Purpose: This worksheet can guide you, the lead applicant, in developing the Program Budget Description, which is a key part of the Project Narrative. It includes:

(1) An overview of the required budget components.
(2) Tips to consider, including for specific consideration for construction projects.
(3) Guiding questions.
(4) A description of each budget category.
(5) Additional resources.

You can use this worksheet with the example budgets in the Sample Budget Examples.

Objectives of the Budget Components

Your budget components should make it clear how you will spend the grant money, show how the money will benefit disadvantaged communities, and show that the spending plan is reasonable to complete the projects. As you develop the budget and write the narrative, provide enough detail for each item so that EPA can determine that the cost is reasonable and allowable. EPA will look at the cost-effectiveness of the budget in terms of using the largest possible share of funds for the delivery of benefits to disadvantaged communities in your Project Area. Three budget components are required for Track I and II proposals:

- ## SF-424A: Budget Information for Non-Construction Programs

All applicants must use the SF-424A form, even if you have construction components in your application. In SF-424A, explain how the costs associated with each category relate to the implementation of the work plan and achievement of the grant goals. Access SF-424A at: https://www.grants.gov/forms/form-items-description/fid/241

- ## Project Narrative: Program Budget Description

The Project Narrative includes a Program Budget Description in the workplan. Since the SF-424A form also requires a description of the budget, you may choose to use the same description for both. The guiding questions below will help you think through both how to build a budget and questions to ask as you write your Program Budget Description.

- ## Attachment A: Program Budget Template

Attachment A to your application is a Budget Template describing the itemized costs of your budget. EPA has provided an example of a budget template, but you can use other formats. Whatever template or form you use, be sure to include total costs per budget

category and descriptions of specific costs. Below, you will find descriptions of some standard budget categories. A budget template and example budgets are provided in the Budget Template Worksheet.

Tips to Consider

Budgets represent best estimates. They should be realistic and represent a good faith effort to be accurate, but EPA understands that many variables impact grant budgets. This section provides tips to consider related to the Program Budget Description. See NOFO Section IV.B and Appendix G for more information, as well as the Community Change Grant (CCG) webinar on budgeting (provided in the Resources section of this worksheet).

Questions	Considerations when building a budget
Does my budget meet the standard for a good budget?	Include items in the budget that are: ✓ Eligible: Permitted by statute, regulations, or program guidance. ✓ Reasonable: Costs should not be greater than what might ordinarily be associated with performing the scope of work. ✓ Allocable: Incurred directly or indirectly to carry out the work. ✓ Allowable: Allowed to be charged to EPA assistance agreements and not specifically prohibited by statutes. ✓ Necessary: Costs should be essential for achieving the goals and objectives of the project and aligned with the grant's purpose. ✓ See Section VI.B., VI.E., and Appendix G of the NOFO and EPA's Interim General Budget Development Guidance for Applicants and Recipients of EPA Financial Assistance for more information.
Is my budget complete?	✓ Think through all the things you will do, what it will cost, and who will do them. ✓ Consider the costs of the project itself, including the need for construction contingency reserves. ✓ Consider the costs of managing the project. ✓ Keep in mind the costs of dealing with grant requirements like tracking results, reporting, accounting, and other compliance costs. ✓ Round total costs in Attachment A to the nearest dollar.
What are examples of eligible program administration costs?	✓ Conducting due diligence and underwriting financial transactions. ✓ Establishing and convening advisory councils. ✓ Conducting program performance and other reporting activities. ✓ Supporting, monitoring, overseeing, and auditing subrecipients, contractors, and program beneficiaries.

Questions	Considerations when building a budget
Can my budget change at all?	✓ The budget will be finalized during Project Workplan negotiations, and there may be opportunities to modify the budget. But the budget is an evaluated criterion in the NOFO, so it cannot change in a way that could affect how the application would have been scored. ✓ The grant terms and conditions provide flexibility to re-budget up to 10% of the grant award without prior EPA approval. ✓ If the budget changes more than 10%, the recipient can request a change from the Project Officer and Award Official. When making a determination, these EPA staff would evaluate whether the budget changes materially change the scope of work for the grant award.
How do I build a construction budget?	✓ If you have not yet conducted a competitive procurement, include an estimate but identify the amount as an estimate (ranges are acceptable). ✓ Detailed breakdowns to the levels of individual components like screws are not necessary. ✓ Budgets represent best estimates. They should be realistic and represent a good faith effort to be accurate, but EPA understands that many variables impact grant budgets. An applicant will not fully know their construction budget until they have their construction contractor.
Are there construction specific regulations?	✓ Projects related to the construction, alteration, or maintenance of infrastructure must comply with the Build America, Buy America Act (see the Resources section). ✓ Construction is subject to prevailing wage requirements under the Davis-Bacon Act (see the Resources section).
What if I have construction overruns?	✓ EPA grant regulations allow applicants to budget for reasonable contingencies in construction projects. Generally, contingencies of 20% or less of the anticipated cost of construction contracts would be considered reasonable, provided there's a reasonable justification for the potential variability and the overall budget is within the $20 million award limit. ✓ As an example, an applicant proposing installation of electric vehicle (EV) chargers would require a lower contingency than an asbestos remediation project or a building retrofit where the site-specific conditions may be less known until construction begins.

Guiding Questions

The following questions can guide you in developing a budget and the program budget description.

1. Have you defined the scope of the projects within your grant application?
   - Have you identified and defined each step required to complete each part of the projects?
   - When and for how long would that step occur in the timeline of the grant?
   - Who will complete each step? Your employees, your Statutory Partner, collaborating entities, or contractors?

2. Have you broken down the costs of all the activities that make up each step of each project? Consider getting input from professionals in the field or other communities with similar projects to estimate how much it will cost to do the work. Contractors are often willing to provide estimates and break them out by project or activity type.

3. Have you included the costs of complying with the terms of the grant? Items like:
   - Reporting and oversight.
   - Funding for professional services like accounting and compliance/
   - The costs of signs saying the project was funded by the U.S. Environmental Protection Agency and the Inflation Reduction Act?

4. Are the Community Based non-profit Organizations (CBOs) receiving a significant portion of the budget? See the Community Engagement and Collaborative Governance Structure Worksheet for guidance on ensuring that community organizations have decision-making and financial leadership.

5. Is your budget cost effective in using the highest possible share of funds to do the things in your projects that actually deliver benefits? Are funds passed directly to community partners to address both direct and indirect costs associated with the projects?

Descriptions of Budget Categories

Personnel: Only record the salaries of your employees in this category. If a staff position is only working part time on the projects, show that in your budget and total cost. Personnel costs can include general administrative personnel, grants managers, and accountants.

What it is not: It should not include the salaries of employees who do not directly support the program (such as human resources staff). Do not report costs associated with contractors, employees of subrecipients, or program participants like interns or volunteers in this category.

Level of detail: Record the position title and the number of people for each role. Be sure to include the project manager and other key personnel identified elsewhere in your application. Provide the annual salary by staff position, the Full Time Equivalent (FTE) or FTE percentage of time the staff would be assigned to the projects, and the total cost for the budget period.

Fringe Benefits: Fringe benefits include things like the cost of leave, employee insurance, pensions, and unemployment benefit plans—anything you provide your employees in addition to salary. Some do not consider the cost of leave a fringe benefit. If that is you, and you plan to use grant funds toward leave, be sure to include the cost of leave elsewhere in the budget.

Level of detail: Include the percentage used to calculate the fringe benefits, the basis for its computation, and the types of benefits included.

Travel: Travel may be necessary for the project activities. It includes things like site visits, attendance at community engagement meetings, and technical trainings or workshops. Travel costs reported in this category should only include those for your employees. Keep in mind, you should specifically identify any travel outside of the United States, and EPA's Office of International and Tribal Affairs will need to approve it.

What it is not: Note that bus rentals for group trips are considered a contractor agreement and should be included under that category.

Level of detail: Include the mileage (if driving), per diem, estimated number of trips in-state and out-of-state, number of travelers, and other costs for each type of travel.

Equipment: The Equipment cost category should include each item you will purchase that you estimate will cost $5,000 or more per unit and have a useful life of more than one year. This includes accessories needed to make the equipment operational. Note that if you have a written procurement procedure with a reporting threshold lower than $5,000, you should use that instead.

What it is not: Do not include leased or rented equipment or service/maintenance contracts that are not included in the purchase price for the equipment. Keep in mind that projects requiring the purchase of goods, products, and materials for infrastructure projects must comply with Build America, Buy America.

Level of detail: Include the item, cost, units purchased, and total cost. If installation is part of the equipment expense, itemize the labor costs with the hourly wage. In addition, provide detailed explanations for proposed purchases of certain items such as cars, trucks, and scientific devices that have useful lives beyond the project period.

Supplies: The Supplies category includes all the supplies you expect to buy that are estimated to cost less than $5,000. If you have written procurement procedures with a lower threshold for reporting equipment purchases, use that threshold instead. This includes items like laboratory supplies or office supplies.

What it is not: It does not include non-tangible goods and services, such as printing services, photocopy services, or rental costs.

Level of detail: Identify each category of items you are purchasing, the unit cost, the units purchased, and the total cost. Items should cost less than $5,000 per unit, unless you have a written procurement procedure with a lower threshold.

Contractual: This category includes any of the contracted services you plan on using during the projects, including subcontractors and consultants. You do not need to identify specific contractors, and you should plan on using a competitive procurement process. If you do identify specific contractors, you need to demonstrate that you selected them competitively (see 2 CFR Parts 200 and 1500).

What it is not: Do not include subawards or subrecipients in this category (see the EPA Subaward Policy in the Resources section for the differences between contractors and subrecipients). Do not include leased or rented goods in this category. You should include construction contractors in the Construction Category (see below for more detail).

Level of detail: Identify proposed contracts by the purpose of the services; you do not need to identify specific contractors. Provide an estimated typical cost for the services. Provide the cost of acquisition of intangible property as a separate line item within this category.

Construction: The Construction Category includes activities like site preparation, demolition and building of facilities, permanent improvements to facilities or other real property, major renovations of existing facilities, cleanup of contamination, and related architectural or engineering services. Construction is often completed by subcontractors. If you are outsourcing construction activities, include the anticipated costs for hiring the general contractors and other contractors performing construction activities. Keep in mind that projects requiring the purchase of goods, products, and materials for infrastructure must comply with Build America, Buy America, and construction projects are subject to prevailing wage requirements under the Davis-Bacon Act.

What it is not: Pre-construction architectural and engineering services should be reported under the Contractual Category. You should report equipment purchases for construction under the Equipment Category. You should report costs of land acquisition or relocation assistance under the Other Category.

Level of detail: Provide an estimate of the cost of hiring general contractors or other construction contractors, including costs for the different construction activities. A cost estimate can be based on square footage and does not need to be at the level of individual components (such as screws). A range estimate is acceptable at this stage. Include in your narrative a list of planned construction contracts, a brief description of the scope of work or services to be provided, the planned duration of the contract, and the planned procurement method.

Other: This category includes only those types of direct costs that do not fit in any of the other budget categories. This includes subawards, which are awards that you provide to a subrecipient (your Statutory Partner and Collaborating Entities) for them to carry out part of the projects. See the Subawards Policy in the Resource Section for more information on distinguishing between subrecipients and contractors. You should identify each major subaward including those with the Collaborating Entities and show the individual and aggregate amounts you propose to issue as subawards.

This category also includes participant support costs, which are direct costs for things like stipends or subsistence allowances, travel allowances, and registration fees paid to or behalf of participants or trainees, but not employees. It includes subsidies, rebates, and other payments to program beneficiaries to encourage participation. You can find more information on allowable costs in the EPA Guidance on Participant Support Costs in the Resources section.

Finally, this category includes other costs like insurance, acquiring real property or land, rental or lease of equipment or supplies, equipment service or maintenance contracts, and printing or photocopying.

Level of detail: Provide enough detail for each item so that EPA can determine the reasonableness and allowability of the cost.

Indirect Costs: This category allows you to cover the costs that you might have for your overall organization that provides support for multiple organizational efforts, including this one. An example would be your human resources department or your electric bill. The specific categories of indirect costs do not need to be itemized in your budget.

Indirect costs are calculated based on your Modified Total Direct Cost (MTDC) or your direct labor cost. This is referred to as your approved distribution base. 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.

What it is not: It 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.

To calculate the indirect costs, multiply your approved distribution base by your Indirect Cost Rate or Negotiated Indirect Cost Rate. For this grant, you can use the *de minimus* rate for indirect costs of 10% without further negotiation, if you don't have a previously negotiated rate, and apply it to your MTDC. Then multiply your total budget amount by 20%. The lower amount is the total amount of allowable indirect costs.

Indirect costs should not exceed 20% of your proposed budget, even if your negotiated indirect cost rate is greater. The 20% cap applies to both the initial award amount and any subaward. It does not apply to indirect costs on procurement contracts. The 20% cap and its application to subawards does not apply to Indian Tribes as defined in section (r) of the Clean Air Act or intertidal consortia that meet requirements of 40 CFR 35.504(a) and (c). For more information about indirect costs, rates, and limitations see Indirect Cost Guidance for Recipients of EPA Assistance Agreements.

Level of detail: Show the approved rate for any indirect costs and the distribution base.

Resources

Required Grants Management EPA Webinars and Trainings for Awardees
Required trainings before receiving funds:
https://www.epa.gov/system/files/documents/2024-03/rain-2024-g01.pdf
Budgeting: https://www.epa.gov/grants/how-develop-budget
Grant Management: https://www.epa.gov/grants/epa-grants-management-training-applicants-and-recipients
Indirect Costs: https://www.epa.gov/grants/indirect-cost-rates-webinar-december-6-2023

Best Practice Guide for Procuring Services, Supplies, and Equipment
EPA guidance on procuring services, supplies, and equipment under EPA Assistance Agreements.
https://www.epa.gov/sites/default/files/2021-03/documents/best-practice-guide-for-procuring-services-supplies-equipment.pdf

CCG Webinar: Build America, Buy America (BABA) 101
Webinar for applicants to EPA's CCG program on Build America, Buy America.
https://communitychangeta.org/sites/default/files/BABA-101-Webinar-Slidedeck_FINAL.pdf

CCG Webinar: Preparing a Grant Budget
A detailed webinar for applicants to EPA's CCG program on mastering the art of budgeting for grants, including budget categories, indirect costs, and allowable expenses. Includes example budgets.
English: https://communitychangeta.org/sites/default/files/pdf/CCTA-Webinar-8-508(Preparing-A-Grant-Budget).pdf
Español: https://communitychangeta.org/sites/default/files/Webinar-%238-EPA-Community-Change-Grants-Preparing-a-Grant-Budget.PPT_Spanish_Final.pdf

Cost Principles (2 CFR Part 200, Subpart E)
Code of Federal Regulations provisions related to allowable costs under federal awards.
https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-E

Davis-Bacon Grant Term and Condition Webinar
EPA resource on the Davis-Bacon requirements.
https://www.epa.gov/grants/new-epa-davis-bacon-grant-term-and-condition-webinar-march-28-2024

Indirect Costs Limitation Webinars
An EPA webinar on indirect costs limitation for the grants.

Link to recording (Passcode: 91869331):
https://usepa.zoomgov.com/rec/share/QUTvM3KjxnrATcbALW5Q4w_YSvED4gGxGOSgWufx
u-7viy10H2aapqNVnoAT5OPp.48jo_4S4Hv1taOR2
Presentation Slides: https://www.epa.gov/system/files/documents/2023-11/idc-limitation-
webinar_ecj-community-change-grants-october-2023-webinar-slides.pdf

Indirect Cost Guidance for Recipients of EPA Assistance Agreements
EPA policy and guidance on indirect costs.
https://www.epa.gov/grants/rain-2018-g02-r

**Interim General Budget Development Guidance for Applicants and Recipients of EPA
Financial Assistance**
EPA guidance on budget development. It provides uniform standards across all EPA grant
programs and is not tailored to CCG grants.
https://www.epa.gov/sites/default/files/2019-05/documents/applicant-budget-
development-guidance.pdf

Subaward Policy
EPA subaward policy for EPA assistance agreements.
https://www.epa.gov/grants/grants-policy-issuance-gpi-16-01-epa-subaward-policy-epa-
assistance-agreement-recipients

Participant Support Costs
EPA guidance on participant support costs.
https://www.epa.gov/grants/rain-2018-g05-r1