

PY22 Incremental Funding Budget Narrative Guidance

Grant Officer's Memorandum 01-22, Attachment #2

The Budget Narrative must provide a description of costs associated with each line item on the SF-424A. **Grantees must use whole dollar amounts.**

Personnel: List all staff positions by title (both current and proposed) and include the roles and responsibilities as they pertain to the award. 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.

Fringe Benefits: Provide a breakdown of the amounts and percentages that comprise fringe benefit costs such as health insurance, Federal Insurance Contributions Act (FICA), retirement, etc. **NOTE: For staff who are less than 100 percent, Grant Officer's Technical Representatives (GOTRs) must verify the percent of fringe benefits is accurate.**

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 costs for each type of travel. The applicant must include funds and allowable expenses to provide for travel to and from an annual post-award conference, professional conference, and/or trainings at an estimated national location (Washington, D.C.). Applicants must provide justification for travel expenditures that exceed 10 percent of the one-year budget. Mileage reimbursements must be verified at the [U.S. General Services Administration website](#).

Equipment: Identify each item of equipment you expect to purchase that has an estimated acquisition cost of \$5,000.00 or more per unit (or, if your capitalization level is less than \$5,000.00, use your capitalization level) and verify the item has a useful lifetime of more than one year. See 2 CFR 200.1 for the definition of "Equipment." Generally, DOL/VETS does not permit the purchase of equipment during the last funded year of the award. Prior approval is required only when the acquisition cost is \$5,000.00 or more, regardless of the non-federal entity's capitalization threshold.

Supplies: Supplies means all tangible personal property other than those described in the definition of Equipment. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the non-federal entity for financial statement purposes or \$5,000, regardless of the length of its useful life. Identify the categories of supplies for staff (e.g., office supplies) and, as needed, list the item, quantity, and total costs. As long as the methodology is clear and transparent, a breakdown of each item and cost per is not always needed. Be mindful of shared items as cost there should also be shared. If there are shared cost be sure to cover what the program's percent of the cost share is. **NOTE:** Supplies for participants should be placed in the "Other" line item.

Contractual: Under the Contractual line item, delineate contracts and sub-awards separately. Contracts are, as defined by 2 CFR 200.1, 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 sub-award, as defined by 2 CFR 200.1, refers to an award provided by a pass-through entity to a sub-recipient for the sub-recipient 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 sub-award, specify the purpose and activities to be provided, and the estimated cost.

Construction: Construction costs are **unallowable** and this line item must be zero. Minor alterations to adjust an existing space for grant activities (such as a classroom alteration that does not involve construction costs) may be allowable, as DOL VETS does not consider this to be construction. Such costs must be shown on other appropriate lines such as Contractual.

Other: Provide **clear and specific detail**, including costs, for each item so DOL VETS 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 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 200, Appendix VII(D)(1)(b).

Applicants choosing to claim indirect costs using the de minimis rate must use Modified Total Direct Costs (see 2 CFR 200.1 below for definition) 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.

- **2 CFR 200.1 Modified Total Direct Cost (MTDC)** means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each sub-award (regardless of the period of performance of the sub-awards 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 sub-award in excess of \$25,000.

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

The definition of MTDC in 2 CFR 200.1 no longer allows any sub-contracts to be included in the calculation. You will also note that participant support costs are not included in modified total direct cost. Participant support costs are defined below.

- **2 CFR 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

Other Administrative Standards and Provisions: In accordance with 2 CFR 200.302(b)(7), grant recipients **are required to have written procedures for determining the allowance of costs charged to the federal grants** under 2 CFR part 200, subpart E (Cost Principles). A successful applicant must maintain standard operating procedures (SOPs) for the use of funds that support a successful job placement for an eligible participant.