

Budget Narrative Guidance Information

The Budget Narrative must provide a description of costs associated with each line item on the SF-424A.

The Budget Narrative should also include a section describing any leveraged resources provided (as applicable) to support grant activities, however, any indicated leveraged resources will have no bearing on the proposal review, or funding decision. Do not show leveraged resources on the SF-424 and SF-424A.

Each category should include the total cost for the period of performance. Use the following guidance for preparing the Budget Narrative:

1. **Personnel** – List all staff positions by title. State the annual salary of each person, the percentage of each person’s time devoted to the project, the amount of each person’s salary funded by the grant and the total personnel cost for the period of performance.
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** – Specify the purpose, mileage, per diem, estimated number of in-state and out-of-state trips and other costs for each type of travel, and the projected number of travelers.
4. **Equipment** – Identify each item of equipment to be purchased which has an estimated acquisition cost of \$5,000 or more per unit and a useful lifetime of more than one year. List the quantity and unit cost per item. Items with a unit cost of less than \$5,000 are supplies.
5. **Supplies** – Supplies include all tangible personal property other than “equipment.” The detailed budget should identify categories of supplies (e.g. office supplies). List the quantity and unit cost and total cost per item.
6. **Contractual** – For each proposed contract and subaward, specify the purpose, activities, and estimated cost.

Under the Contractual line item, delineate contracts and subawards separately. Contracts are defined according to 2 CFR 200.22 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 200.92, 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.

7. **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. DOL does not consider this as construction and the costs must be shown on other appropriate lines such as Contractual.
8. **Other** – List each item in sufficient detail for DOL to determine whether the costs are reasonable or allowable. List any item, such as stipends or incentives, not covered elsewhere here.
9. **Indirect Charges** – If indirect charges are included in the budget, include the approved indirect cost rate with a copy of the Indirect Cost Rate Agreement.