

Attachment II

Rapid Reskill National Dislocated Worker Grant (Reskill DWG) Budget Narrative Instructions

The Budget Narrative must include a narrative explanation for each line item on the Budget Information for Non-Construction Programs Form (SF-424A) that includes:

- 1) an itemization of the component costs adding up to the total projected cost for each cost category
- 2) a clear description of how the costs included are necessary, reasonable, and allocable to activities listed in the Project Description section of the application. The applicant must provide sufficient information to determine that the costs comply with 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Alignment with SF424 – The cost category totals in the Budget Narrative and on the SF-424A must match and must calculate to the total federal grant amount requested on the SF424. The cost calculations must reflect the entire period of performance of the grant. Additionally, the component costs provided in the Budget Narrative must be reasonable and items must be categorized correctly. Budget Narratives that include miscalculations greater than 10 percent of the total grant award or miscategorized items may require revisions prior to consideration of the award.

Alignment with Project Description – All costs must be allocable to the project activities described in the Project Description. Where shared benefits may accrue to other programs or projects not funded by the requested Reskill DWG and not included in the Project Description, the Budget Narrative explanation must clearly explain the method used to determine proportionate costs benefiting the Reskill DWG project.

Administrative Cost Limitation – For each applicable cost category, provide a breakout of the estimated Program and Administrative costs and provide the justification for the cost. Administrative costs are defined in WIOA at 20 CFR 683.215. Administrative cost limitations apply to both direct and indirect costs and must be accounted for in each cost category below. Limitations on administrative costs are described in the Reskill DWG TEGL. Total administrative costs, including the administrative costs for the grant recipient and any subrecipients must not exceed 10 percent of the total grant award. The grant recipient may determine the distribution of total administrative costs across the grant recipient and any subrecipients.

Use the following guidance for each cost category when preparing the Budget Narrative:

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

2. **Fringe Benefits** – Provide a breakdown of the amounts and percentages that comprise fringe benefit costs such as health insurance, FICA, retirement, etc.
3. **Travel** – For grantee staff only, specify the travel purpose and cost factors used for the calculation such as the number of staff traveling, mileage, per diem, estimated number of in-state and out-of-state trips, and other costs for each type of travel. More information on federal per diem rates can be found on the [GSA per diem page](#).
4. **Equipment** – Identify each item of equipment the applicant expects to purchase that has an estimated acquisition cost of \$10,000 or more per unit 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 considered supplies, not equipment. In general, DOL does not permit the purchase of equipment during the last funded year of the grant. Please note that if awarded, the grantee must submit to DOL a separate amendment request for all equipment (including equipment purchased by subrecipients) and receive additional prior approval before any equipment may be purchased.
5. **Supplies** – Identify categories of supplies (e.g., office supplies) and describe the purpose of the supplies, general items, 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).
6. **Contractual** – Under the Contractual line item, delineate contracts and subawards separately, identifying the subcontractor and subrecipient entities. 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, including employment and training services, and the estimated cost.

Note: All direct participant costs provided by the subawarded participant costs should be delineated here. These costs must align with the information and amounts provided in the Project Description. Items include but are not limited to:

- Career Services
- Training
- Supportive Services

7. **Construction** –Reskill DWGs do not permit construction costs; leave this line item as zero. Minor alterations to adjust an existing space for grant activities (such as a classroom alteration) may be allowable. DOL does not consider minor alterations as construction, and applicants must show such costs on other appropriate lines such as Contractual.

8. **Other** – Provide clear and specific detail, including costs, for each item so that DOL can determine whether the costs are necessary, reasonable, and allocable. List items not covered elsewhere.

Note: All direct participant costs provided by the applicant/grant recipient should be delineated in Other. These costs must align with the information and amounts provided in the Project Description.

9. **Indirect Costs** – If the applicant includes 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 the applicant organization has 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 the cost allocation base. Also, provide a current version of the NICRA. Or
 - b. If the applicant organization intends to claim indirect costs using the 15 percent de minimis rate, please confirm that the organization meets the requirements as described in 2 CFR 200.414(f).

A. Other Budgetary Considerations

1. **Equipment** – To purchase capital assets (including equipment), the award recipient must submit a request and receive prior written approval from the Grant Officer as defined in the Uniform Guidance at 2 CFR 200.1 and 200.439. DOL will review a request to purchase capital assets (equipment) and, if appropriate, provide approval in an amendment to the award. See 2 CFR 200.1 for the definitions of capital expenditures, equipment, special purpose equipment, general purpose equipment, and capital assets. The capital asset of equipment is defined as tangible personal property (including information technology systems, subscriptions, etc.) having a useful life of more than one year and a per unit acquisition cost that equals or exceeds the lesser of the capitalization level established by the recipient or subrecipient for financial statement purposes, or \$10,000. The applicant and subrecipients must not purchase equipment in the last year of the grant award.
2. **Contractual** – Grantees must procure goods and services in accordance with the grantee’s written procurement policies and procedures.
3. **Indirect Costs** – Any indirect costs not supported by a submitted and current signed NICRA or CAP and exceed the de minimis rate of 15 percent of modified total direct costs as defined in the Uniform Guidance, codified at 2 CFR 200.1 “Modified Total Direct Cost (MTDC)”, are not allowable.
4. **Note:** Modified Total Direct Cost (MTDC) means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$50,000 of each subaward (regardless of the period of performance of the subawards

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 in excess of \$25,000. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs.