

GUIDANCE ON ALLOWABLE EXPENSES

ELIGIBLE EXPENSES

Eligible expenses are those expenses **solely** incurred through project activities that are **directly related to and necessary for** producing the project outcomes described in the proposal. **All proposed expenses *must be specified in the proposal submitted***. Please note that for non-state entities all funds get awarded on a reimbursement basis, unless otherwise authorized, and all eligible expenses will need to be documented. **Eligible expenses may include:**

- a. Eligible expenditures incurred only after the effective date as approved by LCCMR.
- b. Wages and expenses of salaried Recipient employees if specified, documented, and approved. For State Agencies: use of unclassified staff only OR request approval for the use of classified staff accompanied by an explanation of how the agency will backfill that part of the classified staff salary proposed to be paid for with these funds. This is subject to specific discussion and approval by LCCMR.
- c. Fringe benefit expenses limited to salary, FICA/Medicare, retirement, and health insurance of Recipient's employees if specified.
- d. Professional services specified in the approved Work Plan that are rendered by individuals or organizations not a part of the Recipient;
- e. Materials and supplies specific to the project and incoming freight charges for them.
- f. Capital expenditures for facilities, equipment, and other capital assets as expressly approved. For expenditures greater than \$3,500, the Recipient must provide an explanation as to how all the equipment purchased with the appropriation will continue to be used for the same program through its useful life, or, if the use changes, a commitment to pay back to the Environment and Natural Resources Trust Fund an amount equal to either the cash value received or a residual value approved by the director of the LCCMR if it is not sold.
- g. Publication and printing/copying expenses (including the process of composition, plate-making, press work, binding, and the end products produced) necessary for contract administration, work products production, and semi-annual reports relating to accomplishments.
- h. In-state transportation and travel expenses such as lodging, meals, and mileage of personnel directly involved in the Project in the same manner and in no greater amount than provided for in the current "**Commissioner's Plan**" promulgated by the Commissioner of Management of Budget and as provided by LCCMR or, for University of Minnesota projects, the University of Minnesota plan found at <http://policy.umn.edu/policies/finance/travel/travel.html>. Allowable meal and lodging expenses are for employees only. Purchasing meals for others is not an allowable expense.

GENERALLY INELIGIBLE EXPENSES—UNLESS EXPLICITLY APPROVED

Generally ineligible expenses for reimbursement mean all expenses not defined as eligible expenses, but for which an explicit exception can be sought from LCCMR if the expenses can be **clearly justified and individually documented as directly related to and necessary for** a project. **No broad allocations for costs in either dollars or percentages are allowed.** In deciding whether to seek exception for these costs consider that cash and in-kind leverage are criteria considered in proposal evaluation. **Generally ineligible expenses include but are not limited to:**

- a. General operations, overhead, and other indirect expenses, including office maintenance, office utility expenses, and office materials and supplies.
- b. Office rental fees (including storage space rental).
- c. Communication expenses incurred for telephone calls, web access, postage, and similar services.
- d. Insurance, except title insurance.
- e. Attorney fees, except to acquire and clear title to land.
- f. Purchase of communication devices such as pagers, cell phones, or smart phones.
- g. Purchase of computers or audiovisual equipment.
- h. Generally available food and refreshments, except if explicitly approved for certain types of events.
- i. Conference attendance and associated costs and fees, except if to participate in formal presentation of project findings.
- j. Out of state transportation and travel expenses.

PROHIBITED EXPENSES

Prohibited expenses for reimbursement mean all expenses indicated below, **including but not limited to:**

- a. Any expenses incurred before the project is authorized, before July 1, 2014, or before LCCMR work plan approval—whichever is latest.
- b. Fundraising.
- c. Taxes, except sales tax on goods and services.
- d. Lobbyists or political contributions.
- e. Advertising and marketing expenses.
- f. Loans, grants, or subsidies to persons or entities for development.
- g. Bad debts, late payment fees, finance charges, or contingency funds.
- h. Interest or investment management fees.
- i. Directors or officers salary.
- j. Merit awards and bonuses.
- k. Memberships (including subscriptions and dues).
- l. Publications, periodicals, and subscription fees.
- m. Employee worksite parking.
- n. Entertainment, decorations, gifts, and prizes.