

CALIFORNIA SEA GRANT GENERAL BUDGET NARRATIVE GUIDANCE

The purpose of this document is to provide a general how-to guide to applicants preparing competitive applications for submission to California Sea Grant in response to various opportunities. The following information provides additional details beyond a specific Request for Proposals (RFP) regarding how to fill out forms and how to handle matching requirements. Not all sections are relevant to all proposals and applicants should refer to the specific RFP for detailed section requirements as this document does not replace those specific requirements in any RFP, but rather should be treated as a guide to help applicants in areas where errors are often made.

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Cost Sharing or Matching Requirement

A 50 percent match of the federal funds (i.e., one dollar of match for every two dollars of federal money received) is required on all Sea Grant proposals *unless otherwise specified*. In a multi-year award, the first year must contain at least 50% or more of the required match. If over 50% match was applied in the first year, then subsequent years must contain enough match to keep the cumulative match at or above 50% of the total amount of federal funding that has been received up to that point.

- Example 1: Acceptable - 50% match in Yr 1 and Yr 2
 Yr 1 Fed Funding = \$100,000, Match = \$50,000; Yr 2 Fed Funding = \$100,000, Match = \$50,000
 Total Fed Funding = \$200,000, Total Match = \$100,000
- Example 2: Acceptable - overmatch in Yr 1 keeps cumulative match above 50% overall despite undermatch in Yr 2
 Yr 1 Fed Funding = \$100,000, Match = \$75,000;
 Yr 2 Fed Funding = \$100,000, Match = \$25,000 (acceptable)
- Example 3: Unacceptable - undermatched in Yr 1
 Yr 1 Fed Funding = \$100,000, Match = \$49,000; Yr 2 Fed Funding = \$100,000, Match = \$51,000
 Total Fed Funding = \$200,000, Total Match = \$100,000
- Example 4: Unacceptable - undermatched over 2 years
 Yr 1 Fed Funding = \$50,000, Match = \$45,000; Yr 2 Fed Funding = \$100,000, Match = \$25,000
 Total Fed Funding = \$150,000, Total Match = \$70,000

Match may be in the form of selected "in-kind" services, unrecovered indirect (see below), or additional funds from a specified institution, agency, industry, or non-federal program. No funds from federal entities can be used as match. According to the most recent OMB Super circular, "in-kind" contributions means the value of non-cash contributions (i.e., property and services) that benefit a federal assisted project and are contributed by non-federal third parties without charge to a non-federal entity under a federal award.

Budget Narrative

The following forms should be combined into a single PDF Document that includes all Sea Grant 90-4 forms and budget justifications for the entire application package.

NOTE: You may be instructed to fill out eSeaGrant Budget Worksheets in addition to or instead of a Sea Grant 90-4 form. The guidance on how your budget should be prepared by year, by project, and with budget justification still applies, but will be entered directly into an eSeaGrant budget form instead of the 90-4 Excel worksheet.

To facilitate review of the budget documents, place each form in the following order, combine them into a single pdf document titled Budget Narrative and upload to your Grants.gov Application.

- Overall 90-4 form for entire application (i.e., for primary institution receiving funds)
- Annual 90-4 forms for the entire application (i.e., for primary institution receiving funds)
- Budget justification narrative for project 1 (i.e., for subaward institution 1)
- Overall and annual 90-4 forms for project 1 (i.e., for subaward institution 1)
- Budget justification narrative for project 2 (i.e., for subaward institution 2)
- Overall and annual 90-4 forms for project 2 (i.e., for subaward institution 2)
- etc.

Sea Grant 90-4 Form(s)/eSeaGrant Budget Worksheets

The Sea Grant 90-4 Form can be found here (Forms and Templates button):

<https://seagrants.noaa.gov/funding/implementation/>. eSeaGrant Budget Workbooks can be found within your proposal portal on <https://eseagrant2.ucsd.edu/>. An application will likely need more than one 90-4 form/budget worksheet, as follows:

- For each project:
 - Yearly Sea Grant 90-4 Form covering each year that the project is active (i.e., for primary award institution)
 - Yearly Sea Grant 90-4 Forms for any sub-awards associated with each project.

Ensure that each Sea Grant 90-4 form is properly filled out with the project name, PI, and start and end dates.

Budget Justification Narratives

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.

Please see below for more guidance on what kind of information should be included in the budget justification. The budget justification can be a text document that is converted into a PDF for upload into Grants.gov. Further instructions for preparing a budget justification narrative are provided by NOAA Grants Management Division and can be found here:

https://www.noaa.gov/sites/default/files/atoms/files/gmd_budget_narrative_guidance_-_05-24-2017_final.pdf

SALARIES AND WAGES

Budget

Assign personnel to the various categories according to the explanations provided which conform to NOAA/Sea Grant usage (these definitions may not necessarily conform to usage in your institution). Identify project personnel by position title as indicated on the form. Use accurate current salaries as the basis for calculating salaries and wages for each individual (do not use percentages). If funds are being requested to support a vacant position, indicate this (vac. pos.) and use a salary rate appropriate to the position. Enter months of effort as full-time equivalents, regardless of how many calendar months the individual will work on the project for both Sea Grant and matching funds. A Full Time Equivalent (FTE) is equivalent to 12 months of full time effort (40 hours per week). Entries must be done in separate columns as indicated on the form.

Budget Justification

For Salaries and Wages, NOAA Grants Management Division expects the budget justification to address the following questions:

- 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)

FRINGE BENEFITS

Budget

Fringe benefits are those customarily paid by the grantee institution, following its usual practices in the payment of such benefits.

Budget Justification

For fringe benefits, NOAA Grants Management Division expects the budget justification to address the following questions:

- 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?

PERMANENT EQUIPMENT

Budget Justification

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.

EXPENDABLE SUPPLIES AND EQUIPMENT

Budget Justification

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!

TRAVEL

Budget Justification

The budget narrative is required for all travel. For Travel, NOAA Grants Management Division expects the budget justification to address the following questions:

- 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?

OTHER COSTS

Budget Justification

For Other Costs, NOAA Grants Management Division expects the budget justification to address the following questions:

- 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.

SUB-AWARD

Budget Justification

NOAA Grants Management Division expects the budget justification to address the following questions:

- 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?

INDIRECT COSTS

Budget

- 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.

Budget Justification

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.)

MATCHING FUNDS

For Matching Funds, NOAA Grants Management Division (GMD) expects you to consider the following questions:

- 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 important 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.