

RURAL DEVELOPMENT PROJECT POLICIES AND PROCEDURES	Issued by: RDP Statewide Program Officer Maile Lu'uwai	Policy No.: FIN 002
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<i>DOL ETA / UH (FMIS) Budget Line Items</i>	Approved by: Lori Govaars, RDP Statewide Coordinator	Revision No.: 2 10/9/2009
	Dan Regan, RDP Statewide Director	Supersedes Policy: N/A

I. **PURPOSE:** To guide RDP when managing the coordination of Department of Labor (DOL) Employment and Training Administration (ETA) and University of Hawaii (UH) budget line items. This is an issue because the DOL ETA has one system for budget line item organization, and the UH has a different, more detailed, system. RDP is required to use the UH budget line items, as these are used in the Financial Management Information System (FMIS), which provides financial tracking for RDP's grant funds.

II. **DOL BUDGET LINE ITEMS**

As a recipient of Federal funds, RDP is required to show how costs, both administrative and program, are distributed, as well as to show how costs are distributed across the ETA's budget line items.

The eight ETA budget line items are:

1. Personnel—Wages/salaries paid to RDP employees and program employees who are directly involved in the grant implementation. These may be full- or part-time staff or staff members who work on other programs simultaneously. The wages paid for the time worked on the RDP grant(s) are classified as Personnel Costs. This line item does not include personnel hired by a subgrantee—those costs are included in the Contractual line item.
2. Fringe Benefits—Benefits paid to the personnel referenced above. Examples of fringe benefits include the cost of the employer's share of FICA, health insurance, workers' compensation, vacation or sick leave, holidays or unemployment insurance. The budget worksheet for this category should contain descriptive information about what specific fringe benefits are being charged to the grant, including the fringe benefit percentage.
3. Travel—Costs that are reasonable and necessary to effectively manage and carry out grant activities, provide oversight or measure program effectiveness. Air travel, when necessary, should be obtained at the lowest possible customary standard. Travel costs may be charged on an actual basis or on a per-diem basis. Do not include travel expenses of the subgrantee—those costs are included in the Contractual line item.

4. Equipment—Refers to nonexpendable personal property that has a useful life of more than 1 year and a per-unit cost of \$5,000 or more. The only type of equipment that may be acquired with Federal funds is equipment necessary for the operation of the grant. In the instance of a purchase, the cost of the equipment is to be prorated over the projected life of the equipment to determine the cost to the grant. Use of grant funds to purchase equipment with a unit cost of \$5,000 or more requires special review and approval from the DOL Grant Officer prior to purchase. Sales tax, shipping, delivery, and installation, if necessary, are a normal part of the cost of equipment and should be included in the budgeted amount.
5. Supplies—All consumable materials costing less than \$5,000 per unit, and other goods such as copy paper, pens, pencils, any materials needed to conduct training, computers, etc., are supplies. Tax, shipping and delivery are a normal part of the cost of supplies and should be included in the budgeted amount.
6. Contractual—Cost of any contract or subgrant agreement. Contractual costs could include sub-agreements for evaluating the grant, providing training, etc. The total costs of all subgrant contracts are reflected in this line item.
7. Other—Direct costs that do not fit any of the aforementioned categories, such as rent for buildings used to conduct grant activities, utilities and/or leased equipment, child care, transportation expenses, tuition for training, etc., are reflected in the “Other” line item.

III. “CROSSWALKING” BUDGET LINE ITEMS

Accounting by cost category or budget line items is problematic when the grantee has an accounting system that uses a list of cost objectives that don’t match the cost categories and budget line items listed above. For example, if the accounting system classifies consultants as personnel, not contractual, staff will have to “crosswalk” consultant costs from the program’s accounting system’s “personnel” line item to the grant report’s “contractual” line item.

BUDGET LINE ITEMS	
ETA	UH (used in FMIS)
Personnel	Salaries and Wages
Personnel	Casual Hire
Personnel	Student Wages
Fringe	Fringe
Travel	Travel
Equipment	Equipment
Supplies	Materials and Supplies
Contractual	Services-Fee Basis
Other	Print & Publications
Other	Rentals
Other	Repairs
Indirect	Indirect
Training Costs/Stipends	Stipends & Allowances
Training Costs/Stipends	Tuition

Implications for Crosswalking Budget Line Items

When ETA line items are different from the UH line items, the FMIS may show a negative balance on a line item after funds have been expended in it, as it did not correspond with the ETA line items, and therefore did not have a budget. The negative figure will stay there for the duration of the grant, though the grant balance will “zero out” as the funds charged to that UH line item will balance out with the rest of the amounts reflected in the budget in FMIS.

IV. REFERENCES

DOL ETA Reference Book Two: A Quick Guide to Financial Management Requirements for Earmark Grants; 29 CFR 95.1; University of Hawaii Administrative Procedure A.8.946, Attachment A.