

COMMONWEALTH of VIRGINIA

*Department for the Aging
James A. Rothrock, Interim Commissioner*

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TABLE OF CONTENTS AAA TUESDAY E-MAILING May 8, 2012

SUBJECT	VDA ID NUMBER
MD Developmental Disabilities Council (James Rothrock)	12-157
PBS Documentary Tells Inspiring Story of Older Athletes (Katie Roeper)	12-158
Home Depot Community Impact Grants (Elaine Smith)	12-159
Commonwealth Community Trust Announces 2012 Charitable Fund Award (Katie Roeper)	12-160
2012 Volunteerism and Community Service Awards (Jim Rothrock)	12-161
HHS Policy on Allowable and Unallowable Costs (Tim Catherman)	12-162



COMMONWEALTH of VIRGINIA
Department for the Aging

12-157

MEMORANDUM

TO: Executive Directors
Area Agencies on Aging

FROM: James Rothrock

DATE: May 8, 2012

SUBJECT: New publication from the MD Developmental Disabilities Council

For those of you who may not see the FB post on this, thought you might find the publication that just came out (funded by MD DD Council) useful. Especially for our self advocates and family members.

**MD Developmental
Disabilities Council**

The new *Planning Now: Futures and Estate Planning Guide for Families of Children and Adults with Developmental Disabilities* is now available! Visit the MD DD Council website to download the accessible PDF version or order a free copy. <http://bit.ly/KgF9wV>. Spanish version coming soon!





COMMONWEALTH of VIRGINIA
Department for the Aging

12-158

MEMORANDUM

TO: Executive Directors
Area Agencies on Aging

FROM: Katie Roeper

DATE: May 8, 2012

SUBJECT: PBS Documentary Tells Inspiring Story of Five Older Athletes

The PBS documentary *Age of Champions* tells the inspiring story of five athletes up to 100 years old chasing gold at the National Senior Olympics. In partnership with nonprofit organizations including AARP, National Council on Aging, and LeadingAge, the movie's filmmakers have launched a national outreach campaign to take *Age of Champions* to communities across the country. You can watch the *Age of Champions* trailer and learn more about the outreach campaign at www.ageofchampions.org/partners.



COMMONWEALTH of VIRGINIA
Department for the Aging

12-159

MEMORANDUM

TO: Executive Directors
Area Agencies on Aging

FROM: Elaine Smith

DATE: May 8, 2012

SUBJECT: Home Depot Community Grants

Home Depot Community Impact Grants of up to \$5,000, are available to registered 501(c)(3) nonprofit organizations, public schools, or tax-exempt public service agencies in the U.S. that are using the power of volunteers to improve the physical health of their community. Grants are given in the form of The Home Depot gift cards for the purchase of tools, materials, or services.

Deadline: Aug. 13. [Learn more.](#)

Among other considerations, proposals for the following community improvement activities will be considered:

- Repairs, refurbishments, and modifications to low-income and/or transitional veteran's housing, or community facilities (schools, community centers, senior centers, etc.)
- Weatherizing or increasing energy efficiency of low-income and/or transitional veterans' housing, or community facilities
- Planting trees or community gardens and/or landscaping community facilities that serve veterans



COMMONWEALTH of VIRGINIA
Department for the Aging

12-160

MEMORANDUM

TO: Executive Directors
Area Agencies on Aging

FROM: Katie Roeper

DATE: May 8, 2012

SUBJECT: Commonwealth Community Trust (CCT) Announces 2012 Charitable Fund Award

Commonwealth community Trust (CCT) Announces 2012 Charitable Fund Award

Because you serve individuals whose quality of life could be improved if they had access to additional funds, please consider applying for a Charitable Fund Award on their behalf.

The Charitable Fund Award, a program of CCT, provides financially needy individuals with disabilities* with a maximum award of up to \$250 to be used for equipment, medication, or services.

Examples of past awards include (but are not limited to) funding for eyeglasses, dental work, assistive technology, therapy, medical supplies, bus passes, camp, and recreation center membership.

Applications must be submitted on behalf of the recipient by a public agency or nonprofit organization that serves people with special needs. Up to ten applications will be accepted from each public agency or organization.

[2012 Charitable Fund Award Application](#)

Applications are due by July 31, 2012



COMMONWEALTH of VIRGINIA
Department for the Aging

12-161

MEMORANDUM

TO: Executive Directors
Area Agencies on Aging

FROM: James Rothrock

DATE: May 8, 2012

SUBJECT: Governor McDonnell Presents 2012 Volunteerism and
Community Service Awards

Congratulations to Senior Connections – The Capital Area Agency on Aging. Senior Connections is among the recipients of the 2012 Volunteerism and Community Service Awards. Here is a link:

http://www.vaservice.org/go/volunteer/award_recipient/2012/katherine_katie_r._goodman

- **The Volunteer Money Management Program at Senior Connections**, a Richmond 501(c) 3 organization, is the recipient of the **Outstanding Community Organization Award**. Genworth Financial's reputation for helping those where they live and work cannot be any more perfectly represented than by their recent donation to the CARITAS Furniture Bank. Through the focused and visionary efforts of their real estate division, Genworth Financial successfully negotiated acquisition, including the entire contents of a distressed property, which will soon be the Ramada Plaza Hotel on West Broad Street. In 2011, Genworth associates contributed 23,700 volunteer hours helping those in need at more than 190 nonprofit organizations across the globe. The size and scope of this donation has created many opportunities for collaboration and volunteer engagement that goes beyond CARITAS and Genworth.

COMMONWEALTH of VIRGINIA
Department for the Aging

12-162

MEMORANDUM

TO: Executive Directors,
Area Agencies on Aging

FROM: Tim Catherman

DATE: May 8, 2012

SUBJECT: HHS Policy on Allowable and Unallowable Costs

You may ask your Finance Director on occasion what is an allowable or unallowable cost under for federal funds. The authoritative information can be found in the [HHS Grants Policy Statement of January 2007](#). An abbreviated list is attached. I highlighted a couple of the most common questions.

If you want to learn more about HHS Grant Policies, please visit the HHS Grant Information for Current and Prospective HHS Grants at <http://dhhs.gov/asfr/ogapa/aboutog/grantsnet.html>.

Allowable and Unallowable Costs

Item	Description
Advertising	Allowable only for recruitment of staff or trainees, procurement of goods and services, disposal of scrap or surplus materials, and other specific purpose necessary to meet the requirements of the grant-supported activity.
Alcoholic Beverages	Unallowable as an entertainment expense. Allowable if within the scope of an approved project.
Alteration and Renovation	<p>A&R costs are allowable unless the program legislation, implementing regulations, or other terms and conditions of the award specifically exclude such activity. A&R must be consistent with the following criteria and documentation requirements:</p> <ul style="list-style-type: none"> The building has a useful life consistent with program purposes and is architecturally and structurally suitable for conversion to the type of space required. The A&R is essential to the purpose of the grant-supported project or program. The space involved will be occupied by the project or program. The space is suitable for human occupancy before A&R work is started except where the purpose of the A&R is to make the space suitable for some purpose other than human occupancy, such as storage. For minor A&R, if the space is rented, evidence is provided that the terms of the lease are compatible with the A&R proposed and cover the duration of the project period. If the A&R will affect a site listed in (or eligible for inclusion in) the National Register of Historic Places, the requirements specified in "Preservation of Cultural and Historic Resources" have been followed. <p>Routine maintenance and repair of the organization's physical plant or its equipment, which is allowable and is ordinarily treated as an indirect cost, is not considered A&R.</p> <p>Work necessary to obtain an initial occupancy permit for the intended use is not an allowable A&R cost. Certain allowable costs of installing equipment, such as the temporary removal and replacement of wall sections and door frames to place equipment in its permanent location, or the costs of connecting utility lines, replacing finishes and furnishings, and installing any accessory devices required for the equipment's proper and safe utilization, may be considered either equipment costs or A&R costs, depending on the recipient's accounting system.</p>
Animals	Allowable for the acquisition, care, and use of animals for use in research and research-related activities, contingent upon compliance with the applicable requirements of the <i>PHS Policy on Humane Care and Use of Laboratory Animals</i> . Otherwise not allowable.
Audiovisual Activities	<p>Allowable for the production of an audiovisual. "Audiovisual" means any product containing visual imagery, sound, or both, such as motion pictures, films, videotapes, live or recorded radio or television programs or public service announcements, slide shows, filmstrips, audio recordings, multimedia presentations, or exhibits where visual imagery, sound, or both are an integral part. "Production" refers to the steps and techniques used to create a finished audiovisual product, including, but not limited to, design, layout, scriptwriting, filming or taping, fabrication, sound recording, and editing.</p> <p>A recipient with in-house production capability must determine whether it would be more efficient and economical to use that capability or to contract for the production of an audiovisual.</p> <p>If an audiovisual intended for members of the general public (i.e., people who are not researchers, health professions, or service delivery personnel or who are not directly involved in project activities as employees, trainees, or participants, such as clients, volunteers or patients) is produced under an HHS grant-supported project or program, the recipient must submit two prints or tapes of the finished product along with its annual or final progress report. The costs of such prints or tapes are allowable costs.</p>

	<p>Audiovisuals produced under a grant-supported project or program must bear an acknowledgment and disclaimer, such as the following:</p> <p>The production of this [type of audiovisual (motion picture, television program, etc.)] was supported by Grant [number of grant] from [name of OPDIV]. Its contents are solely the responsibility of [name of recipient] and do not necessarily represent the official views of [name of OPDIV].</p>
Audit Costs	<p>Allowable (as specified in Section 230 of OMB Circular A-133). The charges may be treated as a direct cost when the audit's scope is limited to a single HHS grant-supported project or program, as specified in 45 CFR 74.26(d), or when it includes more than one project but the costs can be specifically identified with, and allocated to, each project on a proportional basis, and this practice is followed consistently by the recipient. Otherwise, charges for audits should be treated as indirect costs. In addition, a pass-through entity may charge an HHS award for the cost of a limited scope audit to monitor a subrecipient provided the subrecipient is not required to have a single audit and the other conditions of Section 230(b) (2) of OMB Circular A-133 are met.</p>
Bad Debts	<p>Unallowable.</p>
Bid and Proposal Costs	<p>Allowable as an indirect cost. See 45 CFR 74.27(b)(1) for policy for non-profit organizations covered by OMB Circular A-122.</p>
Bonding	<p>Allowable. See 45 CFR 74.21, 74.48(c) and 92.36 for policies and requirements concerning bonding.</p>
Books and Journals	<p>Allowable. If an organization has a library, books and journals generally should be provided as part of normal library services and treated as indirect costs.</p>
Capital expenditures for land or buildings	<p>See "Land or Building Acquisition" in this exhibit.</p>
Child-Care Costs	<p>Allowable if within the scope of an approved project or program or as incidental costs of a project or program if incurred to enable individuals to participate as subjects in research projects or to receive health services. Such costs also may be allowable as a fringe benefit for individuals working on a grant-supported project (see "Fringe Benefits" in this exhibit).</p>
Communications	<p>Allowable. Such costs include local and long-distance telephone calls, telegrams, express mail, postage, messenger, and electronic or computer transmittal services and usually are treated as indirect costs.</p>
Compliance with Historic Preservation Requirements	<p>Allowable. May include hiring special consultants to research and document the historic value of proposed performance sites and costs associated with preparation and presentation of required materials to inform the public and others.</p>
Construction/Modernization	<p>Allowable only when program legislation specifically authorizes new construction, modernization, or other activities considered major A&R, and the OPDIV specifically authorizes such costs in the NoA. When authorized, construction activities may include construction of a new facility or projects in an existing building that are considered to be construction, such as relocation of exterior walls, roofs, and floors; attachment of fire escapes; or completion of unfinished shell space to make it suitable for human occupancy.</p>

<p>Consultant Services</p>	<p>Allowable. A consultant is an individual retained to provide professional advice or services for a fee but usually not as an employee of the requiring organization. The term “consultant” also includes a firm that provides paid professional advice or services. Recipients must have written policies governing their use of consultants that are consistently applied regardless of the source of support. Such policies should include the conditions for paying consulting fees. The general circumstances of allowability of these costs, which may include fees and travel and subsistence costs, are addressed in the applicable cost principles under “professional services costs.”</p> <p>In unusual situations, a person may be both a consultant and an employee of the same party, receiving compensation for some services as a consultant and for other work as a salaried employee as long as those separate services are not related to the same project and are not charged to the same project. For example, consulting fees that are paid by an educational institution to a salaried faculty member as extra compensation above that individual’s base salary are allowable, provided the consultation is across departmental lines or involves a separate or remote operation and the work performed by the consultant is in addition to his or her regular departmental workload.</p> <p>For employee consulting costs to be allowable under grant-supported projects (including subawards or contracts under the grant), recipients, subrecipients, and contractors must establish written guidelines permitting such payments regardless of the source of funding and indicating the conditions under which the payment of consulting fees to employees is proper. Unless subject to OMB Circular A-21, the recipient, subrecipient, or contractor also must document that it would be inappropriate or infeasible to compensate the individual for those services through payment of additional salary. Under no circumstances can an individual be paid as a consultant and an employee under the same HHS grant. Authorization for consulting fees paid to individuals serving as both employees and consultants of the same party must be provided in writing, on a case-by-case basis, by the head of the recipient, subrecipient, or contractor organization incurring the costs, or his/her designee. If the designee is personally involved in the project, the authorization may be given only by the head of the organization. This authorization must include a determination that the required conditions are present and that there is no apparent or actual conflict of interest.</p> <p>Recipients, subrecipients, and contractors under grants are encouraged to obtain written reports from consultants unless such a report is not feasible given the nature of the consultation or would not be useful. Documentation maintained by the receiving organization should include the name of the consulting firm or individual consultant; the nature of the services rendered and their relevance to the grant-supported activities, if not otherwise apparent from the nature of the services; the period of service; the basis for calculating the fee paid (e.g., rate per day or hour worked or rate per unit of service rendered); and the amount paid. This information may be included in the consultant’s invoice, in the report, or in another document.</p>
<p>Consumer/ Provider Board Participation</p>	<p>Allowable in accordance with applicable program regulations. When not specifically authorized by program regulations, only the following costs are allowable with OPDIV prior approval:</p> <p style="padding-left: 40px;">Reasonable and actual out-of-pocket costs incurred solely as a result of attending a scheduled meeting, including transportation, meals, babysitting fees, and lost wages.</p> <p style="padding-left: 40px;">The reasonable costs of necessary meals furnished by the recipient to consumer or provider participants during scheduled meetings if not reimbursed to participants as per diem or otherwise.</p> <p>Where programmatic regulations permit such payments but establish a maximum annual income for eligibility for reimbursement of consumer/provider board members for wages lost by reason of their participation in board activities, the determination of eligibility will be made on the basis of gross rather than net income.</p> <p>Members of consumer/provider boards are not considered employees or consultants of the recipient. Therefore, they may not be compensated for their services other than as above, nor are they eligible for associated fringe benefits. Although not eligible for individual insurance coverage, board members may be covered by an organizational insurance policy while acting in their official capacities as board members.</p>
<p>Contingency Funds</p>	<p>Contributions set aside for events whose occurrence cannot be foretold with certainty as to time, intensity, or assurance of their happening are unallowable under nonconstruction grants. Contingency funds do not include pension funds, self-insurance funds, and normal accruals for severance and post-retirement health costs (also see “Reserve Funds” in this exhibit). Construction grants may include a contingency fund in initial construction contract cost estimates to provide for unanticipated charges.</p>

	These funds will be limited to 5 percent of construction and equipment costs before bids or proposals are received and must be reduced to 2 percent after a construction contract has been awarded.
Depreciation or Use Allowances	Allowable. Such costs usually are treated as indirect costs. Depreciation or use charges on equipment or buildings acquired under a federally supported project are not allowable.
Drugs	Allowable if within the scope of an approved project. Project funds may not be used to purchase drugs classified by FDA as "ineffective" or "possibly effective" except in approved clinical research projects or in cases where there is no alternative other than therapy with "possibly effective" drugs. Recipient acquisition practices for drugs used in outpatient treatment must meet Federal requirements regarding cost-effectiveness and reasonableness as found in 42 CFR part 40, Subpart E, and OMB Circulars A-122 and A-87.
Dues or Membership Fees	Allowable as an indirect cost for organizational membership in business, professional, or technical organizations or societies. Payment of dues or membership fees for an individual's membership in a professional or technical organization is allowable as a fringe benefit or an employee development cost, if paid according to an established organizational policy consistently applied regardless of the source of funds.
<i>Employees</i>	<p>Consistent with the organization's established travel policy, costs for employees working on the grant-supported project or program may include associated per diem or subsistence allowances and other travel-related expenses, such as mileage allowances if travel is by personal automobile.</p> <p>Domestic travel is travel performed within the recipient's own country. For U.S. and Canadian recipients, it includes travel within and between any of the 50 States of the United States and its possessions and territories and also travel between the United States and Canada and within Canada. Foreign travel is defined as any travel outside of Canada and the United States and its territories and possessions. However, for an organization located outside Canada and the United States and its territories and possessions, foreign travel means travel outside that country.</p> <p>In all cases, travel costs are limited to those allowed by formal organizational policy; in the case of air travel, the lowest reasonable commercial airfares must be used. For-profit recipients' allowable travel costs may not exceed those established by the FTR, issued by GSA, including the maximum per diem and subsistence rates prescribed in those regulations. This information is available at http://www.gsa.gov. If a recipient organization has no formal travel policy, those regulations will be used to determine the amount that may be charged for travel costs.</p> <p>Recipients are strongly encouraged to take advantage of discount fares for airline travel through advance purchase of tickets if travel schedules can be planned in advance (such as for national meetings and other scheduled events).</p> <p>Recipients must comply with the requirement that U.S. flag air carriers be used by domestic recipients to the maximum extent possible when commercial air transportation is the means of travel between the United States and a foreign country or between foreign countries. This requirement must not be influenced by factors of cost, convenience, or personal travel preference. The cost of travel under a ticket issued by a U.S. flag air carrier that leases space on a foreign air carrier under a code-sharing agreement is allowable if the purchase is in accordance with GSA regulations on U.S. flag air carriers and code shares (see http://www.gsa.gov/gsa/cm_attachments/GSA_DOCUMENT/110304_FTR_R2QA53_0Z5RDZ-i34K-pR.pdf). (A code-sharing agreement is an arrangement between a U.S. flag carrier and a foreign air carrier in which the U.S. flag carrier provides passenger service on the foreign air carrier's regularly scheduled commercial flights.)</p>
Entertainment Costs	Unallowable. This includes the cost of amusements, social activities, and related incidental costs.
Equipment	<p>Allowable for purchase of new, used, or replacement equipment as a direct cost or as part of indirect costs, depending on the intended use of the equipment. OPDIV prior approval may be required as specified in "Prior-Approval Requirements." Funds provided under a conference grant may not be used to purchase equipment.</p> <p>For policies governing the classification, use, management, and disposition of equipment, see "Property Management." For policies governing the allowability of costs for rental of equipment, see "Rental or Lease of Facilities and Equipment" in this exhibit.</p>

Fines and Penalties	Unallowable except when resulting from violations of, or failure of the organization to comply with, Federal, State, or local laws and regulations and incurred as a result of compliance with specific provisions of an award, or when such payments are authorized in advance in writing by the GMO. (Tim's note – generally disallowed).
Fringe Benefits	Allowable as part of overall employee compensation in proportion to the amount of time or effort an employee devotes to the grant-supported project or program, provided such costs are incurred under formally established and consistently applied policies of the organization (see "Salaries and Wages" in this exhibit). Tuition or tuition remission for regular employees is allowable as a fringe benefit. For organizations subject to OMB Circular A-21, tuition benefits for family members other than the employee are unallowable. For policies applicable to tuition remission for students working on grant-supported research projects, see "Salaries and Wages" in this exhibit.
Fundraising Costs	Unallowable.
Hazardous Waste Disposal	Allowable. Usually treated as an indirect cost.
Honoraria	Unallowable when the primary intent is to confer distinction on, or to symbolize respect, esteem, or admiration for, the recipient of the honorarium. A payment for services rendered, such as a speaker's fee under a conference grant, is allowable.
Hospitalization	See "Research Patient Care" in this exhibit.
Incentive Costs	Incentive payments to volunteers or patients participating in a grant-supported project or program are allowable. Incentive payments to individuals to motivate them to take advantage of grant-supported health care or other services are allowable if within the scope of an approved project. See "Salaries and Wages" in this exhibit for incentive payments to employees.
Indemnification	Allowable to the extent expressly provided in the award for indemnification against liabilities to third parties and any other loss or damage not compensated by insurance or otherwise. The Federal government is obligated to indemnify the institution only to the extent expressly provided for in the NoA.
Independent Research and Development Costs	Unallowable, including their proportionate share of indirect costs.
Insurance	Allowable. Insurance usually is treated as an indirect cost. In certain situations, however, where special insurance is required as a condition of the grant because of risks peculiar to the project, e.g., provision of health services, the premium may be charged as a direct cost if doing so is consistent with organizational policy. If so, the insurance should be treated as a direct cost and assigned to individual grants based on the manner in which the insurer allocates the risk to the population covered by the insurance. Medical liability (malpractice) insurance is an allowable cost of research programs at educational institutions only if the research involves human subjects. The cost of insuring equipment, whether purchased with grant funds or furnished as federally owned property, normally should be included in indirect costs but may be allowable as a direct cost if this manner of charging is the normal organizational policy.
Interest	Allowable as an indirect cost for certain assets as specified in the applicable cost principles. Unallowable for hospitals.
Invention, Patent, or Licensing Costs	Unallowable as a direct cost unless specifically authorized in the NoA. May be allowable as indirect costs provided they are authorized under applicable cost principles and are included in the negotiation of indirect cost rates. Such costs include licensing or option fees, attorney's fees for preparing or submitting patent applications, and fees paid to the U.S. Patent and Trademark Office for patent application, patent maintenance, or recordation of patent-related information.

Land or Building Acquisition	Not allowable unless acquisition or construction is specifically authorized by program legislation and provided for in the NoA. Under those programs that have authority to permit recipients to acquire facilities, considerations such as the type of program being supported and the Federal interest in purchased property will be taken into account by the awarding office in determining whether property should be leased or purchased. For real property acquired with grant support, the cost of title insurance may be charged to the grant in proportion to the Federal share of the acquisition cost. Filing fees incurred with the recordation in appropriate official records of the applicable jurisdiction of the Federal interest in the real property also may be charged to the grant. Use allowance or depreciation on buildings that were not acquired under a Federal project are allowable, usually as an indirect cost.
Leave	Allowable for employees as a fringe benefit (see "Fringe Benefits" in this exhibit). See program guidance or Part IV for policy on leave for fellows and trainees.
Legal Services	Allowable. Generally treated as an indirect cost but, subject to the limitations described in the applicable cost principles, may be treated as a direct cost for legal services provided by individuals who are not employees of the recipient. Before a recipient incurs legal costs that are extraordinary or unusual, the recipient should make an advance agreement regarding the appropriateness and reasonableness of such costs with the GMO. Legal costs incurred in defending or prosecuting claims, whether equitable or monetary, including administrative grant appeals, are unallowable charges, except as provided in the applicable cost principles.
Library Services	General library support is not allowable as a direct cost but may be included in a recipient's indirect cost pool. These services are allowable as a direct cost when specifically required for the conduct of the project and when identifiable as an integral part of the grant-supported activity (e.g., in those programs designed to develop and support such services).
Lobbying	Generally unallowable, including costs of lobbying activities to influence the introduction, enactment, or modification of legislation by the U.S. Congress or a State legislature. Under certain circumstances, as provided in the applicable cost principles, costs associated with activities that might otherwise be considered "lobbying" that are directly related to the performance of a grant may be allowable. The recipient should obtain an advance understanding with the GMO if it intends to engage in these activities.
Meals	Generally unallowable except for the following: Subjects and patients under study Where specifically approved as part of the project or program activity, e.g., in programs providing children's services When an organization customarily provides meals to employees working beyond the normal workday, as a part of a formal compensation arrangement As part of a per diem or subsistence allowance provided in conjunction with allowable travel Under a conference grant, when meals are a necessary and integral part of a conference, provided that meal costs are not duplicated in participants' per diem or subsistence allowances. Guest meals are not allowable. (See "Consumer/Provider Board Participation" in this exhibit regarding the allowability of the cost of meals for consumer and provider board participants in grant-supported activities.)
Moving	See "Recruitment Costs," "Relocation Costs," and "Transportation of Property" in this exhibit.
Overtime	See "Salaries and Wages" in this exhibit.
Patients or Service Beneficiaries	If patient care, including research patient care, or other direct health or social services are approved activities of the grant-supported project or program, the costs of transporting individuals participating in the program or project to the site where services are being provided, including costs of public transportation, are allowable. The purchase of motor vehicles for this purpose also may be allowable.

Pension Plan Costs	<p>Allowable. For institutions of higher education and non-profit organizations, the following applies:</p> <p style="padding-left: 40px;">Such costs must be incurred according to the established policies of the organization consistently applied regardless of the source of funds.</p> <p style="padding-left: 40px;">The organization's policies must meet the test of reasonableness.</p> <p style="padding-left: 40px;">The methods of cost allocation must be equitable for all activities.</p> <p style="padding-left: 40px;">The amount assigned to each fiscal year must be determined in accordance with generally accepted accounting principles.</p> <p style="padding-left: 40px;">The cost assigned to a given fiscal year must be paid or funded for all plan participants within 6 months after the end of that fiscal year.</p> <p>State, local, or Indian tribal governments or hospitals may use the "pay-as-you-go" cost method (i.e., when pension benefits are paid by the recipient directly to, or on behalf of, retired employees or their beneficiaries) in lieu of the method described above. Under this method, the benefits may be charged in the recipient's fiscal year in which the payments are made to, or on behalf of, retired employees or their beneficiaries, provided that the recipient follows a consistent policy of treating such payments as expenses in the year of payment.</p> <p>See the applicable cost principles for additional information on the allowability of costs associated with pension plans.</p>
Pre-Award (Pre-Agreement) Costs	<p>Allowable. Where authorized by the OPDIV as an expanded authority (see Part IV of the HHS GPS), a recipient may, at its own risk and without OPDIV prior approval, incur obligations and expenditures to cover costs up to (and including) 90 days before the beginning date of the initial budget period of a new or competing continuation award if such costs</p> <p style="padding-left: 40px;">are necessary to conduct the project or program, and would be allowable under the grant, if awarded.</p> <p>However, even if authorized as an expanded authority, if a specific expenditure would otherwise require prior approval, the cost or activity must meet the same tests of allowability as if incurred after award.</p> <p>If not authorized as part of expanded authorities, the applicant/recipient must seek OPDIV prior approval before incurring pre-award costs. OPDIV prior approval is required for any costs to be incurred more than 90 days before the beginning date of the initial budget period of a new or competing continuation award.</p> <p>Recipients may incur pre-award costs before the beginning date of a non-competing continuation award without regard to the time parameters stated above and without prior approval. The incurrence of pre-award costs in anticipation of a competing or non-competing award imposes no obligation on the OPDIV either to make the award or to increase the amount of the approved budget if an award is made for less than the amount anticipated and is inadequate to cover the pre-award costs incurred. Recipients are expected to be fully aware that pre-award costs result in borrowing against future support and that such borrowing must not impair the recipient's ability to accomplish the project or program objectives in the approved time frame or in any way adversely affect the conduct of the project or program.</p>
Public Relations Costs	<p>Allowable only for costs specifically required by the award or for costs of communicating with the public and the press about specific activities or accomplishments under the grant-supported activity or other appropriate matters of public concern. Such costs may be treated as direct costs but should be treated as indirect costs if they benefit more than one sponsored agreement or if they benefit the grant and other work of the organization.</p>
Publications	<p>Allowable. Page charges for publication in professional journals are allowable if the published paper reports work supported by the grant and the charges are levied impartially on all papers published by the journal, whether or not by government-sponsored authors. The costs of reprints and publishing in other media, such as books, monographs, and pamphlets, also are allowable.</p> <p>Publications and journal articles produced under an HHS grant-supported activity must bear an acknowledgment and disclaimer, as appropriate, as provided in "Intellectual Property—Publications."</p>
Recruitment Costs	<p>Allowable subject to the conditions and restrictions contained in the applicable cost principles. These costs may include help-wanted advertising costs, costs of travel by applicants for interviews for prospective employment, and travel costs of employees while engaged in recruiting personnel. Grant</p>

	<p>funds may not be used for a prospective trainee's travel costs to or from the recipient organization for the purpose of recruitment. However, other costs incurred in connection with recruitment under training programs, such as advertising, may be allocated to a grant-supported project according to the provisions of the applicable cost principles (also see "Travel" and "Relocation Costs" in this exhibit).</p>
Registration Fees	<p>Allowable for attendance at conferences, symposiums, or seminars if necessary to accomplish project or program objectives.</p>
Relocation Costs	<p>Allowable—in other than change of grantee organization situations—when such costs are incurred incidental to a permanent change of duty assignment (for an indefinite period or for a stated period of no less than 12 months) for an existing employee working on a grant-supported project, or when a new employee is recruited for work on the project, provided that the move is for the recipient's benefit rather than the individual's and that payment is made according to established organizational policies consistently applied regardless of the source of funds. Relocation costs may include the cost of transporting the employee and his or her family, dependents, and household goods to the new location and certain expenses associated with the sale of the former home. If relocation costs have been incurred in connection with the recruitment of a new employee, whether as a direct cost or an indirect cost, and the employee resigns for reasons within his or her control within 12 months after hire, the recipient must credit the grant account for the full cost of the relocation charged to the grant.</p> <p>When there is a change in the grantee organization, the personal relocation expenses of the PI/PD and others moving to the new recipient are not allowable charges.</p>
Rental or Lease of Facilities and Equipment	<p>Allowable subject to the limitations below. Rental costs are allowable to the extent that the rates are reasonable at the time of the decision to lease in light of such factors as rental costs of comparable property, if any; market conditions in the area; the type, life expectancy, condition, and value of the property leased; and available alternatives. Because of the complexity involved in determining the allowable amount under certain types of leases, recipients are encouraged to consult the GMO before entering into leases that will result in direct charges to an award. In general, the rental costs for facilities and equipment applicable to each budget period should be charged to that period. However, see "Property Management" for an exception to this general rule.</p> <p>Rental costs under leases that create a material equity in the leased property, as defined in the applicable cost principles, are allowable only up to the amount that would be allowed had the recipient purchased the property on the date the lease agreement was executed. This would include depreciation or use allowances, maintenance, taxes, and insurance, but would exclude unallowable costs.</p> <p>When a recipient transfers property to a third party through sale, lease, or otherwise and then leases the property back from that third party, the lease costs that may be charged to an HHS grant generally may not exceed the amount that would be allowed if the recipient continued to own the property.</p> <p>Rental costs under "less-than-arms-length" leases are allowable only up to the amount that would be allowed under the applicable cost principles had title to the property been vested in the recipient. A less-than-arms-length lease is one in which one party to the lease agreement is able to control or substantially influence the actions of the other. Such leases include, but are not limited to, those between divisions of an organization; between organizations under common control through common officers, directors, or members; and between an organization and its directors, trustees, officers, or key employees (or the families of these individuals), directly or through corporations, trusts, or similar arrangements in which they hold a controlling interest.</p>
Research Patient Care	<p>The costs of routine and ancillary services provided by hospitals to individuals, including patients and volunteers, participating in research programs are allowable if included in the NoA or approved as a post-award change as specified in "Prior-Approval Requirements—OPDIV Prior Approval."</p> <p>"Routine services" include the regular room services, minor medical and surgical supplies, and the use of equipment and facilities for which a separate charge is not customarily made. "Ancillary services" are those special services for which charges customarily are made in addition to routine services, e.g., x-ray, operating room, laboratory, pharmacy, blood bank, and pathology. See "Research Patient Care Costs" for policy concerning reimbursement of these costs.</p> <p>The following otherwise allowable costs are not classified as research patient care costs: items of personal expense reimbursement, such as patient travel; consulting physician fees; and any other direct payments to individuals, including inpatients, outpatients, subjects, volunteers, and donors.</p>
Reserve Funds	<p>Contributions to a reserve fund for self-insurance are allowable as specified in the governing cost</p>

	principles (also see “Contingency Funds” in this exhibit).
Salaries and Wages	<p>Allowable. Compensation for personal services covers all amounts, including fringe benefits, paid currently or accrued by the organization for employee services rendered to the grant-supported project or program. Compensation costs are allowable to the extent that they are reasonable, conform to the established policy of the organization consistently applied regardless of the source of funds, and reflect no more than the percentage of time actually devoted to the OPDIV-funded project or program. Where restricted by language in the HHS appropriations act, OPDIVs will not reimburse recipients for the direct salaries of individuals at a rate in excess of the level specified. Direct salary is exclusive of fringe benefits and indirect costs. If there is a salary limitation, it does not apply to consultant payments or to contracts for routine goods and services, but it does apply to subrecipients (including consortium participants). Specific considerations are addressed below.</p>
Payroll Distribution	<p>Salary and wage amounts charged to grant-supported projects or programs for personal services must be based on an adequate payroll distribution system that documents such distribution in accordance with generally accepted practices of like organizations. Standards for payroll distribution systems are contained in the applicable cost principles (other than those for for-profit organizations). Briefly summarized, acceptable systems are as follows:</p> <p><i>Hospitals</i></p> <p>Monthly after-the-fact reports of the distribution of time or effort for professional staff members. Time and attendance and payroll distribution records for non-professional employees.</p> <p><i>Non-profit organizations</i></p> <p>Monthly after-the-fact reports, including a signed certification, by the employee, or by a responsible supervisory official having first-hand knowledge of the work performed, that the distribution of activity represents a reasonable estimate of the actual work performed by the employee during the period covered by the report. Each report must account for the total activity required to fulfill the employee’s obligations to the organization as well as the total activity for which he or she is compensated.</p> <p>For non-professional employees, additional supporting reports, indicating the total number of hours worked each day, must be maintained in conformance with DoL regulations implementing the Fair Labor Standards Act (29 CFR part 516).</p> <p>The distribution of salaries and wages must be supported by personnel activity reports as described above, except when a substitute system has been approved, in writing, by the Federal cognizant agency designated under OMB Circular A-122.</p> <p><i>State, local, and Indian tribal governments</i></p> <p>Time and attendance or equivalent records for all employees. Time distribution records for employees whose compensation is chargeable to more than one grant or other cost objective.</p> <p><i>Non-profit organizations</i></p> <p>Monthly after-the-fact reports, including a signed certification, by the employee, or by a responsible supervisory official having first-hand knowledge of the work performed, that the distribution of activity represents a reasonable estimate of the actual work performed by the employee during the period covered by the report. Each report must account for the total activity required to fulfill the employee’s obligations to the organization as well as the total activity for which he or she is compensated.</p> <p>For non-professional employees, additional supporting reports, indicating the total number of hours worked each day, must be maintained in conformance with DoL regulations implementing the Fair Labor Standards Act (29 CFR part 516).</p> <p>The distribution of salaries and wages must be supported by personnel activity reports as described above, except when a substitute system has been approved, in writing, by the Federal cognizant agency designated under OMB Circular A-122.</p> <p><i>State, local, and Indian tribal governments</i></p> <p>Time and attendance or equivalent records for all employees. Time distribution records for employees whose compensation is chargeable to more than one grant or other cost objective.</p>

Overtime Premiums	Premiums for overtime generally are allowable; however, such payments are not allowable for faculty members at institutions of higher education. If overtime premiums are allowable, the categories or classifications of employees eligible to receive overtime premiums should be determined according to the formal policies of the organization consistently applied regardless of the source of funds.
Bonuses/ Incentive Payments	Allowable for employees as part of a total compensation package, provided such payments are reasonable and are made according to a formal policy of the recipient that is consistently applied regardless of the source of funds.
Payments for Dual Appointments	For investigators with university and clinical practice plan appointments, compensation from both sources may be considered the base salary if the following criteria are met: Clinical practice compensation must be guaranteed by the university. Clinical practice effort must be shown on the university appointment form and must be paid through the university. Clinical practice effort must be included and accounted for on the university's effort report.
Student Compensation	Tuition remission and other forms of compensation paid as, or in lieu of, wages to students (including fellows and trainees) under research grants are allowable, provided the following conditions are met: <ul style="list-style-type: none"> • The individual is performing activities necessary to the grant. • Tuition remission and other forms of compensation are consistently provided, in accordance with established institutional policy, to students performing similar activities conducted in non-sponsored as well as in sponsored activities. • During the academic period, the student is enrolled in an advanced degree program at a recipient or affiliated institution and the activities of the student in relation to the federally sponsored research project are related to the degree program. • The tuition or other payments are reasonable compensation for the work performed and are conditioned explicitly upon the performance of necessary work. • It is the institution's practice to similarly compensate students in non-sponsored as well as sponsored activities. Charges for tuition remission and other forms of compensation paid to students as, or in lieu of, salaries and wages are subject to the reporting requirements in Section J.10 of OMB Circular A-21, or an equivalent method for documenting the individual's effort on the research project. Tuition remission may be charged on an average rate basis. Payments made for educational assistance (e.g., scholarships, fellowships, and student aid costs) are allowable only when the purpose of the grant is to provide training to selected participants and the charge is approved by the OPDIV. These costs are unallowable charges to research grant funds even when they would appear to benefit the research project.
Service Charges	Allowable. The costs to a user of organizational services and central facilities owned by the recipient, such as central laboratory and computer services, are allowable and must be based on organizational fee schedules consistently applied regardless of the source of funds.
Severance Pay	Allowable only to the extent that such payments are required by law, are included in an employer-employee agreement, are part of an established policy effectively constituting an implied agreement on the part of the organization, or meet the circumstances of the particular employment. The amount of severance pay to be provided should be determined according to established organizational policy consistently applied regardless of the source of funds and should be reasonable, taking into consideration the practice of similar types of organizations and the extent of the organization's dependence on Federal funds. The applicable cost principles should be consulted regarding the different treatment of severance pay in regular and mass termination situations.
Stipends	Allowable as cost-of-living allowances for trainees and fellows if permitted by a program's statute authorizing or implementing regulations. The specific amounts may be established by policy. Generally, these payments are made according to a pre-established schedule based on the individual's experience and level of training. (See "Traineeships, Fellowships, and Similar Awards Made to Organizations on Behalf of Individuals—Allowable Costs.") A stipend is not a fee-for-service payment and is not subject to the cost accounting requirements of the cost principles. Stipends are not allowable under research grants even when they appear to benefit the research project.

Subawards/ Contracts under Grants	Allowable to carry out a portion of the programmatic effort or for the acquisition of routine goods or services under the grant. Such arrangements may be in the form of consortium agreements or commercial contracts and may require OPDIV approval (see "Prior-Approval Requirements").
Supplies	Allowable.
Taxes	Allowable. Such costs include taxes that an organization is required to pay as they relate to employment, services, travel, rental, or purchasing for a project. Recipients must avail themselves of any tax exemptions for which activities supported by Federal funds may qualify. State sales and use taxes for materials and equipment are allowable only when the State does not grant a refund or exemption on such taxes.
Termination or Suspension Costs	Unallowable except as follows. If a grant is terminated or suspended, the recipient may not incur new obligations after the effective date of the termination or suspension and must cancel as many outstanding obligations as possible. The awarding office will allow full credit to the recipient for the Federal share of otherwise allowable costs if the obligations were properly incurred before suspension or termination—and not in anticipation of it—and, in the case of termination, are not cancelable. The GMO may authorize other costs in, or subsequent to, the notice of termination or suspension. See 45 CFR 74.62(c) and 92.43.
Trailers and Modular Units	<p>Allowable only if considered equipment as provided below. A "trailer" is defined as a portable vehicle built on a chassis that is designed to be hauled from one site to another by a separate means of propulsion and that serves, wherever parked, as a dwelling or place of business. A "modular unit" is a prefabricated portable unit designed to be moved to a site and assembled on a foundation to serve as a dwelling or a place of business. The determination of whether costs to acquire trailers or modular units are allowable charges to HHS grant-supported projects depends on whether such units are classified as real property or equipment. The classification will depend on whether the recipient's intended use of the property is permanent or temporary.</p> <p>A trailer or modular unit is considered real property when the unit and its installation are designed or planned to be installed permanently at a given location so as to seem fixed to the land as a permanent structure or appurtenance thereto. Units classified as real property may not be charged to an HHS grant-supported project unless authorizing legislation permits construction or acquisition of real property and the specific purchase is approved by the OPDIV.</p> <p>A trailer or modular unit is considered equipment when the unit and its installation are designed or planned to be used at any given location for a limited time only. Units classified as equipment may be charged to HHS grant-supported projects only if the terms and conditions of the award do not prohibit the purchase of equipment and OPDIV prior approval is obtained, as appropriate.</p> <p>A trailer or modular unit properly classified as real property or as equipment at the time of acquisition retains that classification for the life of the item, thereby determining the appropriate accountability requirements under 45 CFR 74.32 or 74.34 or 92.31 or 92.32, as applicable.</p>
Trainee Costs	Allowable if permitted by statute, regulation, or program policy, as defined in the authorizing document, and included in the NoA.
Transportation of Property	Allowable for freight, express, cartage, postage, and other transportation services relating to goods either purchased, in process, or delivered, including instances when equipment or other property is moved from one recipient to another. In a change-of-grantee situation, the cost of transportation may be charged to the grant at either the original or the new organization, depending on the circumstances and the availability of funds in the appropriate active grant account.
Travel	Allowable as a direct cost where such travel will provide direct benefit to the project or program.