Attachment A: Budget Narrative Guidance

Each category must include the total cost for the entire period of performance. Use the following guidance 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 annual and total amounts 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, Federal Insurance Contributions Act payroll tax, retirement, etc.

Travel: For grant recipient staff only, specify the purpose, 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. Participant travel should not be included in this cost category and must instead be categorized under another cost category such as "Other."

Equipment: Equipment purchases may be included within community project funding only as an incidental part of the entire project, unless Congress specifically included the purchase of equipment in the description of the project's purpose included in the Explanatory Statement for Division B of the Consolidated Appropriations Act, 2026.

Identify each item of equipment intended to be purchased 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 Part 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, except for grants with a 12-month period of performance, the purchase of equipment is not permitted 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 the unit cost per item. Supplies include all tangible personal property other than those described in "equipment".

Contractual: Under the Contractual line item, delineate contracts and subawards separately. See Appendix VI for the definitions of subaward and contract. For each proposed contract and subaward, specify the purpose and activities to be provided, and the estimated cost.

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

Other: Provide clear and specific details, including costs, for each item so that a determination can be made whether the costs are necessary, reasonable, and allocable. List items, such as participant stipends, participant travel costs, or incentives not covered elsewhere. When applicable, list the per participant and total cost for items.

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 a current version of the NICRA, and an explanation of how the indirect costs is calculated. This explanation should include which portion of each line item, along with the associated costs, are included in your cost allocation base.

b. If you intend to claim indirect costs using the 15 percent de minimis rate, please confirm that your organization meets the requirements as described in 2 CFR Part 200.414(f) and 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 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, The Department 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 contract (regardless of the period of performance of the subawards and contracts 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 $50,000**.**

- You will also note that participant support costs are not included in modified total direct costs. Participant support costs are defined below.
- 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 the Department: [Cost & Price Determination Division | U.S. Department of Labor (dol.gov)](https://www.dol.gov/agencies/oasam/centers-offices/office-of-the-senior-procurement-executive/cost-price-determination-division).[20]

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).

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