

## SF-424A INSTRUCTIONS--DEVELOPING A BUDGET

*ETA's Regions 2 and 6 have developed a helpful budget tool which was emailed to all grantees in 2008, and which is being transmitted again by email with this PY 2009 planning TEGL. Grantees are strongly encouraged to utilize this tool in developing their budget narratives. These instructions will assist you in completing the Budget Tool and the worksheets within. References to the 424A and the 424A Budget Tool are made at the beginning of each section in **bold italics**.*

### A. Determining Budget Requirements

The budget is one of the most important pieces of the grant proposal. A complete and well-developed budget eventually becomes an effective management tool; a budget that doesn't truly represent a project's needs and situation will make it difficult for managers to assess financial performance over the life of the project and may result in a grantee experiencing cost overruns. The budget also provides ETA with information that is useful in assessing whether the activities and services described in the Statement of Work are consistent with the estimated costs in the budget.

### B. Understanding Key Budgeting Terms and Principles

Before launching into a description of the required budget elements, it is vital to explain some key fiscal terminology and principles that may affect the development of the grant budget.

- **Administrative Costs:**

- **Definition:** The definition of administrative costs used for SCSEP grants is unique to the programs funded by the U.S. Department of Labor (DOL), Employment and Training Administration (ETA). ETA's definition of administrative costs is found in the Code of Federal Regulations at 20 CFR 641.853-861. ETA uses a function-based definition of administration, which means costs associated with certain functions, such as accounting, procurement, financial management, payroll, etc. are considered administrative costs. Program costs are those related to the direct provision of employment and training services to participants and employers. An individual, such as a program director, can incur both program and administrative costs depending on the function which is being performed.
- **Limitation:** An entity that receives a SCSEP grant to carry out a project or program may not use more than 13.5% of the total amount awarded for the grant to pay administrative costs associated with the project or program. In limited cases, the Grant Officer may approve a 15% administrative cost level, but the grantee will need to request a higher

level in writing in its grant submission and provide information to document the need for the higher cost level. See Section 502(c)(3) of the Older Americans Act (OAA) of 2006 for guidance. Typically, only the grantee organization incurs administrative costs. A sub-grantee under the grant would incur administrative costs only if a sub-grant is for the sole purpose of carrying out an administrative function. The administrative limit applies to the total award amount and includes both direct administrative costs and indirect administrative costs. Not all indirect costs are administrative costs under the ETA definition. The portion of indirect costs that are administrative, plus any direct administrative costs, cannot exceed the 13.5% cost limitation. Note: The indirect cost line item on the Federal Budget Information Form is different from the administrative cost limit.

- **Program Costs:** Program costs are those related to the direct provision of employment and training services to participants and employers. An individual, such as a program director, can incur both program and administrative costs depending on the function which is being performed. For instance, when a program director is meeting with project partners to discuss how services will be designed and provided to participants, the salary associated with that time is a program cost. However, when a project director spends time developing a budget for a contractual agreement with a project partner, the salary associated with that time is an administrative cost because budgeting is an administrative function.
- **Direct Costs:** Direct costs are those that can be specifically identified with a particular final cost objective.
- **Indirect Costs:** Indirect costs are those that are incurred for common or joint objectives that benefits more than one project. They may originate in your own unit or in units or departments of your organization that supply goods, services, or facilities to the earmark grant. Most often, the term “indirect costs” is used to indicate costs that are incurred to support the overall operation of the organization. Indirect costs may be both administrative and programmatic. The following website provides valuable information on applying for an indirect cost rate from the DOL, Division of Cost Determination:  
<http://www.dol.gov/oasam/programs/boc/costdeterminationguide/main.htm#toc>.
- **Cost Allocation Plan:** This document identifies, accumulates, and distributes allowable direct and indirect costs and identifies the allocation methods used for distribution of these costs across projects.

### **C. Process for Developing a Budget**

Constructing a project budget takes time and involves coordinating with project staff and partners. When developing the project budget, it is highly recommended that grantees review the activities and tasks listed in their statement of work. Reviewing the statement of work will help grantees assess the following elements:

- Who will do the work on the project and how long their services will be required based on the proposed tasks (e.g., grant staff, partner staff, contractors);
- What types of resources are needed to support each task (e.g., rent, utilities, computers, telephone service, copiers, office supplies, etc.); and
- Whether partners are willing to donate cash, items, or services needed to complete the project either through matching funds or through in-kind contributions.

The Budget Narrative worksheets in the SF-424A are designed to assist grantees in meeting the requirements for a detailed cost analysis and may be helpful to use when developing your budget projections. It may also be useful to have staff involved in delivering services participate in preparing the budget assumptions since they have direct, first-hand experience with providing the service or activity. Also, grantees should be aware that a number of factors might affect the budget projections. Some examples of factors affecting budget estimates include:

- Staff on the project may be eligible for salary increases or raises during the life of the project;
- The rising costs of health insurance and worker disability insurance may affect the fringe benefit rates; and
- Transportation costs may be affected by rising gasoline prices.

Grantees should try to anticipate factors that may affect the budget when developing their projections and be prepared to provide a narrative explanation of these factors in the Budget section of the grant proposal. Once grantees have developed a list of needed resources it is time to organize the listed items into the cost categories required by ETA.

### **D. How to Complete the Budget Section of the SCSEP Application**

The Budget part of the SCSEP application consists of two sections: A – Budget Information Form, and B – Budget Category Excel Worksheets and Budget Narrative.

**Section A. Budget Information Form - Lines 1 through 5, Columns (a) through (g)**  
*(Note: Column F is pre-set to calculate the 10 percent non-Federal amount. You may clear the column or change the formula if you are entering more than 10 percent)*

A budget tool has been developed which should assist grantees in submitting their SF-424A and detailed budget narrative (see attached). The SF-424A can be found at <http://www.doleta.gov/sga/forms/form424a.pdf>. The budget form has six sections. A - Budget Summary; B - Budget Categories; C - Non-Federal Resources; D - Forecasted Cash Needs; E - Budget Estimates of Federal Funds Needed for Balance of the Project; and F - Other Budget Information. Sections A and B of the SF 424A are populated automatically as the budget category Excel worksheets, addressed below, are completed. The following information should be entered on the first row of section A: *column (a) - SCSEP; column (b) - 17.235*. Information in columns (e) and (g) will be input automatically after the "Amount Awarded" field in the top left corner of "Personnel" worksheet is filled in. Please note that ETA does not require sections E and D be completed.

Grantees anticipated expenses are listed in the object class categories in **Section B - Budget Categories**. It should be noted that for purposes of this budget, costs associated with participant wages and fringe benefits should be categorized the following ways:

When a participant has a community service employment assignment at the grantee's facilities and is considered an employee of the grantee, then participant wage costs should be listed in "Personnel" and fringe benefits in "Fringe Benefits".

When a participant has a community service employment assignment at a host agency or sub-recipient's facilities, but is considered an employee of the grantee, then participant wages costs should be listed in "Personnel" and fringe benefits in "Fringe Benefits".

When a participant has a community service employment assignment at a host agency or sub-recipient's facilities, and is considered an employee of the host agency or sub-recipient, then participant wage and fringe benefit costs should be listed under "Contractual".

- **Personnel:** This refers to wages/salaries paid to employees of the grantee organization who are directly involved in grant implementation. This line item does not include personnel hired by the sub-grantee; those costs are included in the "Contractual" line item.
- **Fringe Benefits:** The cost of benefits paid to the personnel on the grant, including the cost of employer's share of FICA, health insurance, workers' compensation, vacation and supplies. Shipping and delivery are a normal part of the cost of supplies and should be included in the budgeted amount.
- **Contractual:** The cost of any contract or sub-grant agreement. Contractual costs could include sub- and sick leave, holidays, or unemployment insurance. The budget worksheet for this category should contain descriptive information about

what specific fringe benefits are being charged to the grant, including the fringe benefit percentage.

- **Travel:** Refers to travel costs of personnel that are reasonable and necessary to effectively manage and carry out grant activities, provide oversight or measure program effectiveness. Air travel, when necessary, should be obtained at the lowest possible customary standard (coach or equivalent fare). Travel costs may be charged on an actual basis or on a per-diem or mileage basis in lieu of actual costs. This line item does not include travel expenses of the sub-grantee; those costs are included in the “Contractual” line item.
- **Equipment:** Refers to non-expendable personal property that has a useful life of more than 1 year and a per-unit cost of \$5,000 or more. The only type of equipment that may be acquired with Federal funds is equipment necessary for the operation of the grant. In the instance of a purchase, the cost of the equipment is to be prorated over the projected life of the equipment to determine the cost to the grant. Use of grant funds to purchase equipment with a unit cost of \$5,000 or more requires special review and approval from the Grant Officer prior to purchase. Shipping, delivery, and installation if necessary are a normal part of the cost of equipment and should be included in the budgeted amount.
- **Supplies:** All consumable materials costing less than \$5,000 per unit; other goods such as copy paper, pens and pencils, computers; any materials needed to conduct training, agreements for evaluating the grant, providing training, etc. The total costs of all sub-grant contracts are reflected in this line item.
- **Other:** Direct costs that do not fit any of the aforementioned categories, such as rent for buildings used to conduct grant activities, utilities and/or leased equipment, child care, transportation expenses, tuition for training, etc. are reflected in the “Other” line item.
- **Total Direct Cost:** This is the total of lines 1 through 7. The SF-424A will automatically sum up the direct costs after the worksheets for each category are completed.
- **Indirect Cost:** If the grantee has an approved indirect cost rate and wishes to apply it to this grant, then a copy of the indirect cost agreement, signed by the issuing Federal agency must be included as an attachment to the grant proposal.
- **TOTALS:** This category is populated automatically and represents the total amount of lines 6(i) and 6(j), equaling to the total amount of funds authorized for the project.

**Section B. Budget Category Excel Worksheets and Budget Narrative - *This section is directly linked to the colorful, labeled tab in the worksheets. When you complete the spreadsheet behind each tab, the total will appear in the appropriate line or column in this section.***

**Budget Category Excel Worksheets:** The SF 424A Section B requires grantees to classify expenses in the following object class categories: Personnel, Fringe Benefits, Travel, Equipment, Supplies, Contractual, Construction (not used for SCSEP grants), Other, and Indirect Costs. The attached suggested budget tool contains an individual worksheet for each of these object class categories. Complete the Budget Category Worksheets for each object class category. Each worksheet identifies in detail the costs attributable to each object class category in Section B, lines 6(a) – 6(j) of the SF 424A. The worksheet cells contain instructions and drop down menus to aid in their completion. Data from the completed budget worksheets will automatically populate Sections A and B the SF-424A. Grantees should distinguish those costs associated with Federal funding and those costs associated with non-Federal funding (perhaps **bolding** Federal costs)

**Budget Narrative:** At the bottom of each worksheet is a text block to enter a budget narrative. The budget narrative explains or justifies the amounts entered for each Object Class Category on SF-424A and the supporting worksheets. A brief explanation should be provided which explains how the costs associated with each object class category relate to the implementation of the statement of work and the achievement of grant goals. Grantees should try to anticipate factors that may affect the budget when developing their projections and provide a narrative explanation of these factors. In this section, grantees also include a narrative explanation describing the percent of the award amount that will be spent on administrative costs, including a description of administrative services being charged to the grant. The narrative ties the grant budget to the proposal's Statement of Work

The following section provides directions for completing the budget category worksheets as well as examples of completed worksheets and budget narrative statements.

### **Personnel Worksheet**

This is the first worksheet in the SF-424A MS Excel workbook. Grantees should start by typing in the Name of Grantee Organization, Amount Awarded, and Funding Period (From-To). The funding period of performance cannot begin prior to February 17, 2009 (for Recovery Act) or July 1, 2009 (for program year funds). The worksheet will not calculate the values if this initial information is not provided. Here and on the other worksheets data can be entered in the cells colored in light green.

The following information to support the staffing plan for the project should be provided in the Personnel table:

- **Position:** Enter the title for each staff position. These titles should match the information provided in the technical proposal. If the grantee has more than one

employee in the same position, at the same salary level and employed for the same period of time, each employee should be entered on a separate line.

- **% of Time:** List the percent of time each staff person will devote to the project. For example, if a staff person were full-time but only spending 75% of their time on the project, he or she would be .75 FTE (full-time equivalent).
- **Monthly Salary/Wage:** Enter the average monthly salary, not the average full-time salary. Since pay periods vary from organization to organization, the average would be the annual total salary divided by 12 months. If an employee is expected to receive a salary increase during the grant period, figure the average monthly salary for the entire year based on the sum of the two salary figures for the number of months the employee will receive each salary.
- **# of Months:** Enter the projected number of months the position will be filled during the grant period.
- **Cost:** The total cost equals (**% of Time**) x (**Monthly Salary/Wage**) x (**# of Months**).

The Best Workforce Development Program, Inc.

07/01/08 to 06/30/09

\$ 500,000

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A Position	B % of Time	C Monthly Salary/Wage	D # of Months	E Cost
1. Executive Director	20.00%	\$ 3,600	12.00	\$8,640
2. Project Director	100.00%	2,200	12.00	\$26,400
3. Administrative Assistant	50.00%	1,200	12.00	\$7,200
4. Job Developer	100.00%	2,000	12.00	\$24,000
5. Case Worker	100.00%	1,600	10.00	\$16,000
6. Case Worker	100.00%	800	10.00	\$8,000
7. Outreach Specialist/Recruiter	40.00%	1,400	12.00	\$6,720
<b>TOTAL PERSONNEL</b>				<b>\$96,960</b>

The total amount for Staff Salaries is projected to be \$96,960. The Project anticipates the need for seven staff persons, four of whom – Project Director, Job Developer and two Case Workers, will work full-time on the project. The Administrative Assistant will dedicate 50% of his/her time to the project and the Outreach Specialist/Recruiter will spend 40% of his/her time. Executive Director of the project will spend 20% of his/her time on the project activities.

## Fringe Benefits Worksheet

In this worksheet grantees should provide a detailed listing of the benefits provided to employees as well as the fringe benefit percentage.

- **Position/s:** Using the drop down menu, select the position title. The drop down menu will reflect the positions listed in the Personnel worksheet.
- **Benefit/s:** Using the drop down menu, select the type of benefits that will be provided. If multiple benefits are included in the base amount, list each of them in a separate row.
- **Rate:** Enter the fringe benefit rate used to calculate benefits for each source. If the list of fringe benefits is itemized, list the source for each item.
- **Base Amount:** Enter the Gross Salary used against the rate for the salary/s you are calculating.
- **Cost:** The total cost is **(Rate) × (Base Amount)**

A Position/s	B Benefit/s	C Rate	D Base Amount	E Cost
1. Executive Director	Disability (Long-Term)	1.20%	\$ 8,640	\$ 104
2. Project Director	Full Package	34.00%	26,400	8,976
3. Administrative Assistant	Full Package	34.00%	7,200	2,448
4. Job Developer	Full Package	34.00%	24,000	8,160
5. Case Worker	Full Package	34.00%	16,000	5,440
6. Case Worker	Full Package	34.00%	8,000	2,720
7. Outreach Specialist/Recruiter	Full Package	34.00%	6,720	2,285
<b>TOTAL FRINGE BENEFITS</b>				<b>\$ 30,133</b>

The fringe benefit rate for 6 employees of this project is 34% of staff salaries or \$30,133 and accounts for the full package of benefits that consists of (a) medical, dental and vision coverage; (b) short- and long-term disability insurance; (c) holiday and sick leave pay; (d) life insurance; and (e) FICA and Unemployment Insurance. Fringe benefit rate for the Executive Director position is 1.20% and includes the Long-Term Disability Insurance only.

## Travel Worksheet

Travel includes mileage, plane fare, meals and incidentals, lodging, and any other cost associated with travel for the grant including parking and taxi or shuttle service to and from the site. Travel costs may be charged on an actual basis or on a per-diem or mileage basis in lieu of actual costs.

Grantees should provide a narrative describing the purpose of the travel and the assumptions used to generate the travel amounts. Each type of travel cost (e.g. mileage, per diem, etc.) should be entered on separate lines.

- **Item:** Enter a brief description of the travel item to be charged to the grant. Remember, travel for contracted employees is entered under “Contractual” category.
- **# of Staff:** Enter the number of staff who will charge this type of travel.
- **# of Units:** Enter the number of units estimated to be charged to the grant per traveler (staff) for the year.
- **Unit Type:** From the drop-down menu, choose the unit type to be used for the calculation.
- **Cost per Unit:** Enter the cost of the travel item per traveler. If calculating based on mileage, enter the cost per mile.
- **Cost:** The total cost is **(# of Staff) x (# of Units) x (Cost per Unit)**

A Item	B # of Staff	C # of Units	D Unit Type	E Cost per Unit	F Cost
1. Mileage - Project Director	1	8,000	Miles	\$ 0.42	\$ 3,360
2. Mileage - Job Developer	1	12,000	Miles	0.42	5,040
3. Mileage - Case Manager (Full-Time)	2	10,000	Miles	0.42	8,400
4. Mileage - Outreach Specialist	1	5,000	Miles	0.42	2,100
5. Per Diem - Project Director	1	40	Day/s	35.00	1,400
6. Per Diem - Job Developer	1	40	Day/s	35.00	1,400
7. Per Diem - Case Manager (Full-Time)	2	40	Day/s	35.00	2,800
8. Per Diem - Outreach Specialist	1	20	Day/s	35.00	700
9. Lodging for Training/Conferences	4	3	Day/s	100.00	1,200
10. Per Diem for Training/Conferences	4	4	Day/s	35.00	560
11. Plane Tickets for Conferences	4	1	Trip/s	350.00	1,400
12. Miscellaneous Travel	5	10	Month/s	50.00	2,500
<b>TOTAL TRAVEL</b>					<b>\$ 30,860</b>

Mileage costs for the Project Director, Job Developer, two Case Managers, and Outreach Specialist, are to conduct recruitment and provide outreach throughout the District. Mileage is calculated at 42 cents per mile with an estimated total mileage of 45,000 miles over two years. Per Diem rates for the staff is calculated at \$35 per day based on the organizational travel policies; the staff will travel to local community colleges, community-based organizations, and high schools to present the program to other populations. Lodging, per diem, and transportation ticket costs for Training/Conferences is reserved for the DOL Earmark training session. Miscellaneous Travel funds are for transit transportation costs for staff’s local travel. Total cost of travel is \$30,860.

## Equipment Worksheet

Equipment is defined at both 29 CFR 97.3 and 95.2 as tangible, non-expendable personal property having a useful life of more than one year and an acquisition cost which equals or exceeds the lesser of (a) the capitalization level established by the organization for the financial statement purposes, or (b) \$5,000 per unit cost. If the cost of equipment was not charged directly to the grant or sub-grant at the time of acquisition, then the equipment does not fall under the property management requirements of Section 95.34. Items that cost less than \$5,000 per unit should be entered under the Supplies worksheet, unless the item is part of a larger system. For example, if the item is part of the organization's Information Technology (IT) system it would be considered equipment regardless of the unit cost of the item (see the example below). Shipping, delivery, and installation (when necessary) are a normal part of the cost of equipment and should be included in the budgeted amount.

Grantees wishing to obtain approval for the purchase of equipment at the time of proposal submission should state their intentions in the Budget Narrative section of the worksheet and provide the following information: an explanation of how this equipment will be used to further the grant's objectives, a justification for the need for the equipment, the basis for valuation of the equipment, and a description of the equipment to be purchased. If the equipment is approved, the grant officer will so state in the letter transmitting the grant award to the grantee. Otherwise, the grantee must make a subsequent request in writing to the Grant Officer at a later date for approval to purchase equipment.

For audit purposes, grantees should maintain equipment records that include the following data on equipment: description; identification number; funding source; title holder; acquisition date; percentage of Federal participation in the cost; location, condition and last inventory date; acquisition cost; and ultimate disposition date, including date of disposal and sale price or current fair market value, including method used to determine the value. This information is not required in developing the Grant Proposal, but should be readily available for monitoring purposes by Federal staff and/or auditors.

A Item	B # of Items	C Cost per Item	D Cost
1. Die Cutting Machine	1	5,500	\$ 5,500
2. LAN Equipment	1	6,500	6,500
3. LAN Monitoring & Administration Software	1	1,000	1,000
<b>TOTAL EQUIPMENT</b>			<b>\$ 13,000</b>

Die cutting machine will be used by the program participants to provide the hands-on experience on die-cutting and embellishing. The project will be purchasing one machine at \$5,500. This is an average price for the industrial die cutting machines available on the market today. The project will also purchase LAN switches and routers, as well as LAN cables so that staff on the project can connect their computers to the company network. The total price of LAN Equipment to be purchased is \$6,500. LAN monitoring and administration software will be used to maintain the security of the company network. The software will be purchased at \$1,000. Prices for LAN equipment and software are estimated based on the average prices of LAN equipment and software on the market.

## Supplies Worksheet

Supplies refers to all consumable materials, items costing less than \$5,000 per unit, and other goods such as copy paper, pens and pencils, materials needed to conduct training, computers, printers, etc. Supply purchases are charged to the grant at their actual prices after deducting all cash discounts, trade discounts, rebates, or allowances. Shipping and delivery are a normal part of the cost of supplies.

Supplies should be lumped under larger categorical headings and detailed information on computations justifying the respective amounts should be provided. The basis for all estimates should be indicated in the chart or as a separate narrative.

A Item	B # of Units	C Unit Type	D Cost per Unit	E Cost
Office Supplies	13	Month/s	\$ 100	\$ 1,300
Books for Die Cutting Class	100	Item/s	40	4,000
Protective Eye Wear	100	Item/s	12	1,200
Computer and Printer	4	Item/s	1,000	4,000
Miscellaneous	1	Item/s	175	175
Postage	12	Month/s	100	1,200
<b>TOTAL SUPPLIES</b>				<b>\$ 11,875</b>

Office supplies (\$1,300) include file folders, paper, pens, and other basic supplies. The budgeted amounts listed on the SF-424A worksheets are based on an assessment of per unit costs for similar projects from last program year (January 1, 2007 to January 1, 2008). Three computers and one printer (\$4,000) will be installed in the classroom and are not a part of the organization's IT system. Books for Die Cutting Class are required for the training sessions. One book per participant will be purchased for the project. Protective eye wear is required for each participant. Based on past similar training programs, we anticipate \$175 in additional training related miscellaneous supply costs will be incurred. Postage costs will be incurred for mailing of the outreach and recruitment materials.

## Contractual Worksheet

The cost of any contract or sub-grant agreement between the grantee and another organization (i.e., vendor) should be included on the worksheet. Contractual costs could include sub-agreements for evaluating the grant, providing training, maintenance contracts, other service contracts, etc. The budget description should provide the name of the vendor if known, an explanation of the services to be provided under the contract or sub-agreement and the contracted amount. In most instances, the name of the vendor will not be known since the grantee will not enter into a procurement action until after the grant is awarded.

The term "procurement" is used to identify the process of acquiring goods and services from sources outside of the grantee organization. Federal regulations require that all procurements provide for full and open competition to the maximum whenever practicable and possible. Non-competitive procurements can only be used in very limited circumstances and should be viewed as a "last resort."

In some limited instances, a partner may be identified in the grant application prior to the grant award. To qualify as a partner, the partner organization needs to have been part of the proposal development, has to have brought some resources into the program, and needs to be an integral part of the project's scope of work. The involvement of the partner organization in these activities needs to be adequately documented in the procurement record. The procurement record for a partner, as well as service provider procured after grant award, must provide the procurement history, the basis for the contractor selection, and if applicable, justification for lack of competition, as well as the basis for the award cost or price.

A Brief Description	B Cost
Contract for Die Cutting Training ABC, Corp.	\$ 100,000
Contract for mentors	30,000
<b>TOTAL CONTRACTUAL</b>	<b>\$ 130,000</b>

The ABC Corporation will develop a customized training curriculum for high-technology manufacturing using instrumentation available at the organization. This is in addition to the die cutting machine being purchased with grant funds. ABC is the only entity in the grantee area which has this highly sophisticated equipment available, is a partner in the proposal development, is providing use of the equipment and training facility at no cost to the grant, and is integral to the overall goal of the grant. The total contract amount for ABC Corporation is \$100,000. We will also hold a free and open competition to procure an entity to provide mentoring services to our at-risk participants. Based on past experience, we are budgeting \$30,000 for this contract.

### Other Costs Worksheet

Enter items that do not fit under any of the other cost categories, such as rent, utilities, equipment that is rented and/or leased supportive services (e.g., child care, transportation subsidies, etc.), and training/tuition costs. Note: Equipment cannot be leased if the cost of leasing or renting the equipment exceeds the cost of purchasing the equipment over the life of the grant. Copies of lease or rental agreements should be kept on file and available for review by Federal staff and/or auditors. A description of the activity or product should be provided as well as the unit cost for the service.

A Item	B # of Units	C Unit Type	D Cost per Unit	E Cost
Die Tool Class Tuition	100	Item/s	\$ 1,500	\$ 150,000
Rent of Classroom for Work Safety Course	45	Day/s	100	4,500
Work Safety Course for 50 attendees	2	Item/s	500	1,000
<b>TOTAL FRINGE BENEFITS</b>				<b>\$ 155,500</b>

These costs include Die Tool class tuition (\$1,500) for each participant, rent of Classroom for the Work Safety Course for approximately 50 attendees that fail the safety test.

### Indirect Costs Worksheet

Indirect costs are costs that are incurred for common or joint objectives that benefits more than one project. They may originate in your own unit or in units or departments of your organization that supply goods, services, or facilities to the SCSEP grant. Most often, the term "indirect costs" is used to indicate costs that are incurred to support the overall operation of the organization. Indirect costs may be both administrative and programmatic.

If the grantee operates with a single funding source then an indirect cost rate is not needed. However, if the grantee has multiple funding sources - especially Federal

funding sources – that support the operations and activities of the organization, then an indirect cost rate is needed.

An indirect costs rate is necessary for the equitable distribution of cost to all benefiting activities. It provides for the systematic allocation of indirect cost to cost objectives in reasonable proportion with the benefits received. These costs are not readily assignable to specific awards and activities because a direct relationship to cost objectives (e.g., grants, contracts, fundraising, services to members, etc.) cannot be shown or would be somewhat arbitrary in nature.

If the grantee has an approved indirect cost rate, a copy of the indirect cost agreement, signed by the issuing Federal agency must be included as an attachment to the grant proposal. For organizations with no prior approved indirect cost rate, and the grantee is intending to budget for and charge indirect costs to the grant, then an indirect cost rate proposal must be developed and submitted to the DOL, Office of Cost Determination (OCD) no later than 3 months after the effective date of the DOL agreement.

<b>Object Class Category (i.): INDIRECT CHARGES</b>	
<b>OPTION A</b>	
<b>For grantees that have an approved Indirect Cost Rate Agreement</b>	
Federal agency that issued the agreement	HHS
What is the approved rate (%)?	15%
What is the base against which rate is applied? (Note: enter description as specified in the agreement)	Total direct costs excluding equipment expenditures and that portion of each sub award in excess of \$25,000
What is the base amount (\$)?	\$ 452,457
Enter the rate (%) that will be used for this grant	9.00%
Enter the amount (\$) that will be used for this grant	\$ 40,721
<b>OPTION B</b>	
<b>For grantees that DO NOT have an approved Indirect Cost Rate Agreement</b>	
Enter fixed amount (\$) that will be used	
(Note: This will be only temporary until your Indirect Cost Rate Application is submitted and approved)	
<b>TOTAL INDIRECT CHARGES</b>	<b>40,721</b>

<b>Budget Narrative: Indirect Charges</b>
We have a currently approved indirect cost rate agreement from HHS for 15% covering the period January 1, 2007 to December 31, 2009. The indirect cost base is total direct costs excluding equipment expenditures and that portion of each sub award in excess of \$25,000. We are only charging a 9% IDCR to the grant in order to stay within the 10% administrative cost limitation. We will charge the balance of the indirect costs to a non-Federal source.

## Administrative Costs Worksheet

The administrative cost worksheet only contains a text block to enter the budget narrative. In this section, grantees should describe the percentage and total amount of the estimated headquarters and local administrative costs that will be charged to grant.

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**Budget Narrative: Administrative Costs**

Administrative costs charged to this project will include salaries and fringe benefits of the Executive Director (\$8,744), the Administrative Assistant (\$9,648), a portion of the postage and office supplies (\$650) and a portion of the cost of the LAN equipment (\$3,500), totaling \$22,542 and constituting 4.5% of the total grant award amount of \$500,000.