**Slide 1:**

Welcome and thank you for joining us to learn more about the Standard Forms 424, 424A, and 424B and the Budget Narrative, critical components for application for Department of Labor, Employment and Training Administration grants and cooperative agreements.

**Slide 2:**

This session covers information about the importance of grant budgeting, as well as the various documents needed to keep track of your finances. Though we’ll talk about each of these topics and then focus on the different documents associated with budgeting for your grant.

This session’s objectives include:

Considering helpful tips before you begin,

Understanding why grant budgets are important,

A close look at the SF-424,

A Breakdown of the SF-424A and SF-424B, including cost categories

And a discussion about the Budget Narrative

When you have completed this session, you will be able to:

* Describe the primary forms included in an Award Application;
* Locate the information you need to fill out the primary forms;
* And complete the SF-424, the SF-424A, 424B, and a Budget Narrative.

So let’s jump right in……

**Slide 3:**

DOL generally announces funding opportunities through Funding Opportunity Announcements, or FOAs although sometimes Training and Employment Guidance Letters, or TEGLs, are published in lieu of FOAs. For the remainder of this presentation, whenever the FOA is referenced, note that this reference also includes TEGL when those are used in place of an FOA.

Regardless of which methodology is selected, notices of availability of funds for all Federal agencies, including quasi-Federal agencies, are found on Grants.gov. You can also locate the mandatory forms discussed in today’s session on Grants.gov

**Slide 4:**

 Before digging in, let’s start with some helpful tips for you to consider.

**Slide 5:**

We recommend that everyone start early in this process. DOL won’t review applications that are submitted late, so give yourself plenty of time to develop a quality application.

The most important step in beginning your grant application process is to read the Funding Opportunity Announcement thoroughly to ensure that you understand all its requirements. The FOA is the most important tool because it describes all the requirements for projects to be funded. The FOA also offers the structure to be used for your application. Your application outline should therefore be structured according to the evaluation criteria framework in the allowable activities within the FOA.

As with any large project undertaking, you should develop a realistic budget. To create a realistic budget, consider your historical cost data for a similar project or that of your agency. The budget should tie to the project or program that you are applying for in the FOA, and you should get input from both your program and fiscal staff when preparing and filling out these budgetary forms.

Note that if you plan to submit your application electronically through Grants.gov, you should register on the website as early as possible. Registration for organizations that are not already set up can often take longer than expected, and we STRONGLY encourage you to get registered as soon as you can. This process may take up to 4 weeks to complete, so it's important to start the registration process first.

A recipient must also maintain an active SAM registration with current information during the entire period in which it has an active federal award or an application under consideration.

SAM is a Web-enabled government wide application. It collects, validates, stores, and disseminates business information about the federal government's trading partners in support of the contract award, grants, and the electronic payment processes. Instructions for registering with SAM can be found at https://www.sam.gov.

To remain registered in the SAM database after the initial registration, the applicant is required to review and update the registration at least every 12 months from the date of initial registration. This is to ensure it is current, accurate, and complete. The applicant is the entity that meets the eligibility criteria and has the legal authority to apply and to receive the award. If an applicant has not fully complied with these requirements by the time the Grant Officer is ready to make a federal award, the Grant Officer may determine that the applicant is not qualified to receive a federal award.

Once registered with Sam.gov, make sure you apply for a Unique Entity Identifier. You will need a UEI in order to complete the cover page for the Application for Federal Assistance SF-424. This UEI Number is the official name of the “new, non-proprietary identifier” that replaced the DUNS number.

We also strongly encourage you to submit your application at least three days before the opportunity closing date. Applications that appear hastily put together run the risk of being scored lower during review or might miss the application window entirely.

**Slide 6:**

Here are some critical questions your organization needs to ask before it begins this endeavor:

First, is your organization eligible to apply to this opportunity? The FOA will clearly state which types of organizations are eligible to receive grant funding. Be sure to confirm that your organization meets the criteria for eligible applicants before starting your application.

Second, do you have the time to run a historical financial analysis of costs? Make sure you understand the application submission process, and in particular, the closing date and time of the FOA. You want to be sure that you have sufficient time to develop a quality application prior to the closing date, which includes developing a quality proposed budget. Developing a grant application can be a labor-intensive and time-consuming process, especially for smaller organizations that must balance day-to-day service delivery with grant-writing who may not have dedicated grant-writing staff.

Lastly, can you properly build out a budget using realistic cost projections? Submitted budgets are part of your application and will be taken into consideration during ETA’s review of applications. It is important that your budget are based on realistic cost projections because your budgets may determine if you get funded or not with an ETA award.

Investing time at the beginning of your process to consider these questions will help you determine whether responding to a particular FOA is worth your time and effort.

**Slide 7:**

Next, let’s discuss in further depth the importance of budgeting for your grant.

**Slide 8:**

So, what are the purposes of having a budget document? And what are the purposes of a budget?

A budget provides a quantifiable plan for expending Federal funds that will achieve the performance objectives or program outcomes of the Federal award.

A budget is also a financial plan that staff and managers will use to achieve the mission or goals of the organization. The budget plan must correlate with performance goals for program analysis as required in [Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) at 2 CFR 200.308(a)](https://www.ecfr.gov/cgi-bin/text-idx?node=2:1.1.2.2.1&rgn=div5)

While it’s important to note that a budget is a planning document and subject to change, the completed and approved budget contained in the award agreement provides a baseline of cost activity and can only be modified as circumstances warrant. Taking care in the development of the initial budget is critical to implementing the award activities and you should have back-up documentation that supports the dollar amounts. This is also true of the budget documents you place in subawards.

Next, a budget facilitates communication. Comparing the budgeted amounts with actual expenditures and then having that analysis available to fiscal and program staff as well as managers provides the organization with consistent and accurate information on grant implementation and progress in meeting outcome goals. If there is little or no standard analysis available, there is a chance that the program may not achieve program goals. These analyses also provide management with a chance to foresee and correct problems before they become insurmountable.

A budget also allows an organization to allocate the award resources appropriately to ensure that the costs of services specified in the statement of work are appropriately and adequately funded. The budget can then serve as a benchmark when comparing actual financial results to the overall plan. This information should always be shared with all management and executives.

And lastly, the budget may serve as a basis for evaluating and improving performance. Were the costs in line with projections? If not, were the costs over or underestimated? These failures to correctly estimate, if not corrected, will have a detrimental effect on overall award performance.

**Slide 9:**

Now let’s answer why a Budget is important.

As a new grant applicant, we believe that you will benefit from the information in this module and that knowing and understanding the requirements for budget controls and tracking processes are essential to reducing risk and operating your grant in an effective and efficient manner, as well as achieving program effectiveness.

The reasons we believe this session is important is that it is going to help you to understand:

* First, a budget is an essential element of a grant application.
* Second, a budget provides the financial blueprint for managing your grant to achieve maximum effectiveness. They provide the information you need in order to determine if the financial activity of the grant is on track and how it reflects on the program’s progress.
* Third, for a program to be successful, a budget that is built around performance outcomes or metrics should be considered.
* Finally, a budget helps management and staff be aware of cost limitations or restrictions on certain costs or activities that will help avoid the use of funds on unallowable or prohibited activities.

**Slide 10:**

Now, let's briefly review key milestones in developing the package.

It must be noted that unless specified in the FOA, without completion of all the budget forms, your application will be considered incomplete.

You should start the process by reviewing the FOA and then attending any opportunity-specific webinars and review any technical assistance provided to determine if your organization can meet the minimum requirements to apply for the Federal assistance award.

Next, look over the SF-424 and SF-424A forms to verify that you have all the information in order to complete the award application package. For example, if you need information that identifies your organization or better defines your project, it is better to determine if you need this information immediately.

Now, develop a project plan that includes the Project Narrative, milestones and schedule. Once the project plan is finished, you can fill in the SF-424. Next, your organization should develop the budget and complete a Budget Narrative. This is typically done by the finance, budget or accounting staff.

After the budget and Budget Narrative are finished, you can complete the SF-424A.

The application is now almost ready for submission. Before submitting, make sure that you have prepared all the required attachments.

This application in its entirety is generally referred to as the Grant Application Package.

**Slide 11:**

To be a complete Grant Application Package, ETA requires that applicants include the following forms:

* SF-424 - Application for Federal Assistance
* SF-424A - Budget Information, Non-construction Programs
* SF-424B – The Assurances for Non-construction Programs form is not required to be submitted for DOL grants unless it is otherwise requested. The Authorized Representative’s signature on the SF-424 constitutes acceptance of the assurances found on the SF-424B. So while the form is not required, the assurances that it represents are.
* And finally, a Budget Narrative form consisting of a written proposal detailing how award funds will be spent

It's important to remember that in addition to the items listed, opportunities might require additional attachments in order to be considered complete. These additional attachments would be specified in the FOA. So when assembling the application package, be sure to review the FOA and any additional solicitation guidance for additional requirements, including application components and amendments.

**Slide 12:**

Now let’s dive deeper into what each of these forms entail, starting with the Standard From 424.

**Slide 13:**

The Standard Form 424: Application for Federal Assistance is often referred to as the SF-424. This form can be considered as the cover page for the entire application package.

In order to complete the SF-424, an organization must have a Unique Entity Identifier (UEI) Number obtained from Sam.gov.

I must also note for you at this time that grant recipients authorized to make subawards must meet certain requirements related to UEI Numbers:

**Slide 14:**

Grant recipients must notify potential subawardees that no entity may receive a subaward unless the entity has provided its UEI number.

And, grant recipients may not make a subaward to an entity unless the entity receiving the subaward has provided its UEI number.

**Slide 15:**

Now let’s take a look at the form itself.

As previously noted, the SF-424, Application for Federal Assistance, serves as the cover sheet for the Award Application.

The SF-424 is a straightforward document to complete. However, it is helpful to review the contents of each section to ensure that you have the proper information needed to be awarded a grant and do business with the Federal government.

Some items on the form are required and others are optional. Required fields are marked with an asterisk (\*) and outlined in red.

Now let's look at the information that's needed on an SF-424 form.

Section 1 is the Type of Submission. In this field, you select one option based on the type of submission: Pre-application, Application, or Changed/Corrected Application. Check Changed/Corrected if this application is being submitted to change or correct an application that was previously filed. Applicants may not use this form to submit changes after the closing date unless it is requested by DOL.

In Section 2, select the Type of Application that you are filing. The option “new application” is for applications that are submitted to DOL for the first time.

Continuation may be a request for an extension for additional period beyond the projected completion date. It can also include renewals.

Revision is any change in the Federal government's financial obligation or liability from an existing obligation. If you select Revision, enter the letter of the reason for the revision. If you choose Other, specify your reason in that field.

In sections 3, leave the Date Received blank as this will be assigned by DOL.

In the “Applicant Identifier” field, field 4, enter the entity identifier assigned by DOL (if you have one) or your control number, if applicable. Otherwise leave blank.

In 5a, enter your organization's Federal Entity Identifier, if any. New applicants should leave 5b blank. Applicants applying for a Continuation or Revision to an existing award should fill in the previously assigned Federal Award Identifier in 5b. If your organization is changing or correcting the original application, you should enter the Federal Identifier in accordance with DOL instructions.

Leave fields 6 and 7 blank as this is for State Use only and apply to specific awards only. The date and identifier will be assigned by the state when it is applicable.

**Slide 16:**

Section 8 contains the Applicant Information fields. You are required to enter information into almost every field in this section. Required fields are marked with an asterisk and are highlighted in red.

Let's begin with the legal name of the organization applying for an award. This organization must be registered with the System for Award Management, or SAM.

In 8b, enter the employer or taxpayer identification number, (EIN or TIN), as assigned by the Internal Revenue Service (IRS). If your organization is not in the US, enter all fours.

Then in 8c, enter the organization's UEI Number.

And finally, fill in the address including street, city, county or parish, state or province, country, and 9-digit zip or postal code in 8d.

**Slide 17:**

In sections 8e through f, identify the organization's primary department or division that will undertake the award activity. This includes the name and title of the person that will handle questions or matters involving the application. If the person associated with an organization is different from the applicant, list the organizational affiliation.

Lastly, include a telephone number, fax number (if you have one) and an email address.

**Slide 18:**

For section 9, applicants will use the dropdown box to select the type of applicant. This dropdown box has a list of possible applicant types, and you may select up to three types. If you choose other, please specify that type in the other field.

Enter DOL-ETA as the name of the Federal agency from which assistance is being requested with this application.

And finally in section 11, enter the Catalog of Federal Domestic Assistance (CFDA) number and title of the program. This is typically found in the Funding Opportunity Announcement (FOA) or other DOL solicitation document.

**Slide 19:**

In section 12-13, if applicable, add the FOA and title of the FOA under which assistance is requested. Note that the Competition Identification Number and Title of the Competition fields are not applicable, so Section 13 should be left blank.

**Slide 20:**

In Item 14, indicate the areas affected by the program. You may also add an attachment to enter additional areas, if needed.

For Item 15, attach a brief descriptive title of the project and attach supporting documents as specified in DOL instructions.

**Slide 21:**

In section 16, enter the applicant's Congressional Districts and the Districts affected by the Program or Project. Please use the following format: 2 characters for the State Abbreviation and 3 characters for the District Number. If all the districts in a state are affected by the program, enter "all." If all districts in every state are affected, enter US-all. And, if the program or project is outside of the US, enter all zeroes. You can attach an additional list of districts, if needed.

Next, in Section 17, add the proposed Start Date and End Date of the project. This information may be found in the FOA or other DOL solicitation document.

Enter the Estimated Funding information in Section 18. Enter the total amount of grant money that you are requesting in the Federal category, 18a. List any matching dollar amounts in the appropriate categories, b. through e. Then enter the amount of Program Income you expect to generate, if any, in 18f. Include the total of estimated funds. If the contribution results in a dollar change to an existing award, indicate only the amount of the change. For decreases, enclose the amounts in parentheses. Leverage resources must not be included any of the item 18 fields.

**Slide 22:**

Most applications are not subject to State Review so for field 19, most of you will select that the program is not covered by Executive Order 12372. However, refer to the FOA for information regarding Question 19. The FOA or other DOL solicitation document will specify if the program is subject to the requirements of EO 12372. Select the appropriate box regarding State Review. If "a." is selected, enter the date the application was submitted to the State.

Question 20 applies to delinquency on Federal Debt by the applicant organization. Please note that this does not apply to the person who signs as the authorized representative. Categories of federal debt include, but are not limited to delinquent audit disallowances, loans and taxes. If yes, include an explanation in an attachment.

Field 21 specifies the Authorized Representative for the applicant organization. The **authorized representative** is equivalent to the individual with the organizational authority to sign for an application. By signing, this individual is certifying that the information contained in the application is true, complete, and accurate.

As both the point of contact identified in field 8f and the Authorized Representative identified here in field 21 will receive all official grant correspondence, we recommend that two different individuals be identified in these fields so there is backup for communication. But only the Authorized Representative will have signing authority.

Enter the information required in Section 21. Then sign and date the form. You can electronically sign the form when you are submitting your application online.

**Slide 23:**

With regards to the Authorized Representative, the SF-424 must clearly identify the applicant and must be signed by an individual with authority to enter into a grant agreement. Upon confirmation of an award, the individual signing the SF-424 on behalf of the applicant is considered the Authorized Representative. As stated in block 21 of the SF-424 form, the signature of the Authorized Representative on the SF-424 certifies that the organization is compliant with the Assurances and Certifications form SF-424B (available at Grants.gov even though the SF-424B is not required unless otherwise specified.

The Application for Federal Assistance has been included as an attachment to the grant application in Grants.gov.

And finally, the Authorized Representative is the official within an applicant organization with the legal authority to give assurances, make commitments, enter into contracts, and execute such documents on behalf of the applicant as it may be required by a grant maker. The signature of the Authorized Representative certifies that commitments made on grant proposals will be honored and ensures that the applicant agrees to conform to the grant maker's regulations, guidelines, and policies. Grant recipients need to keep close track of who the authorized representatives are for their grants, especially as people leave their organization, as they must update DOL in a timely manner.

**Slide 24:**

Now let’s turn to the Standard Form (SF) 424A.

In this section, we will review each category of expenses listed on the SF-424A.

**Slide 25:**

The SF-424A – Budget Information Form outlines basic budget information for the program. It is a major part of the application and must be prepared and submitted with the Grant Application Package.

As previously stated, a well thought-out and properly prepared budget is directly connected to the success of most projects. Constructing a project budget takes time. The SF-424A must be used in the preparation of the budget data and in accordance with the instructions and footnotes on the form.

There are six sections that make up the SF-424A. They are:

Section A – Budget Summary,

Section B – Budget Categories,

Section C – Non-Federal Resources,

Section D – Forecasted Cash Needs,

Section E – Budget Estimates of Federal Funds Needed for Balance of the Project, and

Section F – Other Budget Information

This form is designed so that the application can be made for funds from one or more grant programs. In preparing the budget, adhere to any existing DOL and/or FOA guidelines which prescribe how and when budgeted amounts should be separately shown for different functions or activities within the program. For some programs, DOL may require budgets to be separately shown by function or activity. Unless other guidance is given, Sections A, B, C, and D should include budget estimates as a single function or activity, and for the entire project period of performance (not just one year if the period of performance is longer than that).

For a few of our programs, DOL may explain that you are applying for assistance which requires Federal authorization in annual or other funding period increments. In such cases, Sections A, B, C, and D should provide the budget for the first budget period (usually a year) and Section E should present the need for Federal assistance in the subsequent budget periods. DOL will give you guidance if this is the case.

**Slide 26:**

Now let’s have a look at the form itself.

When completing the SF-424A, all applications must contain a breakdown by the object class categories shown in Lines a-k of Section B.

**Slide 27:**

The key cost components that may affect the development of the budget are administrative costs, program costs, direct costs, indirect costs through an approved indirect cost rate, approved use of a De Minimis rate or an approved cost allocation plan. Please use historical costs to make cost projections or estimates to complete this next section.

Now let’s define a few key types of costs:

Administrative costs as defined in 20 CFR 683.215 are for the performance of administrative functions in carrying out activities under Title I of the Workforce Investment and Opportunity Act that are not related to the direct provision of workforce investment services (including services to participants and employers). Administrative costs do not need to be identified separately from program costs on the SF-424A Budget Information Form. However, they must be tracked through the recipient’s accounting system.

Please note that some projects have a limitation on what is allowable in this type of cost. Any limitation will be specified in the FOA or grant award document.

Typically, only the grant recipient incurs administrative costs. A subgrantee under the grant would incur administrative costs only if a subgrant is for the sole purpose of carrying out an administrative function.

Administrative costs may be direct and indirect. But please note that the administrative cost limit is different from the indirect cost line item on the SF-424A.

Next, **Program Costs** are costs associated with the operation of the project that are ***not administrative*** in nature.

**Direct Costs** are costs that can be specifically identified with a particular objective. 2 CFR 200.413 provides the criteria for charging direct costs.  The costs directly charged to a project must be allocable, allowable, reasonable and necessary, and treated consistently.

TIP: If costs are treated as direct costs for one project, they must also be treated the same for similar activities in other projects.

**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 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.

To claim any administrative costs that are also indirect costs, the applicant must obtain an Indirect Cost Rate Agreement from its federal Cognizant Agency or be eligible to use the 10 percent de minimis rate, as specified above, and stay under any administrative costs ceiling. For W.I.O.A. grants, all costs charged as a result of the de minimis rate will be counted towards any specified administrative cost limitation.

**Slide 28:**

And finally, a **Cost Allocation Plan** is a document that identifies, accumulates, and distributes allowable direct and indirect costs and identifies the allocation methods used for distribution of these costs across projects. This is mostly used for state government entities.

**Slide 29:**

**Now how do we Determine Needs?**In order to determine your needs, you will need to use the spreadsheet approach. A spreadsheet approach requires using a spreadsheet to easily perform mathematical calculations on statistical data and then total long columns of numbers or determine percentages and averages. You will need to list each line item, calculate the totals, and bring forward this information to the SF-424A form.

**Slide 30:**

Let's look at the information required on the SF-424A. This form is designed so that an application can be made for funds from more than one type of grant program. When you are preparing a budget for a DOL program, adhere to the guidelines defined by DOL to be sure the form is completed correctly.

For applications pertaining to a single DOL grant program that does not require a functional or activity breakdown, enter the CFDA Program Title on Line 1 in Column (a). Then add the CFDA Number in Column (b). This should be used unless guidance from DOL tells you that activities need to be broken down.

In limited situations, a single DOL grant program will require a functional or activity breakdown. In these cases, enter the name of each Function or Activity on Lines 1-4 in Column (a). Then add the CFDA Number in Column (b).

If your application is for multiple programs where none of the programs require a breakdown by function or activity, enter the Catalog Program Title on each line in Column (a) and the respective Catalog Number on each line in Column (b).

And, if your application is for multiple programs that require a breakdown by function or activity, prepare a separate sheet for each program.

You will need to add information about funds for each entry in Column (a).

For new applications and continuing grant applications, leave Columns (c) and (d) blank.

Enter in Columns (e) and (f) the appropriate amounts of funds needed to support the project.

Column (e) should represent the total Federal amount being requested, while Column (f) should be reserved for any required matching funds.

If there is a match requirement, the match amount must be entered in Column (f). And again, leverage funds should not be shown anywhere on the SF-424 or SF-424A.

Add the total of these funds in Column (g).

Line 5 show totals for all columns. After you total Columns (c) through (g), Section A of the form is complete.

**Slide 31:**

Let's move on to Section B, Budget Categories.

In this section, you'll provide specifics to justify your budget. It is separated into nine categories to help you organize your expenses for each Program, Function, or Activity.

To simplify the budgeting process and ensure consistent budgeting between grant recipients, DOL requires all grant recipients to use these same categories when developing their proposal budgets.

Remember, the budget must be consistent with the activities presented in the proposal and accurately estimate the costs of the activities to be performed.

Budgets are reviewed to ensure costs are reasonable and necessary to the program.

Allowable costs are governed by applicable cost principles set forth in program regulations or the uniform administrative requirements in 2 CFR 200.

All costs listed under this section must be addressed in the Budget Narrative submitted with the application.

Also, program income generated from federal funds must be used for project activities.

**Slide 32:**

To complete Section A, enter the totals from your Budget Narrative to the associated category for each Program Function or Activity in Section B.

In Rows 6a–6h and 6j: Column (1) Total funds needed—Federal, Columns 2 through 4 are only used when DOL requires the function or activities to be broken out.

You may have expenses in rows (a) through (h) for Direct Charges, except for row (g) Construction because construction expenses are not allowable in DOL grants. Row (j) is for Indirect Charges.

Then once the expenses are filled out for each row, enter the totals in the Total column.

Matching funds and/or leveraged resources must not be reflected here in Section B. All non-federal contributions, such as cost sharing or match if required, must have the same level of budget detail in the Budget Narrative as the federal share.

**Slide 33:**

**Now let’s discuss the costs categories, beginning with Personnel**. In the Budget narrative, you will need to list all personnel whose salaries are to be paid in whole or in part with project funds. For each position, you will need to provide the job title/position, a brief description of the duties and responsibilities of the employee as they relate to the funded project activities, annual salary, and percentage of time to be devoted to and paid for by this grant.

You will need to state the amounts of time, such as hours or percentage of time, to be expended by each position under this project.

Also, you will need to state the amount of compensation to be paid to each employee, student or assistant under this project.

And finally, you will need to state whether the proposed compensation is consistent with that paid to other personnel engaged in similar work both within and outside your organization.

**Slide 34:**

The second object class/budget category is fringe benefits.

In the fringe benefits section of the budget narrative, you will need to indicate the basis for computation of rates, including the types of benefits to be provided. In addition, you will need to state the calculated amount to be charged to the grant. Fringe benefits should not be excessive and must be reasonable for the position and the local labor market.

**Slide 35:**

The third object class/budget category is travel. All travel must directly benefit and be specific to the supported work. In the budget narrative but sure to list all travel anticipated to occur during the budget period.

Be specific about who will travel where, when, and why the travel is necessary and state any per diem rates when those apply.

Remember to have a written staff travel policy in place, if you don’t have a policy, the Federal Travel regulations would apply.

Indicate the estimated number of trips, points of origin and destination, and duration of travel.

For each trip, itemize the estimate of transportation and/or subsistence costs.

Specify the basis for computation of each type of travel expense (e.g., current airline ticket quotes, past trips of a similar nature, federal government or organization travel policy, etc.).

Please note that, due to the inherent unpredictability of future travel costs, it is acceptable to provide estimates for these expenses. When doing so, the computation basis must be cited to determine the reasonableness of the estimates.

**Slide 36:**

The fourth object class/budget category is equipment. The grant recipient must list only the equipment that is to be purchased with grant funds.

Equipment is defined as an item having a unit cost of $5,000 or more and a useful life of 1 year or more.

In the budget narrative, you will need to be specific in describing what equipment is being purchased, who will use the equipment, and why is it necessary to purchase the equipment for completion of the grant project. And also indicate the estimated unit cost for each item to be purchased.

Please remember that the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) at 2 CFR 200 and DOL’s OMB Approved exceptions at 2 CFR 2900 requires that prior approval be obtained from the Grant Officer before any equipment purchase is made.

**Slide 37:**

The fifth object class/budget category is supplies.

A general description of the type of items classified as supplies must be provided in the budget narrative Supplies are defined in the Uniform Guidance at 2 CFR 200.1 as “all tangible personal property other than those described in the definition of equipment in this section.”

The budget narrative should itemize all supply estimates by the nature of the expense and provide the basis for cost estimates or computations such as vendor quotes, prior purchase of similar or like items, etc.

**Slide 38:**

The sixth object in the budget/class category is contractual. Include in this category all funds that are to be contracted out.

* You will need to describe the products to be acquired, and/or the professional services to be provided.
* Specify whether it is a contract for procured services/items for a contract for a sub-award.
* Provide a brief justification for any contractors selected.
* Indicate if the expense represents a flat fee for services or an hourly rate. If the latter, indicate the hourly rate to be applied.
* List general categories of items the contract covers such as professional services, travel, lodging administrative expenses, etc.
* For professional services contracts, state the amounts of time to be devoted to the project, including the cost to be charged to this proposed grant award.
* Justify the consultant’s necessity and the appropriateness of the fees charged.
* Travel expense reimbursement and the consultant’s fee should be budgeted and included as part of the consultant expenses.
* If any sole source contracts are being contemplated, then provide sufficient detail for justification of the use of a single source for contracts.
* Indicate whether positive efforts have been made to utilize small and disadvantaged (minority) businesses where feasible.

**Slide 39:**

The seventh object class/budget category is 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. We do not consider this as construction and the costs must be shown on other appropriate lines such as Contractual.

**Slide 40:**

The eighth object in the class/budget category is Other.

This category should include other items associated with the development, implementation, and evaluation of the proposed project, such as meeting costs, measurement tools, data analysis, training, brochures, or other materials/activities not listed in other line items.

List all items by major type.

Be specific in describing each item in terms of what it is and why it is necessary.

Provide the basis for cost estimates or computations.

**Slide 41:**

The tenth and final object in the class/budget category is Indirect Costs.

As a reminder, indirect costs are overhead costs for basic operational functions (e.g., lights, rent, water, insurance) that are incurred for common or joint objectives and therefore cannot be identified specifically within a particular project.

In the Indirect Costs category section, you will need to state whether the amount required is based on a rate approved by a Federal Agency and include the Negotiated Indirect Cost Rate Agreement with your application. You must include a copy of your current, negotiated, approved indirect cost rate agreement with the federal government with the application. If it is not available, please provide an explanation and an estimate as to when it will be available.

You will also need to Indicate the rate used to calculate the indirect cost.

If no indirect cost agreement approved by a Federal Agency exists, then you may use the de minimis rate. In your budget narrative you should state you are using the de minimis rate and show how the amount of indirect costs was calculated. The de minimis rate is 10% of Modified Total Direct Costs (MTDC). Please review the definition of MTDC in 2 CFR 200.1 to make sure you are calculating this amount correctly. Please note that not all direct costs are included in the definition of MTDC.

When indirect costs are charged to a program, enter the dollar amount of these charges, not a percentage, on the SF-424a budget form.

**Slide 42:**

Now back to Section B of the SF-424A.

Row 6i totals rows 6a through 6h and Row 6k totals rows 6i and 6j.

On Row 7, enter the estimated amount of program income, if any, that you expect to generate from the project. Then total the income. Do not add or subtract this amount from the total project amount. In the project narrative describe the nature and source of such income. Remember: program income generated from federal funds must be used for project activities.

All costs listed under this section must be addressed in the budget detail and narrative submitted with the application. Remember all non-federal contributions, cost sharing or match, must have the same level of budget detail as the federal share.

For all applications, the total amount in Section B, Column (5), Row 6k, should be the same as the total amount shown in Section A, Column (g), Row 5.

Section B must be supported with budget details which provide justifications, by object cost category, to support the total amount in each object cost category. Budgets will be reviewed to ensure costs are reasonable and necessary to the program.

Allowability of all costs is governed by applicable cost principles set forth in 2 CFR 200.403

**Slide 43:**

The last technical budget category is the program income section.

This section could be optional, depending on the grant recipient’s organization and their goals. In the program income section, you should list the estimated amount of total income, if any, expected to be generated from this project. If not applicable, leave blank.

**Slide 44:**

On the SF-424a, there is no need for you to complete Section C unless the grant has a match requirement which will be outlined and specifically addressed in the FOA.

Also, if funds are included then DOL will consider them to be required match, which must be reported and included on the quarterly expenditure report. Failure to achieve the stated level may lead to grant reduction.

Even though they should never be listed on the SF-424 and SF-424A, the Budget Narrative should include a section describing any leveraged resources provided to support grant activities.

As a reminder, leveraged resources are all resources, both cash and in-kind, in excess of this award. Valuation of leveraged resources follows the same requirements as match.

**Slide 45:**

Section C is for required cost-sharing and match. In Row 8 you will need to enter the total amount of non-Federal resources that will be used for the entire grant period.

When there is a match or cost-sharing requirement, the provisions of 2 CFR 200 must be met.

All in-kind contributions used to meet match or cost-sharing requirements shall be fully documented and must comply fully with the above cited regulation.

Documentation of matching funds is required from all sources. Descriptive information on matching funds must be included in the budget narrative.

In column (a) Grant Program, enter the project name.

In column (b) Applicant, enter the amount of applicant cash and/or in-kind contributions to be made.

In column (c) State, enter the State(s) contribution if the applicant is not a State or State agency. Applicants that are State agencies should leave this column blank.

In column (d) Other Sources, enter the amount of cash and/or in-kind contributions to be made from all other sources.

In Column (e) TOTALS, enter the total of Row (8) Columns (b), (c), and (d).

The amount under Section C, Column (e) should be equal to the amount in Section A, Column (f), on Row 5.

Section C, Row 12 is the total of lines 8 through 11.

**Slide 46:**

DOL **does not require** you to complete the information about Forecasted Cash Needs. Leave Section D blank.

Section E, Budget Estimates of Federal Funds Needed for Balance of the Project, should be left blank as well.

However, please note that applicants are free to enter information into Sections D and E if they wish. This may be helpful if they are claiming program income.

**Slide 47:**

Third, we’ll discuss Standard Form (SF)-424B. This budgeting document details compliance regulations with non-construction grant programs.

**Slide 48:**

As previously mentioned, the grant applicant does not need to submit the SF-424B with the application unless otherwise specified.

**Slide 49:**

The SF-424B is used to assure compliance with statutory requirements for non-construction grant programs. The Federal awarding agencies and OMB use information reported on this form for general management of Federal assistance awards programs.

**Slide 50:**

The signed SF-424, Application for Federal Assistance, will be included in grant awards. As previously stated, in block 21 of the SF-424 form, the signature of the Authorized Representative on the SF-424 certifies that the grant award recipient is compliant with the Assurances and Certifications form SF-424B (available at grants.gov). The grant award recipient does not need to submit the SF-424B form separately.

**Slide 51:**

The final document is the Budget Narrative.

**Slide 52:**

This attachment assures the DOL that your budget is well within its financial means when completing the grant cycle. Budget narratives should be written to demonstrate that the budget is reasonable and adequate for the proposed work.

**Slide 53:**

While there is no specific format for the supplemental budget narrative, the budget narrative must mirror the structure and breakdown of the SF 424a while providing additional details at the expenditure level. Applicants should provide detailed breakdowns of how the funds will be expended and the calculations attributable to each Object Class Category identified in Section B - Budget Categories of the SF 424A.

The new applicants must provide enough information to enable reviewers to properly assess the adequacy of the budget.

The budget narrative is the descriptive information used to explain and justify the amounts requested. ALL costs in the budget must be fully described and justified. The budget narrative must provide a line-item breakdown of the budget detailing the amount of funds budgeted for each item.

When DOL requires the applicant to provide contributory matching funds or a cost sharing arrangement is contemplated, the Federal and Non-Federal share for each object class category shall also be identified in the budget narrative. The applicant should clearly delineate who will contribute what to the project in terms of the match and be clear about what the applicant will pay for. Note any restrictions on the use of funds.

If the applicant proposes third party in-kind contributions (the use of which is subject to the authorizing statute to provide assistance, and the applicable uniform administrative requirements), a supplemental data sheet shall contain sufficient information to allow the DOL to assess the value of the proposed contributions (e.g., quantities, types, models, shelf-life, basis for valuation).

Remember, the Budget Narrative should explicitly explain the line items being charged to this grant as well as the calculations used for each amount.

Inconsistencies between a grantee’s proposal, budget, and budget narrative can result in delays in the approval of proposals and issuance of funding.

The budget narrative shall address each object class category.

Along with the budget form, direct recipients are required to develop and submit a budget narrative. The budget narrative is evidence provided in a clearly written document that the proposal brings together the appropriate resources in terms of people, budget, time, and other resources to meet the project objectives.

It should address whether the budget is justified with respect to the adequacy and reasonableness of the resources requested and if the time commitment and qualifications of the proposed director and other key project staff are sufficient to assure proper direction, management and completion of the project.

Some areas that may be evaluated by DOL for consistency are:

(1) the salaries in the proposal in relation to those of the applicant organization should be similar;

(2) if new staff persons are being hired, additional space and equipment should be considered, as necessary;

(3) if the budget calls for an equipment purchase, it should be the type allowed by the grantor agency;

(4) if additional space is rented, the increase in insurance should be supported;

(5) if an indirect cost rate applies to the proposal, the division between direct and indirect costs should not be in conflict, and the aggregate budget totals should refer directly to the approved formula;

(6) if matching costs are required, the contributions to the matching fund should be taken out of the budget unless otherwise specified in the application instructions; and

(7) If the budget line items are consistent with the work plan objectives and action steps.

Again, the budget narrative provides documentation for the dollar amounts in the object class and may be useful when analyzing results. These concepts apply to subawards as well.

**Slide 54:**

If awarded, consider the following:

It is important to know the significant role of the budget controls and grant modifications in the implementation of the grant.

Taking care in the development of the initial budget is critical to implementing grant activity and you should have backup documentation that supports the dollar amounts. This is also true of the budget documents you require from any of your subrecipients.

Secondly, a budget facilitates the communication comparing the budget amounts with actual expenditures. And then having that analysis available to both fiscal and program staff and managers provides your organization with consistent and accurate information on grant implementation and progress in meeting outcome goals.

If there is little or no standard analysis available, there is a chance that your program may not achieve program goals. These analyses also provide staff with a chance to foresee and correct problems before they are insurmountable. Budget controls also allow your organization to allocate the grant resources appropriately to ensure that costs of services called for in your statement of work are appropriately and adequately funded.

The budget can then serve as a benchmark when comparing actual financial results to the overall plan. This information should always be shared with all management and executives. Lastly, the budget may serve as a basis for evaluating performance. Were the costs in line with projections? If not, were the costs over or underestimated? Failures to correctly estimate costs if not corrected, will have a detrimental effect on overall grant performance.

**Slide 55:**

What are budget controls? Budget controls are part of the internal control systems that all recipients must have in place to safeguard the Federal funds and to ensure that the funds are used appropriately and effectively.

As part of the overall control environment, budget controls are designed to provide awardees with methods that will ensure costs are incurred in line with budget projections. This is most often done through a ‘planned vs. actual” analysis. In addition, budget controls are required to ensure that prior approval of the Federal awarding agency is obtained before incurring the cost if necessary.

And finally, budget controls and analysis will help recipients to identify and prevent potential performance issues such as cost overruns for services or line items.

All these controls have a single purpose: to ensure that the Federal funds are spent both appropriately and effectively. Considering the increased emphasis on performance and results, these controls provide oversight of spending patterns and results.

**Slide 56:**

It is your responsibility as the pass-through entity to make sure that all subawards comply with spending controls. You must ensure that:

* + Costs are in line with budgets
	+ Budgets are adjusted as needed with approval
	+ All subrecipient costs will not exceed the award

Potential budget modification needs may include the identification of unused funds from:

* + Delayed implementation or hiring of staff
	+ Actual program or equipment costs are below originally projected costs

Such funds should be redirected to other line items where it will be of benefit to the program and enhance the overall efficiency of the project.

NOTE: The fiscal staff are responsible for maintaining clear communications with program staff to ensure that program commitments do not exceed funding capabilities. The best way to make certain this happens is to establish a schedule for budget analysis that is shared organization wide.

There are certain actions that require pre-approval from DOL, and you should check with your Federal Project Officer if you have questions.

**Slide 57:**

Grant recipients are expected to account for and assess their expenditures against the budget categories on a regular basis. This will allow grant recipients to monitor their costs and adjust the budget when needed. If needed, budget adjustments can be made via the modification process after the grant award.

The budget must be modified through a formal written request to the Grant Officer (through your FPO) if any changes among direct cost categories are anticipated. If the cumulative number of transfers exceeds or is expected to exceed 10% of the total grant budget as last approved by the Federal agency, then modification from the Grant Officer is required.

All modifications should be requested at least 30 days prior to the effective date of the requested action.

When submitting a budget modification, grant recipients must provide a request letter signed by the Authorized Representative, a revised Federal Budget Information Form, and corresponding budget narrative that reflects the changes.

Regardless of the proposed changes in Section B of the Federal Budget Information Form, the total amount requested cannot exceed the original grant award amount.

**Slide 58:**

Grantees need to document and show the need for the changes.

The revised SF-424A form must reflect the new totals and incorporate all changes.

The revised budget narrative must be included and submitted to the Federal Project Officer. Please note that the approval for a budget modification comes in the form of an executed modification from the Grant Officer and not the FPO.

**Slide 59:**

Now that we properly discussed the budget documents grant recipients need to fill-out, let’s briefly review some common mistakes we’ve seen applicants make in submitting their budgetary forms that are part of the grant application package

**Slide 60:**

There are some Common Mistakes many applicants make when submitting budgetary forms as part of their grant application:

* Costs that are rolled up or summarized with other costs should be double checked prior to submission.
* Some costs are incorrectly classified as contractual when they are direct costs.
* If the FOA has a match or cost sharing requirement, the amount of match to be earned is not reported
* Another common mistake is classifying overhead such as indirect costs as direct costs or applying an indirect cost rate that has expired or is not applicable to this program.
* Lastly, one common mistake is not considering historical projections and/or current shifts or changes in prices or activities outlined in the statement of work, but not reflected in the budget. For instance, if the SOW mentions the use of a new work site or training facility that is not part of the budget, then the projections in the budget may be off or not reflective of the program roll out.

**Slide 61:**

Congratulations! You have completed The Grant Application Process: Budgetary Forms (Standard Forms 424, 424A, 424B and Budget Narrative) training module.

Let’s now briefly wrap up what we’ve learned with an overall summary.

**Slide 62:**

Remember, for competitive funding opportunities, begin the application process early. DOL will not review applications that are submitted late, so you should engage your project partners from the start and give yourself plenty of time to develop a quality application. Note that for competitive FOAs, you will need to submit your application electronically through Grants.gov, you should register on the site as early as possible. Registration for organizations that are not already set up can often take longer than expected, and we strongly encourage you to get registered as soon as you can.

You should also know and understand the components of the budget and how this is used to monitor program and financial activity. The budget is your blueprint for financial activity and a plan of how grant resources are expected to be used. You should understand how the budget is constructed and how the data may be updated.

Become familiar with the requirements for budget controls and budget to actual analyses which are all found in the general grant management guidance called Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (also known as the Uniform Guidance) at 2 CFR 200 for all recipients of Federal Award Assistance.

There are a multitude of tools available for use in performing budget analysis. These tools may be customized or adjusted as needed to meet your individual agency needs.

**Slide 63:**

If you still need some extra help with you budgeting documents, here are some additional resources available at your disposal.

**Slide 64**:

Keep in mind that there are many other resources on the Grants.gov and DOL ETA websites that will assist you with the grant application process.

For example, Grants.gov provides virtual training on different aspects in the grant lifecycle. It’s important to note that grant recipients must understand what the Grants.gov Workspace is.

For your convenience, this slide links to a quick video to give you more insight on how to use this virtual tool. Additional trainings pertaining to completing grant forms in the Grants.gov workspace as well as how to view different form attachments in Grants.gov are found in the last two links above.

**Slide 65:**

Should you have any questions, please send them in an e-mail to the agency contact listed in the FOA if you are an applicant. If you are a newly awarded grantee, the point of contact is listed in the grant application package. These individuals will be able to address your questions in a timely manner.

**Slide 66:**

Thank you for taking the time to go through this presentation detailing the different budgeting forms when preparing a grant application. Please look to the other modules that we have prepared for entities interested in applying for a grant. We wish you the best of luck!