

*Oregon Water Resources Department
Planning, Collaboration, and Investments*



Grant Budget Procedures and Allowable Costs

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INTRODUCTION

For applicants and grantees, the Oregon Water Resources Department (Department) offers the following information and guidance on grant budgeting and allowable costs for its grant funding opportunities: Feasibility Study Grants, and Water Project Grants and Loans. This information is intended to help applicants prepare budgets for their grant applications and to help grantees properly manage grant funds. Department grant awards are subject to the following criteria.

FISCAL REQUIREMENTS

Awards funded with state dollars must adhere to Generally Accepted Accounting Principles (GAAP). Grantees must ensure sub-grantees and sub-contractors comply with these principles, standards, and procedures. Awarded funds must be used solely for the project as described in the grant agreement. Any change to the grant budget must be approved in writing by the Department.

ALLOWABLE COSTS BY BUDGET CATEGORY

Direct Costs: Direct Costs are those that are assigned to the project tasks identified in the grant agreement. Direct Costs are broken into seven categories: 1) Staff Salary/Benefits, 2) Contractual/Consulting, 3) Supplies, 4) Materials, 5) Travel, 6) Other, and 7) Equipment. Each is explained below.

1. Staff Salary/Benefits

This budget category pertains specifically to the grantee's in-house staff project costs directly related to the grant award project and incurred within the grant period. Costs associated with the completion of grant required progress reports and the Final Report can be included in this budget category. Costs include: Gross wages, payroll taxes, and fringe benefits.

Fringe benefits are allowances and services provided by employers to their employees as compensation in addition to salary. Fringe benefits may include health insurance, retirement benefits, workers' compensation insurance, and unemployment benefit plans.

Compensation for employees will be considered reasonable to the extent that it is consistent with that paid for similar work comparable in the labor market. Compensation surveys providing data representative of the labor market involved will be an acceptable basis for evaluating reasonableness.

When requesting reimbursement: Include only actual costs incurred for project work performed (not billing rates or estimates). Documentation must include the organization's name and at a minimum, include: name of employee, number of hours spent directly working on the project, date(s) of work, and hourly rate. Please note, documentation of the actual cost of hourly rate must be maintained and provided upon request by the

Department. The actual hourly rate includes gross wages, total fringe benefits and payroll taxes.

2. Contractual/Consulting

This budget category pertains to all costs associated with hiring consultants, construction firms, and any other contracted service from an outside organization that is unrelated to the grantee. All Contractual/Consulting costs must be directly related to the grant award project. Costs incurred by a contractor under a contract including labor, materials, supplies, and travel are included in this category. All work for which reimbursement is requested must occur within the grant period. Contracted services must comply with all state laws relating to wages, hours, terms and conditions of employment as enforced by the Oregon Bureau of Labor and Industries (BOLI). Questions related to wage and hour laws and prevailing wage rate laws should be directed to the BOLI Wage and Hour Division (<http://www.oregon.gov/boli/WHD/Pages/index.aspx>).

When requesting reimbursement: Invoices or receipts must include the organization's name, identify the grantee as recipient of services for project work, include an invoice date, and description and date of work performed. Contract cost documentation must be itemized and match the Statement of Work/Project Description in the grant agreement.

3. Supplies

This budget category pertains to consumable items used during the course of the project and may include but are not limited to: equipment rental, first aid kits, monitoring supplies, disposable protective clothing, waders, safety glasses, hard hats, flotation devices, and gasoline.

When requesting reimbursement: Invoices, receipts, or other documentation must include the date and number of units and unit cost wherever appropriate.

4. Materials

This budget category pertains to any raw materials consumed or used during the course of project implementation and incorporated in the implemented project. Materials may include but are not limited to: Concrete, sand/gravel, clay, rocks, lumber, pipe, fasteners, and electrical materials. The materials budget category does not include the contracted services (labor) associated with project implementation or the installation of materials.

When requesting reimbursement: Invoices, receipts, or other documentation must include the date, the number of units and unit cost wherever appropriate and must include documentation that demonstrates proof of delivery.

5. Travel

This budget category pertains to expenses incurred traveling to and from the project location, grant specific meetings, or other project related travel. Contractor/consultant travel expenses should be included within the Contractual/Consulting budget category rather than under this “Travel” budget category.

Eligible travel expenses include vehicle mileage, meals, and lodging. Eligible mileage rates are based on the GSA model for privately owned vehicles found in Appendix A of the Statewide Travel Policy linked below. Mileage must be calculated using the most direct and usually traveled route. The driver must hold a valid current driver’s license for the class of vehicle to be driven and carry automobile liability insurance in the amounts not less than those required by (1) the Oregon Financial Responsibility Law (ORS 806.060) or (2) the jurisdiction in which the vehicle is being operated, whichever is greater.

Eligible meal and lodging reimbursement is based on the standard per diem rate in effect and approved by the Oregon Department of Administrative Services. This rate is identified in Appendix A of the Statewide Travel Policy. In the case of a partial day of travel the Statewide Travel policy identifies a prorated per diem percentage for meals. Please note per state policy lunch is not reimbursed on one day travel.

Appendix A of the Statewide Travel Policy:

<http://www.oregon.gov/das/Financial/Acctng/Documents/40.10.00.pdf>

When requesting reimbursement: A travel log must identify the name of the traveler, the starting location and ending location, travel dates, times, mileage, purpose of travel, and total per diem cost.

6. Other

This “Other” budget category pertains to grantee expenses which do not fit in another budget category.

Costs may include project permit costs (with the exception of Water Resources Department permit/authorization fees), rental for meeting rooms, and project specific printing costs.

When requesting reimbursement: Invoices, receipts, or other documentation must include the date, number of units and unit cost or other documentation as appropriate.

7. Equipment

Equipment is defined as the purchase of a portable item typically utilized for project construction or monitoring that is not an integral permanent part of the implemented project. Equipment is not an allowable grant expense unless it is specifically approved in writing by the Department. The Grantee must submit a written request for an exception

and receive approval from the Department prior to purchase. For example, the Department will not approve the purchase of earth moving equipment, vehicles, computers, or printers. Any equipment purchase authorized by the Department may be subject to additional conditions to be included in the grant agreement. Equipment rental is an allowable cost under the Supplies budget category.

When requesting reimbursement: Invoices or receipts must include the date and the number of units and unit cost or other documentation as appropriate.

Administrative Costs: Administrative costs are costs for administrative work directly attributable to the grant project. These include costs incurred for a common purpose benefiting more than one grant task and not readily assignable to an individual task identified in the grant agreement.

Examples of Administrative costs are costs relating to grantee coordination with the Department on the submittal of fund requests, progress reports, and the Final Report as well as, *project related* accounting or payroll preparation expenses. Administrative costs eligible for reimbursement may not exceed 10% of the total grant award. Refer to the Ineligible Activities and Costs section below to ensure all Administrative costs incurred are eligible for reimbursement.

When requesting reimbursement: For administrative costs, include only actual costs incurred for project work performed (not billing rates or estimates). Documentation must include the organization's name and at a minimum, include: name of employee, number of hours spent directly working on the project, date(s) of work and hourly rate. Please note, documentation of the actual cost of hourly rate must be maintained and provided upon request by the Department. The actual hourly rate includes gross wages, total fringe benefits and payroll taxes.

INELIGIBLE COSTS AND ACTIVITIES

Ineligible costs and activities are not reimbursable by the Department unless expressly permitted by the Department prior to expenditure. These activities and costs may include but are not limited to:

1. Advertising and public relations expenses (unless project specific)
2. Airfare (will only be approved if cost is less than vehicle mileage reimbursement plus travel time)
3. *Alcoholic beverages
4. *Any costs associated with routine project maintenance
5. *Any costs incurred to prepare applications for funding to the Department or other entities
6. Clothing
7. *Costs included in the grantees normal financial business plan and not specific to the grant project
8. Costs related to capital improvements (specific to Feasibility Study Grants)

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9. Any fees paid to the Department including, but not limited to, those associated with processing water rights
10. *Entertainment expenses
11. Equipment (unless approved)
12. *Fines and penalties against the grantee, co/applicant or partnering organizations
13. Indirect Costs: costs necessary for the functioning of the organization as a whole, but which cannot be directly assigned to one project or grant. Examples of Indirect costs include organization-wide costs, such as rent, telephone expenses, utilities, accounting expenses, office supplies, and human resource expenses.
14. Internet expenses
15. Legal fees associated with project related tasks
16. *Legal fee associated with Department litigation
17. *Lobbying
18. Long-term monitoring costs (outside of grant agreement period)
19. *Membership subscriptions
20. Out-of-state travel
21. *Personal licenses or certifications
22. *Rent
23. *Repayment of debt held by grantee and/or co-applicant or partnering organizations
24. Student tuition and fees
25. *Telephone expenses
26. *Tips/gratuities
27. *Utilities
28. *Vehicle or equipment maintenance

*Denotes activity or cost ineligible reimbursement **and** for use as matching funds.

COST MATCH

Cost match (or matching funds) are the grantees' or other partner's investment in a study or project. The purpose of matching funds is to augment the amount of resources available to the project from grant funds and to foster the dedication of federal, state, local, and community resources to the purposes of the project. The costs of activities counted as match must be directly related to the project goals and objectives.

Cost Match Amount Required: A funding application identifies the amount of matching funds to be allotted to the project. This amount is included in the grant agreement budget. Funding opportunities have minimum cost match percentages. Feasibility Study Grants require a dollar-for-dollar cost match to the grant funding amount, totaling 50% of total study cost. Water Project Grants and Loans require cost match totaling 25% of the amount of the grant being sought. Cost match expended during the grant term must equal or exceed the minimum percentage required by the funding opportunity.

Documentation and Reporting Required for Secured Cost Match: At the time of grant application submission, cost match can be pending or secured. Prior to the first release of grant funds grantees must provide evidence that cost match in the amount required is secured. Please note that for Feasibility Study Grants, pending cost match must be secured within 12 months

from the date of the award as per Oregon Administrative Rule 690-600-0020(5)(c). Documentation of matching funds expended should be submitted with grant progress reports using the Department's Matching Funds Form and clearly identify the source, amount, and period during which the match was expended.

Previously Expended Cost Match: Matching funds expended up to one year prior to the grant application deadline may be approved upon grantee request to the Department. To be considered eligible, previously expended cost match must be directly related to the project described in the funding application and be an allowable cost.

Cost Match Record Keeping: Grantees must maintain records that clearly show the source, amount, and period during which the match was expended. Grantees must ensure that match is documented in a manner that guarantees accountability in the event of an audit.

Forms of Cost Match: Cost match can take two forms: cash match and in-kind match, which are explained below.

1. Cash Match

Cash match may include, but is not limited to grantee contribution, funds from federal, state, and local units of government sources (not including the Department). Cash match must be spent on allowable project-related costs consistent with the grant agreement, and must be included in the grantee's financial records and progress reports.

When attaching documentation to the Matching Funds Form: For cash match, the source of funds, date(s) of contribution, and amount of cost match funds should be clearly identified.

2. In-Kind Match

In-kind match may include donations of equipment, monetary value of time contributed by professional and technical personnel and other skilled and unskilled labor if the service provided is an integral and necessary part of the grant-specified project.

The value placed on loaned or donated equipment may not exceed its fair rental value. The value placed on donated/volunteer services must be consistent with the rate of compensation paid for similar work in the organization or the labor market. Fringe benefits may be included in the valuation. Donated/volunteer services must be documented.

When attaching documentation to the Matching Funds Form: For in-kind match, the source, date(s) of contribution, and the value of donated/volunteer services should be clearly identified.

GRANT PROGRESS REPORTS AND FINAL REPORT

Grantees must submit complete progress reports that include the Matching Funds Form to the Department in accordance with the schedule as stated in the grant agreement. Failure to submit timely reports can affect reimbursements and future funding opportunities. Grantees should use the appropriate progress report form(s) and Matching Funds Form provided by the Department on the Department's website.

Progress reports are due no later than 30 days after the end of each reporting period. Reporting periods for the Department funding opportunities are:

- Feasibility Study Grants – Jan 1-Mar 31, Apr 1-Jun 30, Jul 1-Sept 30, Oct 1-Dec 31
- Water Project Grants and Loans – Jan 1-Jun 30 and Jul 1-Dec 31

The Final Report is due by the grant termination/expiration date. Grantees should use the appropriate Final Report form provided by the Department on the Department's website. Please note that ten percent of the total grant award will be retained by the Department until receipt and approval of the Final Report.

FUND REQUESTS

The Department reimburses expenditures for goods and services that are: 1) actual and allowable, 2) included in the approved grant budget, and 3) incurred during the grant period. The Department may withhold funds for any expenditure that is not budgeted, is in excess of approved budget amounts, or is an ineligible cost. As specified in the grant agreement, the Department will not release funds for any work that occurred prior to the effective date of the grant agreement (i.e. when the grant agreement is signed by all parties).

Any fund request must be submitted on the form provided by the Department available from the OWRD Funding Opportunities webpage:

<https://www.oregon.gov/OWRD/programs/FundingOpportunities/Pages/default.aspx>.

Prior to submitting the first fund request, grantees must:

- Complete and sign the grant agreement
- Register as a vendor with OWRD (if not already registered) by completing, signing, and submitting an original copy of a W-9 Request for Taxpayer Identification Number and Certification Form to OWRD
- Provide documentation of *secured* match

The Department requires accurate, clear, and verifiable documentation of expenses incurred prior to reimbursement. Copies of receipts, invoices and other supporting documentation for work completed must be submitted with the correlating Fund Request form. The Department will only reimburse for work that occurred within the grant period.

The grant agreement lists conditions that must be met prior to release of funds. Please review those conditions before submitting a fund request. For example, all progress reports must be submitted and approved to receive funds. The final fund request must be submitted prior to the grant expiration date.

GRANT AMENDMENTS

Changes to a grant agreement will be considered on a case-by-case basis. To request a change to a grant agreement the request must be in writing and contain the following information:

1. The grantee, grant name and grant number;
2. The language set forth in the grant agreement that the grantee is requesting to change and the precise scope of the change; and
3. Justification describing the need for the change.

When a grantee submits a written change request the Department will review the request and accompanying documentation. The Department may request additional information needed to make a determination. In the case of denial of the change request, the Department will provide written notice. In the case of approval of the change request, a written instrument (e.g., a grant amendment) will be drafted by the Department and sent to the grantee for signature. Upon receipt of the grantee signed copy the Department will sign and return the executed final document to the grantee. The change will come into effect only after signature by the Department. Until an executed written instrument is signed by both parties, the grantee must adhere to all terms and conditions of the current grant agreement.

ADDITIONAL INFORMATION AND QUESTIONS

Questions about grant funds should be directed to OWRD.Grants@water.oregon.gov, 971-301-0718 or 971-444-0468.