



A Primer for Fitting Expenditures within Budget Categories

This is a guide to help grantees determine the types of project expenditures allowable under most Commonwealth grants. More restrictive rules apply to Growing Greener II (GGII) and are addressed separately. Rules governing funding through the American Reinvestment and Recovery Act (ARRA) will be coming from the federal government and will be provided to the applicable grantees once they are available.

A. Salary

In general, salaries for staff members contributing to the direct work of the project are eligible. Salaries are to be itemized by name and duties of staff members. This category cannot include any mark-up above the salary actually paid to employees for direct labor hours worked on the project, documented by timesheets. Benefits are covered separately below and other items of overhead are covered under "administration" below.

Students/graduate assistants, etc., will only be reimbursed on an hourly basis for actual work performed on the project. Hourly rates will need to be verified prior to grant award by providing appropriate documentation. Tuition/course credit is not a reimbursable expense.



GGII Funding Restrictions – For grants funded through GGII, only salary costs for staff members that are used for activities that lead directly to the implementation and construction of the actual project are eligible. Costs specifically excluded are those related to administrative charges, salaries, overhead, etc. Examples of administrative salaries include, but are not limited to, completion of progress reports, quarterly reports, final reports, legal work and invoice preparation/processing.

B. Benefits

In general, fringe benefits that are proportional to hours worked for the grantee's staff, itemized by name and duties of staff members, for those contributing to the direct work of the project are eligible. Benefits commonly include, among other items, health insurance, retirement, FICA withholding, workers compensation, vacation, and sick leave. Vacation and sick leave cannot be logged on time sheets as contributing to the work of the project. They can be included pro rata under benefits.



GGII Funding Restrictions - Benefit costs for GGII funds may only be used for activities that lead to the implementation and construction of the actual project.

C. Travel

Travel costs must be directly associated with implementation of the project in order to be eligible. The Commonwealth Travel Policy can be found by copying and pasting the following link into your browser: http://www.portal.state.pa.us/portal/server.pt?open=512&objID=711&PageID=228891&mode=2&contentid=http://pubcontent.state.pa.us/publishedcontent/publish/cop_general_government_operations/oa/oa_portal/omd/p_and_p/management_directives/management_administrative_support/items/230_10.html .

Some typical examples follow:

- Hotel/motel rooms (limited to state rate)
- Food (only for overnight trips and limited to state rates)
- Car expenses (limited to state rate), taxi, bus, train, rental car, gas for rental car, tolls, parking



GGII Funding Restrictions – Travel and lodging costs for GGII funded projects are not eligible; however these costs may be claimed as in-kind match at state travel rates.

D. Equipment (A single item exceeding \$5,000)

Equipment dedicated or directly related to the implementation of the project is generally eligible.

Some typical examples follow:

- Equipment dedicated to the project (which may be owned by Commonwealth following grant close-out)
- Small tools dedicated to the project



GGII Funding Restrictions - GGII funds may only be used for capital equipment, which means equipment that improves a property, facility or building, and that has a life span of at least 20 years.

E. Supplies (A single item less than \$5,000)

Supplies not dedicated to the project are to be charged as “administration”. Materials and supplies that are incorporated into the construction site and remain as an integral part of the construction should be listed under “construction” rather than under this category.

Some typical examples follow:

- Office supplies dedicated to the project
- Educational materials used solely for the project, e.g.:
 - Brochures
 - Printing and copying costs
- Postage for project mailings
- Long-distance telephone charges directly attributable to the project
- Other office costs dedicated to the project
- Materials that can travel from site to site that are used for the project (see construction category)
- Equipment dedicated to the project



GGII Funding Restrictions - Supply costs for GGII funds may only be used for supplies that lead to the implementation and construction of the actual project, or which will remain a part of the project for the term of the bond. Supply costs should be included in construction costs.

F. Administration

Administrative costs are limited up to a maximum of up to 2% of the grant amount. Therefore, reimbursement can be for no more than 2% of the invoiced amount.

Some typical examples of allowable costs are:

- Salaries & benefits for personnel managers, legal advice, accountants, secretaries, trainers, professional staff for time spent in training to manage the grant and other time related to the grant in only a general managerial way
- Contractual services for any of the above categories
- Field equipment not dedicated to the project
- Office equipment not dedicated to the project
- General equipment maintenance costs unless equipment is dedicated to the project
- Office supplies not dedicated to the project (paper, pencils, pens)
- Insurance coverage for regular operation of the organization (e.g. standard and general liability, errors and omissions, officers and directors) (only through completion of project)
- Audit fees
- Small tools not dedicated to the project
- Educational materials not unique to the project
- Registration fees for training purposes
- Office printing costs
- Postage for general purposes
- Other office costs not dedicated to the project, i.e.:
 - Rent
 - Utilities
 - Monthly telephone charges including Internet provider fees on pro-rated basis
 - Computer and copier maintenance



GGII Restriction – Administrative costs are not permitted for any project funded through GGII – funds, but may be used as matching funds.

G. Contractual

In some cases, a grantee may use a subcontractor to perform some or all of the grant work. Although the subcontractor selection process is determined by the grantee, the Department encourages grantees to use subcontractors in the most cost effective and efficient manner possible. In general, for a construction grant, the “contractual” category should not exceed 25% of the construction costs.

If a subcontract is bid as time and materials, typical costs include:

- Salaries and benefits for direct work on the project when such services are not available from volunteers or regular sponsor's staff (itemized by names and duties of the consultant firm's staff members)
- Expenses for materials directly attributable to the project, i.e., substances that are incorporated into the project and left on site

Subcontractors are required to follow Commonwealth Travel Regulations. In addition, subcontractor administrative charges shall not exceed those allowable for the grantee.



GGII Funding Restrictions – Contractual costs for GGII funds may only be used for activities that lead to the implementation and construction of the actual project. For example, contracts to design a project that will be constructed as part of the same grant are eligible. Costs specifically excluded are those related to administrative charges, salaries, overhead, etc. Examples of administrative salaries include, but are not limited to, completion of progress reports, quarterly reports, final reports, legal work, and invoice preparation/processing.

H. Construction

In some cases, a grantee may use a subcontractor to perform some or all of the grant work. Although the subcontractor selection process is determined by the grantee, the Department encourages grantees to use subcontractors in the most cost effective and efficient manner possible. In general, construction costs for projects are eligible under many Commonwealth grant programs. Restrictions on administration expenses and state travel rates described under "Contractual" apply here as well.

If a subcontract is bid as time and materials, typical costs include:

- Salaries/benefits for construction work not available from volunteers or regular sponsor's staff (itemized by names and duties of construction firm's staff members)
- Rental charges for construction equipment
- Materials that are expended, consumed or integral to construction, that is, those that remain on a construction site, e.g.:
 - Trees
 - Grass seed
 - Mulch
 - Rocks
 - Concrete
 - Gasoline or diesel fuels for equipment used in construction



GGII Funding Restrictions – Construction costs for activities that lead to the implementation and construction of the actual project are eligible for funding through GGII. Costs specifically excluded are those related to administrative charges, salaries, overhead, etc. Examples of administrative salaries include, but are not limited to, completion of progress reports, quarterly reports, final reports, legal work and invoice preparation/processing. Travel costs are not eligible but may be claimed as in-kind match at state travel rates.

I. Other

This category should be used to a minimum extent and only used for items that do not fit the specific budget categories and/or only for expenses approved for this category. Items within this category should be discussed with your project advisor.

J. Match

Match can be met with cash, in-kind goods and services or some combination of the two. Successful grantees should be certain to identify and document all match contributions with the submittal of the Statement of Expenditures. Match must be expended during the grant Period of Performance. Funds expended prior to the grant Period of Performance are not eligible.

Cash Match: Examples of documentation include but are not limited to:

- copy of check from donor, lender or investor
- letter of commitment from donor, lender or investor
- Federal grant award letter

Non-Cash Match: Charges allowed for match (rules for Federal funds may differ):

- Value of volunteers' donated time, including time to travel to work sites
- Rate related to nature of work, not to volunteers' usual charge rate, i.e.:
 - Manual labor would be calculated at prevailing rate for manual labor
 - Donated professional engineer's time would be at prevailing engineer's rate
- Costs associated with preparing an application for a grant
- Administrative costs
- Travel at State travel rates
- Publicity charges, public relations costs, advertisement fees, unless specific to the project
- Indirect costs not otherwise listed under an eligible category
- Land acquisition to the extent it is associated with the project
- Other DEP-provided funds

Costs claimed as match can be paid for with other sources of grants (for example, federal grants such as 319 grants, or grants from private foundations), from the organization's normal operating budget, or out of fundraising specific to the project.

Charges not allowed for match or for reimbursement (rules for Federal funds may differ):

- Any costs associated with lobbying, alcohol, i.e., beverages or allowance for bad debts
- Contract contingency costs and other rate factors that do not reflect actual expenses
- Costs associated with legal action against the Commonwealth
- Costs associated with illegal activities or substances
- Costs associated with goods or services for personal use of Board members, officers or others

K. Prevailing Wage

Prevailing Wage: Please note that, if this grant project includes construction work where the cost of the total project is greater than \$25,000, the Act of August 15, 1961 (P.L. 987), as amended, known as the Pennsylvania Prevailing Wage Act (43 P.S. 165-1 et seq.) may apply. You should contact the PA Department of Labor and Industry, Bureau of Labor Law Compliance at 1-800-932-0665 for guidance, or call Alfred R. (Bob) Risaliti, Prevailing Wage Section, at (717) 705-7256.