

Detailed Budget Justification: All applications must have a detailed budget narrative explaining and justifying the federal and the nonfederal expenditures by object class category as listed on SF-424A, Section B (Budget Category). For clarification and simplicity, it is best to discuss each expense by object class in the order that they appear on the SF424A. Include the dollar amounts in the discussion and how the dollar amounts were derived. Include detailed descriptions of all cost justifications (see below for more detail). Additionally, provide any cost sharing or matching cost details. Separate budgets within the single proposal must be provided if more than one funding action is anticipated (e.g., if funds are to be allocated to more than one institution or agency through subcontracts).

The budget narrative submitted with the application must match the dollar amounts on all required forms. Please explain each calculation and provide a narrative that supports each budget category. (In other words, Block 15 on the SF-424 must equal total costs identified on the Budget Information SF-424A form which must match the budget narrative).

**Personnel:**

- a. Include salary and wages (fringe benefits are listed separately).
- b. Provide breakdown of personnel by classification (i.e., job title).
- c. Identify key investigators (if applicable).
- d. State time commitments in hours or percent of time for each person or position
- e. List total charges for each person or position with calculations of costs as Federal or non-federal.
- f. All personnel costs must be allowable in accordance with OMB Circular A.21: Cost Principles for Educational Institutions.
- g. Explain any special considerations.

**Fringe Benefits:**

- a. Identify separately from salaries and wages.
- b. Provide description of benefits received by personnel when the fringe rate is more than 35% of the associated salary.
- c. Ensure the fringe benefits are charged to Federal and nonfederal (matching/cost-share) categories in the same proportion as salaries.
- d. Do not charge under another cost category any costs that are included within the fringe rate or indirect costs.

**Travel:** Provide breakdown of travel costs as follows:

- a. Destination
- b. Estimated costs and type of transportation
- c. Number of travelers and related lodging and subsistence (per diem costs)
- d. Brief description of the travel involved, its purpose, and explanation of how the proposed travel is necessary for successful completion of the project.

(Other travel considerations :)

- a. If travel details are unknown, then the basis for proposed costs should be explained (i.e., historical information) - do not "pull numbers out of the air" or list a lump sum estimate.
- b. Travel costs can be charged on an actual basis, on a per diem or mileage basis in lieu of actual costs incurred, or a combination of the two if applied consistently and results in reasonable charges.
- c. Remember "Fly America Act"
  - a. Limits the use of foreign flag carriers to foreign travel.
  - b. Waiver only allowed for specific instances and will require prior approval.

**Equipment:**

- a. "Equipment" is nonexpendable, tangible personal property with a unit cost of \$5,000 or more having a useful life of more than 1 year, unless determined otherwise by recipient's internal policy.
- b. Items that do not meet the "equipment" definition can be included under supplies
- c. List each piece of equipment to be purchased and provide description of how it will be used in the project.
- d. Budget narrative should explain why the equipment is necessary for successful completion of the project.
- e. General use equipment (i.e., computers, faxes, etc.) must be used 100% for the proposed project if charged directly to the grant.

**Supplies:**

- a. Explanation necessary for supplies costing more than \$5,000, or five percent of the award, whichever is greater.
- b. Requirements for supplies which exceed thresholds:
  - o Explain the type of supplies to be purchased, or the nature of the expense in the budget narrative;
  - o Provide a breakdown of supplies by quantity and cost per unit if known;
  - o Indicate basis for estimate of supplies, i.e., historical use on similar projects.

**Contractual:**

- a. Treat each contract or sub grant as a separate item.
- b. Describe products or services to be obtained and indicate the applicability or necessity of each to the project.
- c. Provide separate budgets for each sub grant or contract, regardless of the dollar value and indicate the basis for the cost estimates in the narrative.
- d. List all grant or contract costs under the Contractual Line Item on the SF 424-A.
  - o Example - do not incorporate a grantee's indirect costs under the indirect costs line item for the applicant/grantee.

**Other:**

- a. List items by type of material or nature of expense.
- b. Break down total costs by quantity and cost per unit if applicable.
- c. State the necessity of other costs for successful completion of the project.
- d. Exclude unallowable costs in accordance with OMB Circular A.21: Cost Principles for Educational Institutions, examples include:
  - o Alcohol
  - o Contingency
  - o Entertainment
  - o Fund Raising