

Budget Justification

The budget is the financial plan for the proposed project. Following selection of applications for award consideration, but prior to award being made, The Department of Energy (DOE) will perform a budget review to determine whether the proposed activities are supported by adequate resources in this plan, as well as to verify cost data, including that specific elements of the proposed budget are allowable, allocable, reasonable and are consistently treated in accordance with Generally Accepted Accounting Principles (GAAP) and applicable cost principles. Both the applicant's budget, as well as subrecipients' budgets (over \$250,000) will be reviewed from both a technical and cost perspective. This evaluation will provide a comparison between the budget and the project narrative.

In addition to completing the budget on the appropriate form as specified in the Funding Opportunity Announcement (FOA), the applicant should verify that all costs proposed are:

- In accordance with any limitations, exclusions or special conditions set forth in the FOA.
- In accordance with GAAP and the applicable cost principles, and also that the costs are reasonable, allocable, and allowable.

In order for DOE to accomplish the budget review of the application, applicants are to provide a budget justification, including supporting information. Applicants are encouraged to provide any information necessary to justify their budget request. To facilitate DOE's budget review, it is recommended that applicants provide the following for each Object Class Category/Cost Classification category for each separate budget (i.e., budget for each budget year of the project period and a cumulative overall project budget).

1. Personnel (Section A&B from the Budget Form).

- a. **Skill Mix/Hours.** Identify key individuals and/or positions (titles/personnel categories); describe the levels of key personnel (experience/skill/education, etc.), and state time commitments in hours for individuals and/or positions. The time commitment should be consistent with the number of months included on the budget sheet.
- b. **Labor Rates.** State labor rates/compensation (in dollars) to be paid to the individuals or positions listed. Explain how the rates are established. Identify and provide justification for any escalation to the labor rates during the proposed project. The labor rate is the base rate paid to the employee and does not include any adders, benefits, or fee.
- c. **Fringe Benefits.** Specify rates used and how they are applied. Identify any escalation to the fringe rates with justification. Provide details on

how rates are determined; if rates are part of the applicants approved rate agreement with their cognizant Federal agency, specify this and provide a copy of the rate agreement.

2. **Equipment*** (Section C on the Budget Form). If proposed, provide the following:
 - a. Identify clearly what the equipment is (e.g., description, manufacturer part number, etc., if known)
 - b. Explain how the proposed equipment meets the definition of “equipment” at 2 CFR 200.33, as opposed to items of supply.
 - c. Explain the need for the equipment to accomplish the project.
 - d. Indicate the unit cost and quantity for each item to be purchased.
 - e. Explain how the cost estimates for equipment purchases are established, are determined to be fair and reasonable, and are consistent with your established procurement procedures. Include available supporting documents such as quotes or catalog pricing for the proposed equipment.

3. **Travel** (Section D on the Budget Form). If travel is proposed, provide the following:
 - a. Identify each of the proposed trips, including number of travelers, and their positions, departure/destination location, duration (number of travel days), purpose of the trip, and justification for why the identified people need to travel. Include travel cost detail such as airfare, lodging, per diem, ground transportation, and registration fees. An example table is provided below.
 - b. Include a copy of the relevant portions of the travel policy or specify where DOE can access the travel policy. Explain how the proposed travel costs are consistent with your established travel policy.

Travel Table

	Purpose	Depart From	Destination	Duration of trip	Ground Transportation	Airfare	Hotel Daily Rate	Daily Per-diem Rate	Registration Fees	Total
Name/Position										

4. **Participant/Trainee Support Costs** (Section E from the Budget Form). *Participant support costs* means direct costs for items such as stipends or subsistence allowance, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences, or training projects.

5. **Other Direct Costs** (Section F, from the Budget Form).
 - a. **Materials and Supplies*** (Section F, 1.). If proposed, provide the following:
 - i. A summary description the materials and supplies, quantity, unit cost, extended cost, and basis of estimate (i.e. vendor quote or catalog

pricing) for each item/category. An example table is below.

Description	Quantity	Unit Cost	Extended Cost	Basis
		\$	\$	
Total			\$	

- ii. Specify how these materials/supplies meet the definition of “supplies” at 2 CFR 200.94 (as opposed to “equipment”), and the purpose/necessity for the items.
- iii. Explain how the proposed materials/supplies costs are consistent with your established procurement procedures. Include an explanation of how the cost estimate for the materials/supplies was established and how you determined it to be reasonable.
- b. **Publication Costs** (Section F, 2.). If proposed, provide the following:
 - i. The necessity for the amount requested with a basis for the amount.
- c. **Consultant Services** (Section F, 3.). If proposed, provide the following:
 - i. Explanation of why the services are necessary for the project, and the basis for the cost. Explain how cost was determined to be reasonable.
 - ii. Explanation of how the consultant services costs are consistent with your established procurement policy.
- d. **ADP/Computer Services** (Section F, 4.). If proposed, provide the following:
 - i. Explanation of why the costs are necessary for the project, and explanation of how the costs are consistent with your established procurement policy. Explain how the cost was determined to be reasonable.
- e. **Subawards/Consortium/Contractual Costs*** (Section F, 5.). If proposed, provide the following:
 - i. Determination if receiving entity is a contractor or a subrecipient. Guidance for making determinations is found at 2 CFR 200.330 *Subrecipient and Contractor Determinations*, 2 CFR 200.23 *Contractor*, and 2 CFR 200.92 *Subaward*.
 - ii. For each subaward proposed, identify the subrecipient; verify the subrecipient has a current SAM registration and a DUNs. For any subawards greater than \$250,000 or 50% of the total work effort (whichever is less), a separate cumulative SF-424 budget form for the subrecipient must be provided with budget justification (Section J, fee is not allowed on with subrecipients either). Provide a copy of the subrecipient’s approved indirect rate agreement with the subrecipient’s cognizant Federal agency in accordance with 2 CFR 200.19. Describe the work to be accomplished by each subrecipient and how it supports

the project objectives.

- iii. For each Contract proposed provide a description of the goods or services to be acquired by contract and how it supports the project objectives. Provide your rationale/determination for how this is considered a contract vs. a subaward. Explain how the proposed contractual costs are consistent with your established procurement procedures, including how the costs are justified as reasonable.
- f. **Equipment or Facility Rental/User Fees** (Section F, 6.). If proposed provide the following:
 - i. Provide a detailed listing of the estimated amount of time for equipment rental or facility use and the corresponding rate. Provide published rate schedules or websites to the rates.
 - ii. Explain how the acquisition of proposed rentals/user fees are consistent with your established procurement procedures.
- g. **Alterations and Renovations** (Section F, 7.). If proposed provide the following:
 - i. Provide a basis for the cost and why it is necessary for the project.
- h. **Other 1, 2, & 3.** (Section F, 8. 9. & 10.) List all other direct cost categories not included in the above categories for this section. Specify the type of direct cost and basis for the cost. Cost type examples: Tuition or Federally Funded Research and Development Center (FFRDC).
 - i. **Tuition.** Provide details on how the total amount requested was calculated (number of semesters for how many students, etc.); include supporting documents or website for published tuition rates. Identify any escalation to the budgeted amount and provide justification for the escalation rate. Specify how the effort proposed by the applicant to be performed by undergraduate/graduate students is justified, consistent with the project narrative, and necessary to accomplish the project objective.
 - ii. **Federally Funded Research and Development Center (FFRDC).** If proposed, provide the dollar amount to go to the FFRDC. This amount should be consistent with the amount included on the approved Field Work Proposal. As a reminder, the amount going directly to the FFRDC cannot be included in calculating indirect costs.

6. Indirect Costs (Section H from the Budget Form).

- a. Specify whether your proposed indirect rates have been audited and approved; include a copy of the rate agreement from the applicant's cognizant Federal agency. Explain how the indirect cost budgeted amount is calculated (how the rate was properly applied to what base, use of modified total direct costs, etc.).

7. Fee (Section J from the Budget Form).

- a. Fee in the budget sheet must be left blank. In accordance with 2 CFR 200.400 (g) payment of profit or fee is unallowable under federal financial assistance (i.e. grants and cooperative agreements).

* If you propose to purchase equipment, materials/supplies, and/or have subrecipients or contractors, then provide a copy of your purchasing procedures (or relevant part(s) of those procedures) or where DOE can access. Include how those procedures are in compliance with the procurement standards specified at 2 CFR 200.17-200.326.