

Archived Information

PREPARING THE APPLICATION BUDGET: WHAT COSTS CAN BE COVERED BY THE GRANT?

Budgets should be constructed to add to the *exact amount* of the Congressional award, including the across-the-board 0.8 % rescission, as noted in OPE's letter to recipient presidents and CEOs. Failure to do so will delay processing and approval of your grant application.

Each Congressionally-directed grant has unique language defining the purposes to which it may be applied. Nonetheless, some guidelines have emerged through the Department's recent history of processing a number of earmarks each year. The examples below are therefore intended to provide general guidance to applicants and are not determinative of how a particular earmark will be interpreted.

The basic principle is that all costs charged to the grant must be reasonably and directly related to the purpose(s) defined by Congress. Thus:

- A grant for "equipment" can include actual costs for any type of equipment (including technology purchases, desks, laboratory supplies, lights, bulletin boards, etc.) and expenses directly related to that equipment (such as a percentage of the salaries of persons who will install, operate or maintain that equipment, or service contracts for equipment purchased with the grant);
- A grant for "laboratory equipment" is more restrictive; all proposed purchases must be clearly identified as intended solely for laboratory use;
- A grant for "technology infrastructure" can be used to purchase and install technology such as computer hardware and software, desks on which the technology will sit, salaries associated with the installation and use of that technology, etc., including any re-wiring necessary to power the technology. (See restrictions on "construction" following in these materials.)
- A grant "to develop and support a program in medical technology" may include, among other things, faculty release time to prepare new curricula for the medical technology program; books, supplies and equipment to support the program; salaries of faculty and staff working in the medical technology department; scholarships to support medical technology students; and other reasonable costs associated with that program.

It is the applicant's responsibility, in the required budget narrative, to relate each cost item to the Congressional purpose(s) of the award.

Pre-award costs (EDGAR, Part 75.263): Project expenses incurred before Departmental approval of your application may be reimbursed from the grant award if incurred within 90 days before the beginning of your grant period. As noted above, recipients whose

application materials are submitted by March 18, 2005, can expect a beginning date for their projects of approximately May 1, 2005. In such a case, approved pre-award expenses incurred during the months of February, March, and April can be reimbursed from the grant award. There is, however, no guarantee that a particular application will be processed within a certain length of time; processing speed will depend largely on the date of submission and how closely the application conforms to the requirements noted in these materials. Applicant institutions therefore incur pre-award costs at their own risk.

Indirect costs (Part 75.560 ff): Recipients of Congressionally-directed grants may charge indirect costs to the grant to the extent permitted in the regulations, if the organization has a current indirect cost rate agreement.

Matching requirement: Recipients of Congressionally-directed grants are *not* required to contribute any matching costs (Section B of budget form). Applicants are advised that, if matching funds are entered into the budget form, those funds will be subject to audits just like the funds expended through the grant.