

**Senior Community Service Employment Program (SCSEP)  
Budget Narrative Instructions**

Grantees must provide a detailed budget narrative that includes the information outlined below. Please note that, consistent with the instructions in this TEGL, State and Territory Grantees' budget narratives will reflect all 12 months of funding for PY 2024 as allotted through this TEGL (see Attachment 1A), while current National Grantees' budget narratives will reflect only the first four months of funding as allotted through this TEGL (see Attachment 1C for non-minority national sponsors, or 1E for minority national sponsors).

1. **Detailed Description of Costs on SF-424A Budget Information Form** (Section 6, Object Class Categories). Provide a detailed description for each line item on the SF-424A and ensure that each line item in the Budget Narrative indicates the same dollar amount as on the SF-424A.
  - a. **Personnel.** Refers to wages/salaries paid to employees of the grantee who are directly involved in grant implementation. This line item does not include personnel hired by the sub-grantee; those costs are included in the "Contractual" line item. Provide the following information:
    - i. **Position:** Include titles for all SCSEP staff positions and they must match the information provided in the program narrative. If there is more than one employee in the same position, at the same salary level and employed for the same period of time, enter each employee on a separate line.
    - ii. **Percent of Time:** List the percent of time each staff person will devote to the project. For example, if a staff person were full-time but only spending 75 percent of their time on the project, indicate ".75 FTE" (full-time equivalent).
    - iii. **Monthly Salary:** Enter the average monthly salary, not the average full-time salary. Since pay periods vary from organization to organization, the average would be the annual total salary divided by 12 months. If you expect that an employee will receive a salary increase during the grant period, figure the average monthly salary for the entire year based on the sum of the two salary figures for the number of months the employee will receive each salary.
    - iv. **Number of Months:** Enter the projected number of months an employee will fill the position during the grant period.
    - v. **Cost:** The total cost equals (Percent of Time) times (Monthly Salary/Wage) times (Number of Months).
  - b. **Fringe Benefits.** Refers to the cost of benefits paid to the personnel on the grant, including the cost of employer's share of FICA, health insurance, workers' compensation, and leave. Provide a detailed list of the benefits provided to employees as well as the fringe benefit percentage:
    - i. **Positions that receive fringe benefits.**
    - ii. **Benefits:** The type of benefits that you will provide employees. If multiple benefits are included in the base amount, list each of them in a separate row.

- iii. Rate: Include the fringe benefit rate used to calculate benefits for each source. If the list of fringe benefits is itemized, list the source for each item.
  - iv. Base Amount: Enter the Gross Salary used against the rate for the salary (or salaries) you are calculating.
  - v. Cost: The total cost is (Rate) times (Base Amount).
- c. Travel.** Refers to personnel travel costs that are reasonable and necessary to effectively manage and carry out grant activities, provide oversight, or measure program effectiveness (such as mileage, plane fare, meals and incidentals, and lodging). When air travel is necessary, obtain it at the lowest possible customary standard (coach or equivalent fare). You may charge travel costs on an actual basis or on a per-diem or mileage basis in lieu of actual costs. This line item does not include a sub-recipient's travel expenses; those costs are included in the "Contractual" line item. Provide a narrative describing the purpose of the travel and the assumptions used to generate the travel amounts. Enter each type of travel cost (mileage, per diem, etc.) on separate lines.
- i. Item: Briefly describe the travel item you will charge to the grant. Remember to enter travel for contracted employees under the "Contractual" category.
  - ii. Number of Staff: Provide the number of staff who will charge this type of travel.
  - iii. Number of Units: Provide the number of units you estimate you will charge to the grant per traveler (staff) for the year.
  - iv. Cost per Unit: Provide the cost of the travel item per traveler. If calculating based on mileage, enter the cost per mile.
  - v. Cost: The total cost is (Number of Staff) times (Number of Units) times (Cost per Unit).
- d. 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 lifetime of more than one year (see 2 CFR 200.1 for the definition of Equipment). List the item, quantity, and the 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. Use of grant funds to purchase equipment with a unit cost of \$5,000 or more requires, prior to purchase, a subsequent amendment to the grant award for special review and approval from the grant officer.
- a. Supplies.** Refers to all consumable materials costing less than \$5,000 per unit (such as copy paper, pens and pencils, computers, any training materials, agreements for evaluating the grant, or providing training). Include the total supply costs of all sub-grant contracts in this line item. Charge supply purchases to the grant at their actual prices after deducting all cash discounts, trade discounts, rebates, or allowances. Include any necessary shipping and delivery costs. Lump supplies under larger categorical headings and provide detailed information on computations justifying the respective amounts. Indicate the basis for all estimates.
- g. 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.

- h. Construction.** SCSEP regulations typically **do not allow** expenditures for construction (20 CFR 641.850(e)).
- i. Other.** Refers to items that do not fit under any of the other cost categories, such as rent, utilities, supportive services, and training/tuition costs. If you have items under this category itemize them along with an explanation and justification for the items.
- j. Total Direct Cost.** The sum of lines a through h.
- k. Indirect Cost.** 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 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 (defined by DOL below) as their cost allocation base. Provide an explanation of 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 and 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.

- Per 2 CFR 200.1 “Participant Support Costs” 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.

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.

1. **Totals.** The sum of lines i and j.
2. **Participant Wages and Fringe Benefits.** You must clearly list both the percentage and total funding dollar amount allocated to participant wages and fringe benefits as defined at 20 CFR 641.565 in the appropriate section of the SF-424A. The SF-424A does not have a line item exclusively for participant wages and fringe benefits. In most cases, list participant wages and fringe benefits on the “Contractual” or “Other” line.
3. **Administrative Costs.** You must clearly list both the percentage and total funding dollar amount allocated to administrative costs as described at 20 CFR 641.856. In general, SCSEP has a maximum allowed administrative costs total of 13.5 percent of the federal grant funds (or up to 20 percent if you have requested and received approval from ETA per the instructions in Attachment V). The SF-424A does not have a line item for Administrative costs. Because your administrative costs may come from multiple line items, you must clearly itemize and summarize your administrative costs separately.
4. **Infrastructure Contributions to the Workforce System.** You must clearly identify your infrastructure contributions to the workforce system. WIOA, Sec. 121(h) describes the responsibilities of required partners, including SCSEP. Training and Employment Guidance Letter (TEGL) 17-16, “Infrastructure Funding of the One-Stop Delivery System,” outlines how one-stop partners must determine and pay for infrastructure and additional costs in the local one-stop delivery systems. The SF-424A does not have a line item exclusively for infrastructure contributions. List your infrastructure contributions on the “Administrative,” “Contractual,” or “Other” line as appropriate. If you are not paying any infrastructure contributions into the workforce system, explain why you are not doing so in the Budget and Program Narrative. This explanation alone does not relieve any SCSEP grantee from the requirements of WIOA Sec. 121(h), but ETA will review an explanation before further discussions with a grantee.