipment and rental costs of general purpose equipment (additional information found below)
- Participant support costs including stipends or subsistence allowances paid to participants or trainees.
- Salaries and wages
- Training, if required to meet the objectives of the project or program
- Travel, if required to meet the objectives of the project or program

Common Unallowable Use of Funds

- Building and construction
- Contribution/Donations
- Purchasing food to donate or resell
- Purchasing general purpose equipment
- Production-related costs
- Farming, gardening, farm tools and supplies, production training
- Fundraising activities
- Enrollment/expansion of Food Assistance Programs (SNAP, WIC)

Project Budget Categories and Explanations

Personnel: Personnel costs should be reasonable for the services rendered, conform to the established written policy of the applicant organization, and be consistently applied to both Federal and non-Federal activities. List the name, title, role/justification and only the number of hours or the %FTE that this employee will be working on this specific project. Example, if an employee is not working full time on this project and instead will be working only 50% of their time on the grant project, the budget should reflect 50% of their salary, not their full salary.

Fringe Benefits: The costs of fringe benefits should be reasonable and in line with the established policies of the applicant organization. If the fringe is higher than 35% you must provide a justification.

Travel: Travel costs include airfare, car rental, hotel/lodging, meals, mileage, and any other travel related expenses. Travel costs are limited to those allowed by formal organizational policy; in the case of air travel, project participants must use the lowest reasonable commercial airfares. For recipient organizations that have no formal travel policy and for-profit recipients, allowable travel costs may not exceed those established by the Federal Travel Regulations, issued by GSA, including the maximum per diem and subsistence rates prescribed in those regulations. This information is available at <https://www.gsa.gov/>.

General Purpose Equipment: You can rent, but you cannot purchase general purpose equipment. Equipment that is not limited to a special purpose or technical activity. Examples include office equipment and furnishings, modular offices, telephone networks, IT equipment and systems, air conditioning equipment, reproduction and printing equipment, and motor vehicles. Items with an acquisition cost of less than \$5,000 per unit should be listed under “Supplies.”

Special Purpose Equipment (purchase or rental):

- Tangible, nonexpendable, personal property having a useful life of more than one year and a cost that equals or exceeds \$5,000 per unit. Used only for research, medical, scientific or technical activities.
- Allowable, if provided in the approved budget or with prior written approval for acquisition costs and rental costs of special purpose equipment provided the following criteria are met:
 1. Necessary for the research, scientific, or other technical activities of the grant agreement;
 2. Not otherwise reasonably available and accessible;
 3. The type of equipment is normally charged as a direct cost by the organization;
 4. Acquired in accordance with organizational practices;

5. Must be used solely to meet the legislative purpose of the grant program and objectives of the grant agreement; More than one single commercial organization, commercial product, or individual must benefit from the use of the equipment; and
6. Must not use special purpose equipment acquired with grant funds to provide services for a fee to compete unfairly with private companies that provide equivalent services.

Special Purpose Equipment is subject to the full range of acquisition, use, management, and disposition requirements under [2 CFR § 200.313](#) as applicable.

Supplies: Materials, supplies and fabricated parts - less than \$5,000 per unit

Contractual (project partners - subawards vs contractual):

- A subaward is provided to a subrecipient for the subrecipient to carry out part of a Federal award and meet the objectives of the project.
- Contractual expenses are associated with purchasing goods and/or procuring specific services to be performed by an individual or organization other than the applicant. (Examples: audit, legal representation, IT services)

Other (anything that doesn't fit in the above categories): Includes any expenses not covered in any of the previous budget categories. Be sure to break down costs into cost per unit. Expenses in this section include, but are not limited to, meetings and conferences, communications, rental expenses, advertisements, publication costs, and data collection.

Indirect Costs: Also known as facilities and administrative costs - represent the expenses of doing business that is not readily identified with a particular grant, contract, or project function or activity, but is necessary for the general operation of the organization and the conduct of activities it performs.

Applicants who have a Negotiated Indirect Cost Rate (NICRA) must submit a copy of its approved NICRA with their application.

If an applicant does not have a current negotiated rate (including provisional) they may elect to use the de minimis rate of 10% of the modified total direct cost (MTDC).

Applicants must **exclude** the following costs when determining MTDC:

- Equipment
- Capital expenditures
- Rental costs
- Tuition remission
- Scholarships and fellowships
- Participant support costs
- The portion of each subaward in excess of \$25,000

Program Income:

Gross income generated by a grant-supported activity:

- Fees for service
- Registration fees for conferences
- Sale of commodities or items fabricated under the award

Contact Us and Learn More!

For questions about these grant opportunities, after closely reviewing the RFA and FAQs, please visit [Grant Program Contacts](#) to find the e-mail the associated grant program team.

Visit <https://wwwcp.umes.edu/extension/ams-grants-evaluation-bipoc/> for more technical assistance resources.

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