

LCCMR Guidance on Allowable Expenses

Eligible Expenses

Eligible expenses mean 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 organizations all funds are awarded on a reimbursement basis, unless otherwise authorized, and all eligible expenses will need to be documented. Eligible expenses are:

- a. Eligible expenditures incurred only after the effective date as approved by the 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 the LCCMR.
- c. Fringe benefit expenses, such as FICA/Medicare, retirement, and health insurance of recipient's employees, if specified.
- d. Services and contracts (including for construction) specified in the approved work plan that are rendered by individuals or organizations not a part of the recipient; no contractor is approved unless it has been selected according to the contracting rules identified in state law and policy for organizations that receive ENRTF funds through direct appropriations, or in the [DNR's reimbursement manual](#) for non-state organizations. These rules include competitive bidding and prevailing wage requirements.
- e. Sub-awards as approved in the work plan. ENRTF spending requirements and, for non-state ENRTF recipients, grant agreement requirements flow down to the sub-award recipients.
- f. Equipment, tools, materials, and supplies specific to the project and incoming freight

charges for them. State procurement requirements apply and may include targeted group purchasing provisions.

- g. Capital equipment (i.e., expenditures greater than \$5,000 per unit for equipment or tools) individually itemized as capital equipment in the approved work plan. For each item, the recipient must provide an explanation of how the equipment or tool purchased 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 ENRTF 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.
- h. Publication and printing/copying expenses necessary for contract administration, work products production, and semi-annual reports relating to accomplishments.
- i. 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 "[Nonrepresented Employees Compensation Plan](#)" promulgated by the Commissioner of Management of Budget and as provided by the LCCMR or, for University of Minnesota projects, the [University of Minnesota plan](#).

Generally Ineligible Expenses—Unless Explicitly Approved

Generally ineligible expenses mean all expenses not defined as eligible expenses, but for which an explicit exception can be sought from the 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 factors 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, tablets, or audiovisual equipment.
- h. Generally available food and refreshments.
- i. Conference attendance and associated costs and fees, except if to participate in formal presentation of project findings.
- j. Out-of-state expenses, including transportation, travel, and contracting.
- k. Transportation and travel expenses, such as lodging, meals, and mileage, for non-employees.
- j. Merit awards and bonuses.
- k. Memberships (including subscriptions and dues).
- l. Publications, periodicals, and subscriptions.
- m. Employee workplace parking.
- n. Entertainment, decorations, gifts, and prizes.

Prohibited Expenses

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

- a. Any expenses incurred before the project is authorized: before July 1 of the year funds were appropriated 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. Organization advertising and marketing expenses.
- f. Loans, grants, or subsidies to persons or entities for development.
- g. Bad debts, late payment fees, or finance charges.
- h. Interest or investment management fees.
- i. Board of directors' or officers' salaries.