

## Senior Community Service Employment Program (SCSEP) Budget Narrative Instructions

Grantees must provide a detailed budget narrative that includes the information outlined below.

1. **Detailed Description of Costs on SF-424A Budget Information Form** (Section 6, Object Class Categories). Provide a detailed description for each line item on the SF-424A and ensure that each line item in the Budget Narrative indicates the same dollar amount as on the SF-424A.
  - a. **Personnel.** Refers to wages/salaries paid to employees of the grantee 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. Provide the following information:
    - i. **Position:** Include titles for all SCSEP staff positions and they must match the information provided in the program narrative. If there is more than one employee in the same position, at the same salary level and employed for the same period of time, enter each employee on a separate line.
    - ii. **Percent 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 percent of their time on the project, indicate “.75 FTE” (full-time equivalent).
    - iii. **Monthly Salary:** 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 you expect that an employee will 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.
    - iv. **Number of Months:** Enter the projected number of months an employee will fill the position during the grant period.
    - v. **Cost:** The total cost equals (Percent of Time) times (Monthly Salary/Wage) times (Number of Months).
  - b. **Fringe Benefits.** Refers to the cost of benefits paid to the personnel on the grant, including the cost of employer's share of FICA, health insurance, workers' compensation, and leave. Provide a detailed list of the benefits provided to employees as well as the fringe benefit percentage:
    - i. Positions that receive fringe benefits.
    - ii. **Benefits:** The type of benefits that you will provide employees. If multiple benefits are included in the base amount, list each of them in a separate row.
    - iii. **Rate:** Include 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.
    - iv. **Base Amount:** Enter the Gross Salary used against the rate for the salary (or salaries) you are calculating.
    - v. **Cost:** The total cost is (Rate) times (Base Amount).
  - c. **Travel.** Refers to personnel travel costs that are reasonable and necessary to effectively manage and carry out grant activities, provide oversight, or measure program effectiveness (such as mileage, plane fare, meals and incidentals, and lodging). When air

travel is necessary, obtain it at the lowest possible customary standard (coach or equivalent fare). You may charge travel costs on an actual basis or on a per-diem or mileage basis in lieu of actual costs. This line item does not include a sub-recipient's travel expenses; those costs are included in the "Contractual" line item. Provide a narrative describing the purpose of the travel and the assumptions used to generate the travel amounts. Enter each type of travel cost (mileage, per diem, etc.) on separate lines.

- i. **Item:** Briefly describe the travel item you will charge to the grant. Remember to enter travel for contracted employees under the "Contractual" category.
  - ii. **Number of Staff:** Provide the number of staff who will charge this type of travel.
  - iii. **Number of Units:** Provide the number of units you estimate you will charge to the grant per traveler (staff) for the year.
  - iv. **Cost per Unit:** Provide the cost of the travel item per traveler. If calculating based on mileage, enter the cost per mile.
  - v. **Cost:** The total cost is (Number of Staff) times (Number of Units) times (Cost per Unit).
- d. Equipment.** Refers to non-expendable personal property that has a useful life of more than one year and a per-unit cost of \$5,000 or more. The only type of equipment that you may acquire with federal funds is equipment necessary for the operation of the grant. In the instance of a purchase, prorate the cost of the equipment 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. Include necessary shipping, delivery, and installation in the budgeted amount.

If you wish to obtain approval for the purchase of equipment at the time of your grant proposal submission, state this in the Budget Narrative 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 grant officer approves the equipment, your grant approval letter will state this. Otherwise, you must make a subsequent written request to the grant officer for approval.

- e. Supplies.** Refers to all consumable materials costing less than \$5,000 per unit (such as copy paper, pens and pencils, computers, any training materials, agreements for evaluating the grant, or providing training). Include the total supply costs of all sub-grant contracts in this line item. Charge supply purchases to the grant at their actual prices after deducting all cash discounts, trade discounts, rebates, or allowances. Include any necessary shipping and delivery costs. Lump supplies under larger categorical headings and provide detailed information on computations justifying the respective amounts. Indicate the basis for all estimates.
- f. Contractual.** Refers to the cost of any contract or sub-grant agreement. Include the cost of any contract or sub-grant agreement between the grantee and another organization (i.e., vendor). Examples of contractual costs are sub-agreements for evaluating the grant, providing training, maintenance contracts, or other service contracts. Provide the name of the vendor if known, an explanation of the services that will be provided under the contract or sub-agreement, and the contracted amount. Include information about what

specific fringe benefits you will charge to the grant, including the fringe benefit percentage.

- g. Construction.** SCSEP regulations typically **do not allow** expenditures for construction (20 CFR 641.850(e)).
- h. Other.** Refers to items that do not fit under any of the other cost categories, such as rent, utilities, supportive services, and training/tuition costs. If you have items under this category itemize them along with an explanation and justification for the items.
- i. Total Direct Cost.** The sum of lines a through h.
- j. 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.
  - b) Alternatively, 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 has never received a Negotiated Indirect Cost Rate Agreement (NICRA), and your organization 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 subaward (regardless of the period of performance of the subawards 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 subaward 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.

**k. Totals.** The sum of lines i and j.

2. **Participant Wages and Fringe Benefits.** You must clearly list both the percentage and total funding dollar amount allocated to participant wages and fringe benefits as defined at 20 CFR 641.565 in the appropriate section of the SF-424A. The SF-424A does not have a line item exclusively for participant wages and fringe benefits. In most cases, list participant wages and fringe benefits on the “Contractual” or “Other” line.
3. **Administrative Costs.** You must clearly list both the percentage and total funding dollar amount allocated to administrative costs as described at 20 CFR 641.856. In general, SCSEP has a maximum allowed administrative costs total of 13.5 percent of the federal grant funds (or up to 15 percent if you have requested and received approval from ETA per 20 CFR 641.870). The SF-424A does not have a line item for Administrative costs. Because your administrative costs may come from multiple line items, you must clearly itemize and summarize your administrative costs separately.
4. **Infrastructure Contributions to the Workforce System.** You must clearly identify your infrastructure contributions to the workforce system. WIOA, Sec. 121(h) describes the responsibilities of required partners, including SCSEP. Training and Employment Guidance Letter (TEGL) 17-16, “Infrastructure Funding of the One-Stop Delivery System,” outlines how one-stop partners must determine and pay for infrastructure and additional costs in the local one-stop delivery systems. The SF-424A does not have a line item exclusively for infrastructure contributions. List your infrastructure contributions on the “Administrative,” “Contractual,” or “Other” line as appropriate. If you are not paying any infrastructure contributions into the workforce system, explain why you are not doing so in the Budget and Program Narrative. This explanation alone does not relieve any SCSEP grantee from the requirements of WIOA Sec. 121(h), but ETA will review an explanation before further discussions with a grantee.