

## Appendix B – Budget Narrative Format

Although there is no specific format for the supplemental budget, the budget should contain a narrative in paragraph format for each project in order for AMS to determine the costs are reasonable and allowable. The budget narrative should clearly show the federal funds that support the project. If matching funds are budgeted, please do not commingle non-federal funds with federals in each budget section. If matching funds (not a requirement) are included in the State Plan, please show these funds separately.

- 1) PERSONNEL – Persons employed by the grantee or subgrantee organization should be listed in this category. Those employed elsewhere would be listed as subcontractors or consultants in the “Other” category.

In order for secretarial and clerical salaries to be allowable as direct charges to the awards, a justification of how that person will be directly involved in the project must be included in the narrative. General administrative or accounting duties are not considered acceptable. The duties must be directly related to the project plan.

For each project participant, indicate their title, percent of full time equivalents (FTE), and corresponding salary for the FTE.

For example, if a project participant’s salary is \$50,000 and they are participating 50% of their time on the project, the total budgeted salary cost would be \$25,000.

Show the total for all SCBGP-FB funded personnel.

- 2) FRINGE BENEFITS – Provide the rate of fringe benefits for each project participant’s salary described in the personnel section.

Show the total for all SCBGP-FB funded fringe benefits.

- 3) TRAVEL – Please provide the following information in the narrative if applicable: destination; purpose of trip; number of people traveling; number of days traveling; estimated airfare costs; estimated ground transportation costs; estimated lodging and meals costs; estimated mileage costs for the travel.

Show the total for all SCBGP-FB funded travel.

- 4) EQUIPMENT – This category includes items of property having a useful life of more than one year and an acquisition cost of \$5,000. If the cost is under \$5,000, then include these items under SUPPLIES.

Provide an itemized list of equipment purchases or rentals, along with a brief narrative on the intended use of each equipment item, and the cost for all the equipment purchases or rentals.

Show the total for all SCBGP-FB funded equipment.

- Capital expenditures for general purpose equipment, buildings, and land are unallowable as direct and indirect charges.

Capital expenditures means expenditures for the acquisition cost of capital assets (equipment, buildings, land), or expenditures to make improvements to capital assets that materially increase their value or useful life. Acquisition cost means the cost of the asset including the cost to put it in place. Acquisition cost for equipment, for example, means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Ancillary charges, such as taxes, duty, protective in transit insurance, freight, and installation may be included in, or excluded from the acquisition cost in accordance with the governmental unit's regular accounting practices.

General purpose equipment means equipment, which is not limited to research, scientific or other technical activities. Examples include office equipment and furnishings, telephone networks, information technology equipment and systems, reproduction and printing equipment, and motor vehicles.

Equipment means an article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost which equals or exceeds \$5000.

- Capital expenditures for special purpose equipment are allowable as direct costs, provided that items with a unit cost of \$5000 or more have the prior approval of AMS. (Note: Prior approval from AMS means that the special purpose equipment must be included in the State Plan, and the State Plan must receive approval from AMS. If special purpose equipment was not originally included in the approved State plan, then the grantee must request approval from AMS to purchase the equipment before utilizing grant funds.)

Special purpose equipment means equipment which is used only for research, scientific, or other technical activities. The special purpose equipment must solely enhance the competitiveness of eligible specialty crops and benefit the specialty crop industry.

- Rental costs of buildings and equipment are allowable as direct costs in accordance with the cost principles in Subpart T of 7 CFR 3015.

5) SUPPLIES – This is anything with acquisition cost under \$5,000 and could be anything from office supplies and software to educational or field supplies. For non-typical materials & supplies items, include a brief narrative of how this fits with the project.

Provide an itemized list and estimate the dollar amount for each item

For example, office supplies such as pens, paper, toner, etc - \$500; Gardening supplies such as soil and fertilizer - \$500.

Items such as telephone, postage, fax and express mail are more appropriately listed under the “Other” category.

Show the total for all SCBGP-FB funded supplies.

- 6) **CONTRACTUAL** – Provide a short description of the services each contract covers and include the flat rate fee OR the total hourly rate fee for each contract. When possible, break out the specific costs associated with the contract.

Show the total for all SCBGP-FB funded contractual.

Compensation for contractor/consultant services should be reasonable and consistent with that paid for similar services in the marketplace. Contractor/consultant rates shall not exceed \$130,000 per year or \$500 per eight-hour day, excluding travel and subsistence costs.

If the contract is for service or maintenance, costs should be in direct correlation to the use of the equipment for the project (i.e., if a particular copy machine is used 50% of the time for the project, the project should only be charged 50% of the service contract paid from Federal funds.)

- 7) **OTHER** – Provide a detailed description of all other direct costs such as:

- a) **Conferences/Meeting** - Costs of holding a conference or meeting are included in this category. Some examples are the rental of facilities or equipment for the meeting. Details of costs for each conference or meeting should be broken out and provided in the budget.
- When paying for the travel of a person to attend a conference, meals and lodging may be included in the cost without additional justification.
  - Meals may not be charged as project costs when individuals decide to go to lunch or dinner together when no need exists for continuity of a meeting. Such activity is considered to be an entertainment cost. Meals may be charged to the project if such activity maintains the continuity of the meeting and to do otherwise will impose arduous conditions on the meeting participants. Include a justification for meal costs. Some examples of acceptable reasons are that the conference facility is located in a remote area where public facilities are not accessible; there will be a speaker and business discussions during the meal; there is insufficient time available to allow participants to go out on their own. If one or more of these justifications

cannot be met, or if there are no other acceptable and compelling reasons, then the meals should not be charged to the award. The attendees should be responsible for providing their own meals.

- Breakfasts for conference attendees are usually considered unallowable as it is expected these individuals will have sufficient time to obtain this meal on their own before the conference begins in the morning.
- b) Communications – Mailings, postage, express mail, faxes, and telephone long distance charges. Provide the estimated cost for this category.
- c) Speaker/Trainer Fees- Provide the amount of the speaker’s fees and a description of the services they are providing
- d) Publication Costs –Provide the estimated cost of printing of brochures and other program materials or scientific or technical journals.
- e) Data collection - Provide the estimated cost of collecting performance data to measure the project outcome measures.

Show the total for all SCBGP-FB funded Other.

8) INDIRECT CHARGES – Indicate percent of indirect costs.

Show the total for all SCBGP-FB funded Indirect Charges.

Indirect cost should not exceed 10 percent. Provide a justification if indirect costs exceed 10 percent.

Indirect costs represent the expenses of doing business that are not readily identified with SCBGP-FB but are necessary for the general operation of the organization and the implementation of SCBGP-FB related activities. These costs benefit more than one cost objective and cannot be readily identified with a particular final cost objective without effort disproportionate to the results achieved.

Common indirect costs include, but are not limited to: pre-award costs, proposal costs; depreciation or use allowances on buildings and equipment; costs of operating and maintaining facilities; general administration and general expenses; and personnel, legal, information technology, and accounting administration.

A cost may not be allocated as an indirect cost if it is incurred for the same purpose under SCBGP-FB as a direct cost and vice versa (personnel/contractual, travel, equipment, supplies, etc.)

**9) PROGRAM INCOME** – Indicate the nature or source of program income (for ex: registration fees), the estimated amount, and how the income will be used to further enhance the competitiveness of specialty crops.

If program income is earned it may be used for 1) expanding the project or program; 2) continuing the project or program after the grant or sub grant support ends; and 3) supporting other projects or programs that further the broad objectives of the grant program.