



### **Budget Justification Guidance**

Excerpted from the Sea Grant General Application Guide, Version October 17, 2019. Available at: <https://seagrants.noaa.gov/Portals/1/Guidance/SeaGrantGeneralApplicationGuide.pdf>

Each project must include a budget justification narrative that explains budget items for each year in sufficient detail to enable review of the appropriateness of the funding requested using the questions below. All budget justifications should include the budget line items A. through I. in this document. NOAA Grants Management Division expects the budget justification to address the bulleted questions in each section.

#### **A. SALARIES AND WAGES**

- Is each individual identified by position?
- Are time commitments such as hours/weeks/months per year for each position?
- Are the total charges for each position listed along with an explanation of how the costs were calculated?
- Do the combined charges for all activities of any individual exceed 100% of their time including match for the project?
- Do the time commitments and charges appear reasonable?
- Are all individuals employees of the applicant organization? (If not, explain)
- Is a cost of living increase built into the budget?
- Are salary increases justified for the grant period?
- Are any salary/personnel costs unallowable (i.e., Federal Employees or legislative personnel)?

#### **B. FRINGE BENEFITS**

- Are fringe benefits identified as a separate item?
- Are all the elements that comprise fringe benefits indicated?
- Do the fringe benefits and charges appear reasonable?
- Are the total charges for each person listed along with an explanation of how the charges were calculated?
- Are fringe benefits charged to federal and matching categories in the same proportion as salaries?

#### **C. PERMANENT EQUIPMENT**

For any item(s) of equipment that has a useful life of more than one year and costing \$5,000 per unit or more, a description of the item and associated costs is required. For permanent equipment (e.g., DNA Sequencers, spectrophotometers, ROVs), NOAA Grants Management Division expects the budget justification to address the following questions:

- Is each item of equipment listed?
- If over \$5,000 is there a description of how it will be used in the project?
- If over \$5,000 has a lease vs. purchase analysis been completed? Note: Often a lease versus buy analysis is as simple as noting that it must be bought because no one leases it. In this case, the recipient should submit a statement of non-availability stating at least three sources that were contacted about leasing.
- For each item of equipment, is the number of units, cost per unit and total cost specified?
- Is each item of equipment necessary for the successful completion of the project?
- Are the charges for each item reasonable and realistic?
- Are disallowed costs excluded?
- Contingency charges must be excluded!
- Reasonable miscellaneous can be allowed, but must be justified.

#### D. EXPENDABLE SUPPLIES AND EQUIPMENT

Expendable supplies and equipment must be described according to major categories (e.g., chemical reagents, computer paper and supplies, glassware, lumber, etc). Fuel for boats should be budgeted here rather than under travel. Fuel for vehicles should be budgeted under E. Travel.

The justification may be based on historical costs (note as such). For Expendable Supplies and Equipment, NOAA Grants Management Division expects the budget justification to address the following questions:

- Are supplies itemized by type of material or nature of expense?
- For general office or business supplies, is the total charge listed along with the basis for the charge (i.e., historical use rates)?
- For other specific supply categories, is the number of units, cost per unit and total cost specified?
- Are the charges necessary for the successful completion of the project?
- Are the charges reasonable and realistic?
- Are disallowed costs (e.g., liquor, entertainment) excluded?
- Contingencies or miscellaneous charges must be excluded!

#### E. TRAVEL

- For foreign and domestic travel, is each trip listed along with the destination, estimated mileage, method of travel, cost per mile and duration, number of travelers, per diem rate for meals and lodging?
- If actual trip details are unknown, what is the basis for the proposed travel charges?
- Is the requested travel directly relevant to the successful completion of the project?
- Are the travel charges reasonable and realistic?

#### F. OTHER COSTS

- Are items listed by type of material or nature of expense?
- For each charge, is the number of units, cost per unit and total cost specified?
- Are the charges necessary for the successful completion of the project?
- Are the same charges listed elsewhere?
- Are the charges reasonable?
- Are disallowed costs (e.g., liquor, entertainment) excluded?
- Are charges which duplicate indirect cost items excluded?
- For projects that include training activities (e.g., workshops, seminars), are participant support costs clearly identified?

Note: Any participants or trainees that attend these workshops/conferences/seminars (but are not project employees or speakers) must be defined as "Participants", and any Participant support costs (e.g., stipends, subsistence, travel) must be excluded from the indirect cost base.

#### G. SUB-AWARD

- Is each sub-award listed as a separate item? (Separate budgets are required for sub- awards regardless of the dollar value.)
- Are the products/services to be acquired described along with the applicability of each to the project?
- Do the costs appear reasonable and realistic?
- Are any sole source contracts contemplated?
- If yes, is a sole source justification included with the Application which describes why the proposed sole source entity is the only source capable of meeting the applicant's project needs?
- Are disallowed costs excluded?
- Contingencies or miscellaneous charges must be excluded!
- Is the sub-award to a foreign-owned or operated entity?
- Do you have a CD-512 on file for each of your sub-grants or subcontracts?

#### H. INDIRECT COSTS

Indirect Cost is the grantee institution's negotiated Facilities and Administrative (Indirect) cost rate and its relation to those elements of the proposed grant budget to which that rate is to be applied. A grantee institution will identify the direct costs to which indirect costs can be applied. An explanation for all indirect costs must be included in the budget justification.

If indirect costs are allowed on federal funds, then it is allowed on the matching funds. Unrecovered indirect costs may be included as part of cost sharing and matching.

Note: The recipient must use the indirect rate submitted with the Application or upon award for the entire award period unless approved by the Grants Officer. Thus, if the grantee receives a new Negotiated Indirect Cost Rate Agreement (NICRA) during the award period, the grantee must submit an AAR requesting to use it and be approved to use this before it can be used.

For indirect costs, NOAA Grants Management Division expects the budget justification to address the following questions:

- Are indirect costs requested?
- Is the correct rate being used? (If a lower rate than is authorized in the negotiated indirect cost rate agreement is being proposed, you must explain why your organization is deviating from the approved rate.)
- Is the rate applied to the correct base?
- Are charges which duplicate direct costs excluded? (If no, explain/revise.)

#### I. MATCHING FUNDS

- Is a match (non-federal share) required for this project?
- If yes, does the Application meet the matching requirements?
- Are the sources of match clearly identified? (i.e., cash or in-kind)
- Does the Application provide adequate documentation to support in-kind contributions?
- Does the Application exclude matching contributions, cash or in-kind, used for other projects?
- Does the Application exclude federal funds used as match? Per Sea Grant's authorizing legislation, federal funds cannot be used to fulfill matching fund requirements.
- Are all matching contributions necessary for accomplishing the project?
- Are all matching contributions in compliance with federal cost principles?

Note that it is required to track match contributions carefully to be able to demonstrate sources and amounts if audited. Any match contributions identified by investigators are subject to federal audit that may result in additional costs to the institution.