

## **NIFA OGF M Capacity Budget Pilot - Frequently Asked Questions**

[Why is NIFA requiring budgets for capacity grants now?](#)

[Why is NIFA requiring budgets when the individuals charged with control and authority for extension and research funds are at the Universities?](#)

[When will budgets be required?](#)

[Which capacity programs will have to submit budgets in FY 2021?](#)

[What budget form is required?](#)

[Why did NIFA choose Standard Form 424a for capacity budgets?](#)

[What categories are included in the SF 424a budget?](#)

[Do I have to break out the budget to list individual projects?](#)

[Do I have to list out personnel or estimate FTEs?](#)

[If I plan to carry over FY 2020 funds through the allowable carry over period, do I list that on the object class categories?](#)

[What information will be required for matching funds?](#)

[What if I plan to submit a matching waiver request?](#)

[Can I submit equipment prior approval requests with my budget?](#)

[Can I submit other prior approval requests with the budget? For example, exceeding Level 4 salary cap or renovations?](#)

[Will budget justifications/narratives be required?](#)

[Do I still need to submit a source of match attachment?](#)

[What guidance is there to assist us in completing budgets?](#)

[How will revisions to the SF 424a budget be handled?](#)

[How will the capacity budget change existing equipment prior approval requirements?](#)

[How will the SF 424a budget change existing reporting requirement?](#)

[Can I provide comments or suggestions to NIFA?](#)

### **Why is NIFA requiring budgets for capacity grants now?**

Currently, NIFA does not require an overarching budget from applicants for its capacity programs, except for EFNEP. NIFA has been examining its grants management and oversight processes to ensure compliance with the President's Management Agenda and with overarching grants legislation and regulations, including the Uniform Guidance, the DATA Act, and the GONE Act. Under these laws and regulations, and the President's Management Agenda, there is a priority for enhanced accountability, improved planning, and reduction in burden.

At the same time, NIFA has been fielding increased numbers of requests from Congress and other stakeholders regarding capacity funds. The 2018 Farm Bill Managers Report requires NIFA to report annually to Congress on the capacity grant allocation made to, and the matching funds received by, 1862 and 1890 institutions for the Hatch, Smith-Lever, and Sections 1444 and 1445 funds.

Receiving budgets for capacity programs will improve NIFA's ability to be nimble and responsive to information requests by giving us data on estimated use of funds, carryover, and source of match. Additionally, it will improve oversight by allowing both grantees and NIFA to have data for planned versus actual expenditure analysis. Further, it will reduce burden associated with equipment prior approval requests, by allowing institutions to submit budgets that include planned purchases of equipment, which will be approved up front, thereby eliminating the need for prior approval during the award.

### **Why is NIFA requiring budgets when the individuals charged with control and authority for extension and research funds are at the Universities?**

NIFA agrees that University Extension and Agricultural Experiment Station Deans and Directors control how capacity funds are utilized. Budgets are an estimate how grantees plan to utilize funds and will enhance oversight of federal funds by allowing both grantees and NIFA to have versus actual expenditure analysis, as required under the Uniform Guidance (2 CFR 200.302(b)(5)); improve NIFA's ability to be nimble and responsive to information requests by giving us data on estimated use of funds, carryover, and source of match; and reduce burden associated with equipment prior approval requests, by allowing institutions to submit budgets that include planned purchases of equipment, which will be approved up front, thereby eliminating the need for prior approval during the award.

### **When will budgets be required?**

Budgets will be required as part of the FY 2021 capacity grant applications. These applications will be due in September 2020. NIFA is offering a pilot for capacity budgets in FY 2020. Please email [policyguide@nifa.usda.gov](mailto:policyguide@nifa.usda.gov) if you are interested in being part of the pilot.

### **Which capacity programs will have to submit budgets in FY 2021?**

All capacity programs with the exception of EFNEP will be required to submit budgets<sup>1</sup>. The capacity programs submitting budgets will be: Hatch, Hatch multistate, Evans-Allen, Smith-Lever, Smith-Lever Special Needs, UDC, Section 1444 (1890 extension), Renewable Resources Extension Act (RREA), McIntire-Stennis, and Animal Health and Disease Research (AHDR).

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<sup>1</sup> EFNEP will continue to submit budgets via WebNEERS, in accordance with EFNEP program guidance.

**What budget form is required?**

NIFA has identified Standard Form 424a (Non-construction programs) as the budget for grantees to use. You can view the SF 424a on the [grants.gov website](https://www.grants.gov).

**Why did NIFA choose Standard Form 424a for capacity budgets?**

It is an OMB approved form that is widely used by other Federal agencies. It is a high level budget at the program level that is broken out by 8 object class categories and also provides data on carryover and Non Federal share (match), giving NIFA a full accounting of funds. We believe that the use of the SF 424a will ease implementation of the budget requirement.

**What categories are included in the SF 424a budget?**

The 8 object class categories are:

- Personnel
- Fringe benefits
- Travel
- Equipment
- Supplies
- Contractual
- Construction
- Other

Additionally, there are boxes for carryover and source of matching funds on the SF 424a.

**Do I have to break out the budget to list individual projects?**

No. The budget will be completed at the program level.

**Do I have to list out personnel?**

No. You will need to provide high level details in the budget justification that supports the SF 424a. For personnel, that may include an estimated number of personnel being funded (not required) and summaries of their job responsibilities; but does NOT require a listing of specific personnel or the actual number of FTEs. NIFA has prepared a [sample budget justification](#) to assist grantees.

**If I plan to carry over FY 2020 funds through the allowable carry over period, do I list that on the object class categories?**

Yes. The budget is for the period of performance for the award. The Notice of Award indicates the period of performance and includes the carry over period allowed for that program. Therefore, when preparing the budget, you will estimate the amount you are budgeting for each category over the entire period of performance, including carryover period. For example, for Smith-Lever, the object class categories would represent estimates for the 5 years available. Therefore, the total of all object class categories will equal the total awarded amount. Carryover and matching funds are not included in the object class category columns.

### **What information will be required for matching funds?**

The SF 424a requires the amount of matching funds provided by the applicant, the state, and by other sources. On a routine basis, NIFA receives questions from stakeholders, including Congress, about the source of match for our grantees and how much funding is provided by the states. Additionally, the 2018 Farm Bill Managers Report requires NIFA to report annually to Congress on the capacity grant allocation made to, and the matching funds received by, 1862 and 1890 institutions for the Hatch, Smith-Lever, and Sections 1444 and 1445 funds. Receiving budgets for capacity programs will improve NIFA's ability to report on funds by giving us data.

### **What if I plan to submit a matching waiver request?**

If you are submitting a matching waiver request with your grants.gov application, use the amount of match post-waiver approval on the SF 424a. If you typically do not submit a matching waiver request until later in the award period, enter the required match from Appendix A of the RFA. When you submit a matching waiver request during the award period (after your Notice of Award has been issued), you are requesting a significant change to the budget so you will submit a budget modification with the matching waiver request.

### **Can I submit equipment prior approval requests with my budget?**

Yes. If you submit equipment prior approval requests with your budget, you will receive prior approval for the equipment expenditures with the Notice of Award.

### **Can I submit other prior approval requests with the budget? For example, exceeding Level 4 salary cap or renovations?**

Yes. You may submit the prior approval request as an attachment to the budget. While NIFA will try to process prior approvals for these items prior to issuing the Notice of Award, NIFA does not intend to delay issuing Notices of Award to process these requests should they require additional time and/or information.

### **Will budget justifications/narratives be required?**

Yes; budget justifications are necessary as a way of describing the categories of planned expenditures included in the budget. The budget justification will provide information for each of the 8 object classes as well as use of matching funds and must be uploaded with your application. Justifications will be at the aggregate level for award budget categories, not at the project level.

### **Do I still need to submit a source of match attachment?**

No. When you submit the SF 424a and budget narrative, these will include the information currently contained in the Source of Match attachment. Therefore, you will no longer have to submit a separate attachment. For FY 2020, if you are NOT participating in the budget pilot, you will still need to submit a source of match attachment.

### **What guidance is there to assist us in completing budgets?**

NIFA has prepared a sample budget and budget justification in addition to updating the grants.gov application guide with instructions for completing the SF 424a for capacity programs.

### **How will revisions to the SF 424a budget be handled?**

While auditable, SF 424a budgets will be best estimates and tools for planning purposes. NIFA does not expect the exact personnel or subaward figures will be known; however, the scope/categories of their work should be. A revised budget will only be required if there are significant changes from the initial submission, for example a later request to waive a matching requirement. This is consistent with competitive award budget requirements. Revised budgets will be emailed to [formulagrants@nifa.usda.gov](mailto:formulagrants@nifa.usda.gov) for [NIFA OGFM AMD](#) review and approval.

### **What are considered significant changes?**

There is no definition of significant. Examples of changes that would require prior approval include:

- Removing two planned full-time FTE to fund a necessary piece of equipment costing \$300,000. NOTE – if equipment was not previously included in budget, it will require prior approval as well.
- Moving funds from other lines to make a \$400,000 subaward.
- Due to an inability to hire, moving \$500,000 that was budgeted for personnel to travel, equipment, and supplies.
- Requesting that a match requirement be waived or the amount of match required be reduced

### **How will the capacity budget change existing equipment prior approval requirements?**

If equipment is listed in the SF 424a and sufficient information is provided in the budget justification (using the current templates/required information); no further prior approval during the award will be required. If an unanticipated equipment need arises during the award period, a request for prior approval will need to be submitted and a budget modification may need to be submitted, depending on the cost of the equipment.

### **How will the SF 424a budget change existing reporting requirement?**

There will be no changes to reporting, either to the SF 425 or REEport financial report. The SF 425 collects data on actual expenditures versus the planned expenditures provided in the budget. Financial data provided on the REEport financial report is at the individual project level and is separate from the overall budget.

### **Can I provide comments or suggestions to NIFA?**

Absolutely. NIFA is publishing the sample budgets, instructions, and this FAQ, and conducting the 2020 Pilot, for the purposes of gathering stakeholder feedback. We request that you review our proposal and submit comments to [policy@nifa.usda.gov](mailto:policy@nifa.usda.gov).