United States
Department of
Agriculture

Food and
Nutrition
Service

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Subject: Food Stamp Program Nutrition Education and Outreach Allowable Cost Issue

To: Food Stamp Program Directors
Financial Management Directors
All Regions

This policy memorandum clarifies what constitutes reasonable and necessary salary costs associated with the delivery of nutrition education and outreach. The principles embodied in this memorandum represent universal applications of standard Food Stamp Program (FSP) grants management. They are applicable to both outreach and nutrition education and should be applied immediately.

As a reminder, the 2005 Food Stamp Nutrition Education (FSNE) Guidance serves as the current reference source for financial management questions. It includes a comprehensive discussion of allowable cost and financial management issues for nutrition education, which also apply to outreach. This guidance is found online at http://www.nal.usda.gov/foodstamp/programplan/05Guidance4.pdf.

This policy memorandum focuses on the issue of reasonable and necessary costs for paid staff time. In a previous policy memorandum dated April 22, 2004, guidelines were provided for calculating and valuing volunteer time. The same principles apply for calculating paid staff time. They are:

- The wages and benefits must be computed on a reasonable hourly basis in accordance with the duties being performed for FSNE or outreach, or the Federal minimum hourly wage established by the United States Department of Labor. The wages are not necessarily commensurate with wages that would be paid to the individual when performing responsibilities for which he/she is credentialed, but must relate to the tasks they are performing for FSNE or outreach. (Reference page 49 and 50 of the FSNE Guidance for a discussion of reasonable and necessary costs.)

- Staff must record time as specified in the FSNE Guidance (Appendix C, Section A.10, Time Records.)

- The time must not be used as a match for any other Federal grant.

This issue is pertinent as States are, in some instances, using physicians to deliver nutrition education, and lawyers or paralegals to deliver outreach, and charging hourly rates commensurate with their credentials, as opposed to the FSP-related duties that they are performing. In some cases, the FSP was being charged for rates exceeding $100 per

hour because the service was being performed by persons who are credentialed to provide professional services at that hourly rate, even though the services rendered did not merit that degree of expertise. Depending on the duties performed, such persons would not necessarily receive the same hourly rate for FSNE or outreach as they would receive for performing their professional medical, legal, or other professional services. The "reasonable and necessary" criteria as outlined above and in the FSNE Guidance must be applied to determine a reasonable salary rate.

FNS Regional Offices should provide technical assistance, if needed, to State agencies regarding these issues, and encourage States, in turn, to share this information with sub-grantees. Regional staff may contact the State Administration Branch if they have any questions.

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