

2023 QUEST DWG Instruction Sheet for Completing the Budget Narrative

You must complete the SF-424A Budget Information Form (available at <https://www.grants.gov/web/grants/forms/sf-424-family.html#sortby=1>). In preparing the Budget Information Form, you must provide a concise narrative explanation to support each line item on the SF-424A, which includes an itemization of the component costs adding up to the total projected cost for each line item. The calculations provided in the Budget Narrative must be accurate, and the line item cost projections in the narrative must match the associated cost identified on the SF-424A. Each category should include the total cost for the period of performance. Use the following guidelines for preparing the Budget Narrative.

Personnel: List all staff positions by title (both current and proposed) including the roles and responsibilities. For each position give the annual salary, the percentage of time devoted to the project, and the amount of each position's salary funded by the grant.

Fringe Benefits: Provide a breakdown of the amounts and percentages that comprise fringe benefit costs such as health insurance, FICA, retirement, etc.

Travel: For grantee staff only, specify the purpose, number of staff traveling, mileage, per diem, the estimated number of in-state and out-of-state trips, and other costs for each type of travel.

Equipment: Identify each item of equipment you expect to purchase that has an estimated acquisition cost of \$5,000 or more per unit (or if your capitalization level is less than \$5,000, use your capitalization level) and a useful life of more than one year (see 2 CFR 200.1 for the definition of Equipment). List the item, quantity, and unit cost per item.

Items with a unit cost of less than \$5,000 are supplies, not "equipment." In general, we do not permit the purchase of equipment during the last funded year of the grant.

Supplies: Identify categories of supplies (e.g., office supplies) in the detailed budget and list the item, quantity, and unit cost per item. Supplies include all tangible personal property other than "equipment" (see 2 CFR 200.1 for the definition of Supplies).

Contractual: Under the Contractual line item, delineate contracts and subawards separately. Contracts are defined according to 2 CFR 200.1 as a legal instrument by which a non-federal entity purchases property or services needed to carry out the project or program under a federal award. A subaward, defined by 2 CFR 200.1 means an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a federal program.

For each proposed contract and subaward, specify the purpose and activities to be provided, and the estimated cost.

Construction: Construction costs are not allowed and this line must be left as zero. Minor alterations to adjust an existing space for grant activities (such as a classroom alteration) may be allowable. We do not consider this construction and you must show the costs on other appropriate lines such as Contractual.

Other: Provide clear and specific detail, including costs, for each item so that we can determine whether the costs are necessary, reasonable, and allocable. List items, such as stipends or incentives, not covered elsewhere.

Indirect Costs: If you include an amount for indirect costs (through a Negotiated Indirect Cost Rate Agreement or De Minimis) on the SF-424A budget form, then include one of the following:

a) If you have a Negotiated Indirect Cost Rate Agreement (NICRA), provide an explanation of how the indirect costs are calculated. This explanation should include which portion of each line item, along with the associated costs, are included in your cost allocation base. Also, provide a current version of the NICRA.

or

b) If you intend to claim indirect costs using the 10 percent de minimis rate, please confirm that your organization meets the requirements as described in 2 CFR Part 200.414(f). Clearly state that your organization does not have a current negotiated (including provisional) rate, and is not one described in 2 CFR Part 200, Appendix VII(D)(1)(b).

Applicants choosing to claim indirect costs using the de minimis rate must use Modified Total Direct Costs (as defined by DOL below) as their cost allocation base. Explain which portion of each line item, along with the associated costs, are included in your cost allocation base. Note that there are various items not included in the calculation of Modified Total Direct Costs. See the definitions below to assist you in your calculation.

- **Modified Total Direct Cost (MTDC) Definition:** To avoid a serious inequity in the distribution of indirect costs, DOL defines MTDC as all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each subaward or subcontract (regardless of the period of performance of the subawards or subcontracts under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs, and the portion of each subaward or subcontract in excess of \$25,000.
 - You will also note that participant support costs are not included in modified total direct costs. Participant support costs are defined below.
 - 2 CFR Part 200.1 Participant Support Cost means direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences or training projects.

See Section IV.B.4. and Section IV.E.1 for more information. Additionally, the following link contains information regarding the negotiation of Indirect Cost Rates at DOL:

<https://www.dol.gov/agencies/oasam/centers-offices/office-of-the-senior-procurement-executive/cost-price-determination-division>.

Indirect-type costs (such as top management salaries, financial oversight, human resources, payroll, personnel, auditing costs, accounting and legal, etc. used for the general oversight and administration of the organization) must not be classified as direct costs; these types of costs are recovered as part of charging the de minimis or NICRA rate. Note that the SF-424, SF-424A, and Budget Narrative must include the entire federal grant amount requested (not just one year).