

**U. S. Department of Labor  
Employment and Training Administration (ETA)  
WIOA Title I, Sec. 166 Indian and Native American Program  
Applicable Funding Restrictions and Budget Narrative Instructions**

*Funding Restriction: Administrative Cost Limitation*

Request for an Administrative Cost Rate Above 15 Percent. – Administrative costs are defined in the Workforce Innovation and Opportunity Act regulations at 20 CFR 683.205(b) and 20 CFR 683.215. The grant terms and conditions limit administrative costs for WIOA Indian and Native American Program (INAP) grants to 15 percent. However, ETA will approve administrative cost rates of more than 15 percent, but not greater than 20 percent, when the grantee submits acceptable justification. Grantees must include the justification in a separate section within their Budget Narrative, describing the conditions that exist within its organization that require an administrative cost rate above 15 percent. Such conditions may include:

- i. The amount and nature of on-going direct and indirect administrative costs.
- ii. Local economic conditions such as the cost to rent space, paying salaries that are competitive with other employers in the local area to attract qualified and experienced employees, providing salary increases and other pay incentives to retain good employees.
- iii. The amount and nature of any uncontrollable increases in the grantee's current administrative costs that are unusual one-time expenses, including significant increases to basic administrative cost components such as rent or staff salaries. (Supporting documentation is required.)
- iv. How the grantee already supplements the funds it receives from ETA for administrative expenditures with funds from other sources in order to meet its necessary administrative costs.

*Requirements for Explaining the SF-424A Line-Item Categories in the Budget Narrative (reflective of Uniform Guidance revisions effective October 1, 2024):*

- **Personnel:** List all staff positions by title (including individuals hired by an employment contract) 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, estimated number of in-state and out-of-state trips, and other estimated costs for each type of travel.
- **Equipment:** Identify each item of equipment you expect to purchase that has an estimated acquisition cost of \$10,000 or more per unit (or if your capitalization level is less than \$10,000, 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 \$10,000 are supplies, not “equipment.” In general, we do not permit the purchase of equipment during the last funded year of the grant.
- **Supplies:** Identify the cost of supplies (e.g., general office supplies, desk/chairs, laptops/printers, other specialty items) in the detailed budget per category. Except for general office supplies, list the item, quantity, and the 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. This should include payments to a contractor for third-party evaluations that are not already accounted for elsewhere, if applicable. 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 as 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 15 percent de minimis rate of modified total direct costs (MTDC), 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 MTDC 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 MTDC. See the definition 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 \$50,000 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 \$50,000.

Please note participant support costs are not included in modified total direct costs. As defined under 2 CFR 200.1, Participant Support Cost means direct costs that support participants and their involvement in a Federal award, such as stipends, subsistence allowances, travel allowances, registration fees, temporary dependent care, and per diem paid directly to or on behalf of participants.

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. Do not show leveraged resources on the SF-424 and SF-424A. You should describe leveraged resources in the Budget Narrative.

Applicants must list the same requested federal grant amount on the SF-424, SF-424A, and Budget Narrative.