**Appendix B – Budget Narrative Template**

Applicants are required to provide a detailed Budget Narrative for the project using the template below. Provide a separate Budget Narrative for the first 12 months of the project and the last six months of the project. In your Budget Narrative, you should include a breakdown of the budgetary costs for all object class categories listed in the first column. Cost breakdowns, or justifications, are required for any cost of $1,000 or more. The Budget Narrative should fully explain and justify the costs in each of the major budget items for each of the object class categories, as described below the Budget Narrative Template and example to follow.

**Budget Narrative Template**

|  |  |  |
| --- | --- | --- |
| **Category**  | **Grant Funds Requested**  | **Justification**  |
| Personnel  |   |   |
| Fringe Benefits  |   |   |
| Travel  |   |   |
| Equipment  |   |   |
| Supplies  |   |   |
| Contractual  |   |   |
| Other  |   |   |
| Indirect Charges  |   |   |
| TOTAL  |   |   |

**Example Budget Narrative**

*This example is provided for reference only.*

|  |  |  |
| --- | --- | --- |
| **Object Class Category**  | **Grant Funds Requested**  | **Justification**  |
| Personnel  | $63,554  | Project Director (name) = .5 FTE @ $80,000/yr = $40,000  Office Manager (name) = .5 FTE @ $47,108/yr = $23,554  **Total** $63,554   |
| Fringe Benefits  | $21,799  | Fringe on Project Director at 34.30% = $13,720 FICA (7.65%) Health (25%) Dental (2%) Life (1%) Unemployment (1%)  Fringe on Office Manager at 34.30% = $8,079 FICA (7.65%) Health (25%) Dental (2%) Life (1%) Unemployment (1%) **Total** $21,799   |
| Travel  | $6,387  | Travel to National Conference in Arlington, VA for 1 person  Registration: $600  Airfare 1 RT x 1 staff @ $600 = $600  Lodging: 3 days x 1 staff @ $120/day = $360  Per Diem: 3 days x 1 staff @ $40/day = $120  Total $1,080 Local travel: 6 meetings with partners for 1 person Mileage: 6RT @ .585 x 700 miles = $2,457 Lodging: 15 days @ $110/day = $1,650 Per Diem: 15 days @ $40/day = $600 Total $4,707 **Travel Total** $6,387  |
| Equipment  | $5,000  | No Equipment requested (if none requested) OR: Call Center Equipment Installation $2,500 Phones $2,500 **Total** $5,000  |
| Supplies  | $7,260  | 1 desk $1,500  1 chair $300 2 Laptop computers $3,000 Printer cartridges @ $50/every other month = $300 Consumable supplies (pens, paper, clips etc.) @ $180/month = $2,160  **Total** $7,260  |
| Contractual  | $28,431  | **Federal** (Organization name, purpose of contract and estimated dollar amount) Contract with AAA to manage referrals to services: 1 Intake Specialist = $17,762  Volunteer Coordinator = $10,669 **Total** $28,431  *If contract details are unknown due to contract yet to be made, provide same information listed above and:* A detailed evaluation plan and budget will be submitted by (date), when contract is made.  |
| Other  | $5,600  | 2 consultants (indicate types of consultants) @ $100/hr for 24.5 hours each = $4,900 Printing 10,000 brochures @ $.05 =  $500 Local conference registration fee (name conference) =  $200 Total $5,600  |
| Indirect Charges  | $11,010  | 12.9% of salaries and fringe = $11,010  IDC rate is attached.  |
| TOTAL  | $149,041  |   |

**Budget Narrative Completion Instructions**

In your Budget Narrative/Justification, you should include a breakdown of the budgetary costs for all object class categories listed in the first column. Cost breakdowns, or justifications, are required for any cost of $1,000. The Budget Narratives/Justifications should fully explain and justify the costs in each of the major budget items for each of the object class categories, as described below.

**Personnel:** Enter total costs of salaries and wages of applicant/grantee staff. Do not include the costs of consultants, which should be included under Other.

In the Justification: Identify the project director, if known. Specify the key staff, their titles, and time commitments in the budget justification.

**Fringe Benefits:** Enter the total costs of fringe benefits unless treated as part of an approved indirect cost rate.

In the Justification: If the total fringe benefit rate exceeds 35% of Personnel costs, provide a breakdown of amounts and percentages that comprise fringe benefit costs, such as health insurance, FICA, retirement, etc. A percentage of 35% or less does not require a breakdown but you must show the percentage charged for each full/part-time employee.

**Travel:** Enter total costs of all travel (local and non-local) for staff on the project. Local travel is considered under this cost item not under Other. Local transportation (all travel which does not require per diem is considered local travel). Do not enter costs for consultant's travel - this should be included in Other.

In the Justification: Include the total number of trips, number of travelers, destinations, purpose (e.g., attend conference), length of stay, subsistence allowances (per diem\*), and transportation costs (including mileage rates).

**Equipment:** Enter the total costs of all equipment to be acquired by the project. For all grantees, "equipment" is nonexpendable tangible personal property having a useful life of more than one year and an acquisition cost of $5,000 or more per unit. If the item does not meet the $5,000 threshold, include it in your budget under Supplies.

In the Justification: Equipment to be purchased with federal funds must be justified as necessary for the conduct of the project. The equipment must be used for project-related functions. Further, the purchase of specific items of equipment should not be included in the submitted budget if those items of equipment, or a reasonable facsimile, are otherwise available to the applicant or its subrecipient.

**Supplies:** Enter the total costs of all tangible expendable personal property (supplies) other than those included in Equipment.

In the Justification: For any grant award that has supply costs in excess of 5% of total direct costs, you must provide a detailed breakdown of the supply items (e.g., 6% of $100,000 = $6,000 – breakdown of supplies needed). Please note: any supply costs of $5,000 or less regardless of total direct costs do not require a detailed budget breakdown (e.g., 5% x $100,000 = $5,000 – no breakdown needed).

**Contractual:** Regardless of the dollar value of any contract, you must follow your established policies and procedures for procurements and meet the minimum standards established in the Code of Federal Regulations (CFR’s) mentioned below. Enter the total costs of all contracts, including (1) procurement contracts (except those which belong on other lines such as equipment, supplies, etc.). Note: The 33% provision has been removed and line item budget detail is not required if you meet the established procurement standards. Also include any awards to organizations for the provision of technical assistance. Do not include payments to individuals on this line. Please be advised: A subrecipient is involved in financial assistance activities by receiving a sub-award and a subcontractor is involved in procurement activities by receiving a sub-contract. Through the recipient, a subrecipient performs work to accomplish the public purpose authorized by law. Generally speaking, a sub-contractor does not seek to accomplish a public benefit and does not perform substantive work on the project. It is merely a vendor providing goods or services to directly benefit the recipient, for example procuring landscaping or janitorial services. In either case, you are encouraged to clearly describe the type of work that will be accomplished and the type of relationship with the lower tiered entity whether it be labeled as a subaward or subcontract.

In the Justification: Provide the following three items: 1) Attach a list of contractors indicating the name of the organization; 2) the purpose of the contract; and 3) the estimated dollar amount. If the name of the contractor and estimated costs are not available or have not been negotiated, indicate when this information will be available. The Federal government reserves the right to request the final executed contracts at any time. If an individual contractual item is over the small purchase threshold, currently set at $100K in the CFR, you must certify that your procurement standards are in accordance with the policies and procedures as stated in 45 CFR Part 75 for states, in lieu of providing separate detailed budgets. This certification should be referenced in the justification and attached to the budget narrative.

**Other:** Enter the total of all other costs. Such costs, where applicable, may include, but are not limited to insurance, medical and dental costs (i.e. for project volunteers this is different from personnel fringe benefits), non-contractual fees and travel paid directly to individual consultants, postage, space and equipment rentals/lease, printing and publication, computer use, training and staff development costs (i.e. registration fees). If a cost does not clearly fit under another category, and it qualifies as an allowable cost, then rest assured this is where it belongs.

In the Justification: Provide a reasonable explanation for items in this category. For example, individual consultants explain the nature of services provided and the relation to activities in the work plan or indicate where it is described in the work plan. Describe the types of activities for staff development costs.

**Indirect Charges:** Enter the total amount of indirect charges (costs), if any. If no indirect costs are requested, enter "none." Indirect charges may be requested if: (1) the applicant has a current indirect cost rate agreement approved by the Department of Health and Human Services (DHHS) or another federal agency; or (2) the applicant is a state or local government agency. State governments should enter the amount of indirect costs determined in accordance with DHHS requirements. An applicant that will charge indirect costs to the grant must upload a copy of the current rate agreement. Indirect Costs can only be claimed on Federal funds, more specifically, they are to only be claimed on the Federal share of your direct costs. Any unused portion of the grantee’s eligible Indirect Cost amount that are not claimed on the Federal share of direct charges can be claimed as un-reimbursed indirect charges.

**Total:** Enter the total amounts of all object class category grant funds requested.

**\* Per diem:**

Note: A recent Government Accountability Office (GAO) report number 11-43 has raised considerable concerns about grantees and contractors charging the Federal government for additional meals outside of the standard allowance for travel subsistence known as per diem expenses. If meals are to be charged towards the grant, they must meet the following criteria outlined in the Grants Policy Statement:

Meals are generally unallowable except for the following:

* For subjects and patients under study (usually a research program);
* Where specifically approved as part of the project or program activity, e.g., in programs providing children’s services (e.g., Headstart);
* When an organization customarily provides meals to employees working beyond the normal workday, as a part of a formal compensation arrangement;
* As part of a per diem or subsistence allowance provided in conjunction with allowable travel; and
* Under a conference grant, when meals are a necessary and integral part of a conference, provided that meal costs are not duplicated in participants’ per diem or subsistence allowances (Note: the sole purpose of the grant award is to hold a conference).