

# Eat Smart New York

## Cost Policy

Under Section 241 of the Healthy, Hunger-Free Kids Act of 2010 (P.L. 111-269) SNAP agencies are reimbursed 100 percent of allowable administrative program costs that are 'reasonable and necessary' to operate approved nutrition education activities.

To be allowable, all costs charged to FNS under SNAP-Ed shall be valid obligations of the State, local government or sub-grantee and shall be necessary and reasonable as charges under an approved SNAP-Ed plan.<sup>1</sup> In order to assure that program costs are reasonable and necessary, non-program related expenses shall not exceed 15% of a State, local government, or sub-grantees total SNAP Nutrition Education grant.

The following table distinguishes program costs from administrative costs, and is intended to provide guidance in the preparation of the ESNY program budget:

Administrative Costs	Program Costs
<p>Administrative costs are the necessary and reasonable salaries and support for the general administration of the ESNY program.</p> <p><b>Examples of administrative costs include:</b></p> <ul style="list-style-type: none"> <li>• Salaries and benefit costs for staff performing administrative and coordination functions;</li> <li>• Costs associated with the preparation of program plans, budgets, and schedules;</li> <li>• Costs involved in the fiscal monitoring or tracking of programs and project budgets;</li> <li>• Procurement activities;</li> <li>• Services related to accounting, audits, management of property, payroll and personnel;</li> <li>• Costs for the goods or services required for the delivery of the administrative functions listed above, such as the costs for supplies, equipment, travel, postage, utilities, rental and maintenance of office space.</li> <li>• Contract costs for administrative functions.</li> </ul>	<p>Program costs are the necessary and reasonable salaries and support for nutrition education activities delivered to eligible participants.</p> <p><b>Examples of program costs include:</b></p> <ul style="list-style-type: none"> <li>• Salary and benefit costs for staff providing direct education ;</li> <li>• Salary and benefit costs associated with supervision of ESNY staff providing educational activities;</li> <li>• Costs associated with provision of training and travel related to program activities;</li> <li>• Costs associated with providing direct services, such as costs for teaching materials, food supplies, general supplies, allowable equipment, travel for approved program activities, and postage;</li> <li>• The costs of contracts devoted entirely (including incidental administrative costs) to the delivery of ESNY program services.</li> <li>• Costs associated with approved program evaluation when deemed necessary and reasonable.</li> </ul>

<sup>1</sup> Allowable costs are specified under OMB regulations at 2 CFR part 225 (OMB Circular A-87), 2 CFR 220 (OMB Circular A-21), 2 CFR 215 (OMB Circular A-110) and 2 CFR 230 (OMB Circular A-122, Departmental rules at 7 CFR 3016, and SNAP rules at 7 CFR 230).

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## **Allowable and Unallowable Administrative Expenses (7CFR 277 (OMB Circular A-87))**

**Allowable administrative costs**-Operational costs for SNAP-Ed, which include all administrative expenses that are reasonable and necessary to operate approved nutrition education activities.

Allowable administrative expenses include:

- Salaries and benefits of personnel involved in SNAP-Ed and administrative support;
- Office equipment, supplies, postage, duplication costs and travel that is necessary to carry-out the project's objectives;
- Development and production of SNAP-Ed materials when no other appropriate materials exist (see pages 16-17);
- Lease or rental costs;
- Maintenance expenses;
- Other indirect costs; and
- Charges for travel for the purpose of fulfilling the approved plan based on official State, local or university travel regulations.

**Unallowable administrative expenses**- Unallowable costs per 2 CFR 225 (OMB Circular A-87) and 2 CFR 220 (OMB Circular A-21) for State and local governments are listed below. Similar lists are found in 2 CFR 215 (OMB Circular A-110) and 2 CFR 230 (OMB Circular A-122), the OMB regulations applicable universities and non-profit organizations).

- Bad Debts-uncollected accounts or claims, and related costs.
- Contingencies-contributions to an emergency reserve or similar provision for unforeseen events (these are not insurance payments which are allowable).
- Contributions and Donations (usually these are political in nature).
- Entertainment-costs that are primarily for amusement or social activities. (This is actually one with a lot of exceptions. For example, meals are cited in the OMB regulations but within the context of training meals might be allowable. There are a number of costs here that require a "reasonable judgment" based on why or when the activity takes place.)
- Fines and Penalties-violations or penalties for failure to comply with Federal, State, or Local laws.
- Governor's Office-specifically costs of general government. Costs which may be directly charged to a Federal grant may be allowable. (For example, if a person assigned to the governor's office devotes 100 percent of his/her time to the SNAP, the cost may be allowable. Each situation, however, shall be judged on its own merit).
- Indemnification-payments to third parties and other losses not covered by insurance.
- Legislative Expenses.
- Losses Not Covered by Insurance (See Indemnification above. These costs are similar, but not the same).
- Under Recovery of Costs under Federal Funding Agreements-shortfalls in one grant cannot be charged to another Federal grant. (This is not the same as charging two Federal grants for a share of the costs of the activity if both agencies benefit from the activity funded. However, an allocations basis shall be established for sharing the costs in proportion to the benefit each receives.
- Alcoholic Beverages.

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Under 2 CFR 220 (OMB Circular A-21), there are some *unallowable cost* categories in addition to those listed above:

- Advertising and Public Relations- Unless used for recruitment of staff, acquisition of material for the grant, or publishing the results of the grant.
- Alumni Activities.
- Commencement and Convocations.
- Legal Fees Which Result From a Failure to Follow Federal, State or Local Laws. If certain conditions are met, the Federal government may allow some legal fees.
- Executive Lobbying.
- Goods and Services for Private Use.
- Housing and Personal Living Expenses.
- Interest, Fund Raising, and Investment Management- (For interest, there are exceptions.

But if the cost is shown it needs to be examined in light of the exceptions.)

- Any and All Political Party Expenses.
- Pre-agreement Costs- All costs incurred prior to the grant award.
- Scholarships and Student Aid-(There are exceptions which should be reviewed if these costs appear in budget.)
- Student Activity Costs.
- Travel-Allowable but with restrictions as to amounts involved, level of transportation costs (e.g., no first class tickets).

## **Reasonable and necessary costs (7CFR 277 (OMB Circular A-87))**

While OMB regulations define what is allowable, costs that may be covered by the SNAP for nutrition education shall also meet a “reasonable and necessary” test (7CFR 277 (OMB Circular A-87)).

### **Reasonable Costs**

- Provide a program benefit generally commensurate with the cost incurred
- Are in proportion to other program costs for the function that the costs serve,
- Are priority expenditure relative to other demands on availability of administrative resources; and
- Carry nutrition education messages consistent with the current Dietary Guidelines for Americans and meet SNAP-Ed Guidance for allowable cost.

### **Necessary Costs**

- Are incurred to carry out essential functions,
- Cannot be avoided without adversely affecting program operations; and
- Do not duplicate existing efforts.