Financial Management of Capacity Funds by NERA Institutions: Summary

The questions:
In response to a query from an institutional dean, the NERA directors and Northeast business managers (NEMO) were polled on January 23, 2019 and asked about the management of Land-grant or capacity funds. The specific questions posed included:
- Do you set up individual accounts for each of your Hatch projects (regular and multistate)? Or do you create a single umbrella account to cover all projects?
- If you use a single account, do you create shadow accounts for the individual projects?
- If no to either of those, what's your Hatch project account strategy?

Summary of responses:
Six institutions responded to the query (representing the regions large, medium and small institutions/agricultural experiment stations.) Financial management strategies varied across the region and were dependent on institutional and state policies, the financial software system employed by the institution, and the account hierarchy within the financial software system. However, all responding institutions reported setting up multiple Hatch accounts. The strategies behind the multiple accounts varied with institution. Institutions reported creating accounts that either tracked individual Hatch projects (regular and multistate), people (faculty, staff and/or students), or departments/divisions (common work within an academic unit.) Interestingly, terms associated with individually identifiable financial "tracks" varied. These included account, code, and subaccount. The common denominator for these was "individually identifiable." As one institution shared: "individual codes help differentiate between project budgets, graduate student awards, post doc awards, salaries, etc. Our structure helps differentiate spend between AES fiscal year and funding group." Last, NERA institutions reported that multiple accounts allowed unit business officers to certify time and effort to meet NIFA requirements, to comply with grants legislation and regulations including Uniform Guidance, and to meet Federal requirements for meeting the 1:1 match requirements for the capacity grants.

Responses from NERA institutions:
Cornell University – "Cornell sets up individual accounts for each Federal Capacity funded project."

Rutgers – "The way our Regular Hatch and Hatch Multistate accounts are set up are roughly similar:
- <u>Regular Hatch accounts</u> (For reference FY2018 has 69 projects with progress/final reports to file.) Salaries – PI/Faculty salaries and a few select research staff most all under one main account number.
- <u>Integrated Regular Hatch subaccount</u> Select project-specific subaccounts (none currently set up – two are pending setup when new federal award is established. We are trying to move away from a salary-only model)

- <u>Hatch-Multistate accounts</u> (For reference FY2018 has 47 projects with progress/final reports to file)
    - Salaries – PI/Faculty salaries and a few select research staff most all under one main account number
    - Administrative subaccount (mostly for $1K budget per participant to travel to yearly multistate meetings)
- <u>Integrated Hatch Multistate subaccount</u>
    - Project-specific subaccounts – there are many of these as we have a large number of multistate projects. Budgets are collected (usually $5K to $10K with some larger "enhanced" projects for focus areas)"

University of Massachusetts – "We have separate accounts for each of our federally approved capacity projects and all of our non-administrative expenses are specifically tagged to those accounts. If there are multiple faculty associated with a single project as collaborators they will have sub-accounts to allow us to do targeted funding related to the differing roles they may play. So for example, we might have a Hatch account targeting cranberry research which would provide funding allocated to 4 cranberry faculty, another Hatch account might only have one faculty on it and focus on equine health, or we might have a multi-state account with one faculty and one extension individual reporting."

University of New Hampshire – "We set up individual accounts. Our account hierarchy starts with a grant number, which we have 1 for each approved project. Within each grant we have fund #s based on the appropriation year. Within the fund codes we use "org" codes that help differentiate between project budgets, graduate student awards, post doc awards, salaries, etc. Our structure helps differentiate spend between AES fiscal year and funding group."

University of Rhode Island – "We do create individual accounts in our financial software for each Hatch project. However, we are encouraging faculty to write an umbrella project that encompasses several faculty research efforts along a common theme; in theory, each umbrella project would have one Hatch account in our financial software."

West Virginia University – "Land grant funds, at WVU currently:
- We have individual proposals, and
- We spend ~30% on individual faculty salary
- We allocate the rest to the College Divisions"