

Additional Guidance and Example for Budget Narrative

Instructions for Budget Narrative

The following is guidance on specific items that may be included in the budget narrative that accompanies the 424 form for the Market Access Program and the Foreign Market Development program.

Personnel: Costs of employee salaries and wages. For each staff person, provide the name (if known), title, time commitment to the project, annual salary, and grant funded salary. Do not include the costs of consultants, subgrants or contractors. Consultants, subgrants and contractors are to be included under “Contractual.”

Fringe Benefits: Costs of employee fringe benefits unless treated as part of an approved indirect cost rate. Provide the method used to calculate the proposed rate amount. If a fringe benefit has been negotiated with, or approved by, a cognizant federal agency, **attach a copy of the negotiated fringe benefit agreement**. If no rate agreement exists, provide a breakdown of the amounts and percentages that comprise fringe benefit costs such as health insurance, FICA, retirement insurance, taxes, etc. Identify the base for allocating these fringe benefit expenses. (Attach the agreement to the application package.)

Travel: Costs of project-related travel by employees of the applicant organization (do not include costs of sub-contractor, subgrantees or consultant travel). Provide information on the number and types of trips, and on the average costs of each type of travel.

Equipment: Any article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost which equals or exceeds the lesser of (a) the capitalization level established by the organization for financial statement purposes, or (b)

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\$5000. For each type of equipment requested, provide a description of the equipment, the cost per unit, the number of units, the total cost, and a plan for use on the project, as well as use or disposal of the equipment after the project ends. An applicant organization that uses its own definition for equipment should provide a copy of its policy or section of its policy which includes the equipment definition.

Supplies: Tangible personal property other than that included in the equipment category if the acquisition cost is less than the lesser of the capitalization level established by the non-Federal entity for financial statement purposes or \$5,000, regardless of the length of its useful life. Specify general categories of supplies and their costs. Show computations and provide other information which supports the amount requested. A computing device is a supply for this purpose.

Contractual: Costs of all contracts for services and goods that further the work of the program. Do not put sub-contractors, sub-awardees, and/or sub-grantees that do not perform work to further the program. This includes the types of sub-contractors, sub-awardees, and/or sub-grantees that work for the Prime awardee exclusively, (i.e., landscapers, trash collectors, etc.) These costs belong under other cost categories such as equipment, supplies, construction, etc. Include third party evaluation contracts (if applicable) and contracts with secondary recipient organizations. Where possible, identify proposed sub-contractor work and the cost of each sub-contractor.

Other Direct Costs: Any other items proposed as direct costs that do not fall under the budget categories listed above. If possible, provide an itemized list with costs and state the basis for each proposed item. If aggregated, indicate how these expenses are estimated.

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Indirect Costs: If indirect costs are included in the budget, include a description of how the indirect costs were calculated. Attach a copy of the latest indirect cost rate agreement negotiated with a cognizant federal agency. Any non-federal entity that has never received a negotiated indirect cost rate may elect to charge a de minimis rate of 10 percent of modified total direct costs (MTDC) which may be used indefinitely. As described in §200.403 Factors Affecting Allowability of Costs, costs must be consistently charged as either indirect or direct costs, but may not be double charged or inconsistently charged as both. If chosen, this methodology once elected must be used consistently for all federal awards until such time as a non-federal entity chooses to negotiate for a rate, which the non-federal entity may apply to do at any time. For more information, see 2 CFR Part 200.414.

Cost Share or Match requirements: The perimeters governing the cost share or match requirement must be discussed here if this is a requirement to receive the award.

Budget Narrative Example:**National Edible Insect Exporters Council****Accompanying Narrative for 424A**

The National Edible Insect Exporters Council (NEIEC) maintains a comprehensive network of overseas offices, contracts with world renown nutritionists and other technical experts, conducts trade seminars, taste testings, designs and participates in special events for buyers and sellers, and conducts traditional trade servicing and marketing events. NEIEC also utilizes membership funds to complement expenses incurred conducting MAP activities.

Below are NEIEC's actual expenses in the MAP program averaged over the last five years.

Compensation: \$462,438

Fringe Benefits: \$200,000

Consumer Promotion: \$70,785

Contractors: \$2,068,695.00

Rent: \$391,808

Supplies: \$195,903.

Shows: \$635.

STRE: \$829,342.00

Technical Assistance: \$2,335

Trade Promotion: \$86,996.

Travel: \$1,184,977

Total Budget: \$5,493,959

The following is a narrative to support our 424A estimates.

Personnel: This figure includes salaries for 13 people working out of nine offices. Three of the people identified are administrative support professionals, while the remaining ten are program managers and technical experts. This estimate assumes we will not have vacancies for more than a few months. Additional funds used for this line-item would come from industry funds, as actual salary costs are somewhat greater than those charged to the program.

Staff Name	Title/Position	Percent of time dedicated to MAP	Total Salary (includes fringe benefits)	Salary Charged to MAP	Cost Share
Sandy Beach	Executive Assistant	100	\$44,000	\$10,000	\$34,000
Bill Board	Secretary	100	\$40,000	\$12,403	\$27,597
Joe Coffee	Receptionist	100	\$33,080	\$33,080	
Jane Doe	Program Manager	100	\$125,000	\$25,000	\$100,000

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Dr. Justin Thyme	Nutritionist	100	\$110,000	\$40,000	\$70,000
Dr. James Crickets	Feed Expert	100	\$102,000	\$42,000	\$60,000
Dr. Doris Shutt	Nutritionist	100	\$85,000	\$40,000	\$45,000
Robyn Banks	Program Manager	100	\$135,000	\$35,000	\$100,000
Dr. John Smith	Program Manager	100	\$145,000	\$45,000	\$100,000
Lorne Mowers	Program Manager	100	\$145,000	\$45,000	\$100,000
Beatrice Keeper	Program Manager	100	\$145,000	\$45,000	\$100,000
Warren Peece	Program Manager	100	\$145,000	\$45,000	\$100,000
Vacant	Program Manager	100	\$125,000	\$45,000	\$80,000

Fringe Benefits Includes FICA, Unemployment Insurance, Retirement, Health Insurance, Workers Compensation, Life Insurance and Termination Accrued Leave. The fringe is calculated at 43.245% of the salary charged to this award.

Travel:

NEIEC expects to incur \$1,184,977 in travel expenses. It includes hotel accommodations, airfare, and local travel.

One-third of the trips will be in the US at a cost of \$394,992.00

Two-thirds of the trips will international at a cost of \$789,985.00

Approximately thirty-five individuals will be participating in this travel for 200 to 250 trips

All of these trips will be taken to conduct trade seminars, taste testing, designing and participating in special events for buyers and sellers, and conducting traditional trade servicing and marketing events.

Equipment: NEIEC does not anticipate buying any equipment in program year 2021.

Supplies: Supplies include banners, recipe cards, table tents, POS materials, pens, paper, notebooks, name tags, printer ink, etc. at a cost of \$195,903. We expect about the two-thirds of the supply costs to be associated with specific activities, and about one-third to support our overseas offices. It is not possible to know the cost of each item at this time, however, NEIEC

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expects the total supply costs to be close to the historical average. To calculate this figure, we took the five-year average, noted above, and subtracted the known rent costs.

Contractual: NEIEC hires dozens of technical experts, nutritionists, evaluators, and other industry professionals. NEIEC projects incurring expenses of at least \$2.3 million. Most of these expenses will be used to contract with experts that conduct seminars, organize trade shows, and provide other technical assistance. We intend to host between 45-60 seminars, participate in at least five shows, conduct ten feed trials, and conduct three studies/evaluations. We anticipate writing 50-75 contracts, some for as little as \$3,000, some for as much as \$75,000. The cost of each type of event varies greatly depending on its location and complexity, and the degree to which experts on-staff or from NEIEC members are able to organize each event. NEIEC will also hire nutritionists, entomologists, and other experts to help review and develop various pieces of literature that will be distributed to target audiences. Additional funds used to support contracts will come from industry contributions.

Note: the historical average for technical assistance charged to MAP has been \$2.3 million each year. Additional details on contracting are available in our contracting plan. For each contract, a cost analysis or bidding process will be conducted according to our contracting plan and in compliance with the MAP regulations. Such analysis is available to FAS staff upon request.

Construction: NEIC will not incur any construction costs under the MAP.

Other: NEIEC incurs a variety of expenses not elsewhere specified. "Other" expenses include consumer promotion, advertising, trade promotion, etc. "Other" expenses were calculated by analyzing total expenses incurred historically, and subtracting out those attributable to Personnel, Fringe Benefits, Supplies, Travel, Equipment, Construction, and Contracts.

The following are a few of the known items not elsewhere specified. Additional detail on any of these line-items is available upon request.

Rent - \$391,808

Shows - \$635

STRE - \$829,342

Technical Assistance - \$2,335

Trade Promotion - \$86,996

Consumer Promotions - \$70,785

Indirect Costs: \$0.00

If indirect charges are included in the budget, please include all subaward / contract budgets to all FAS to calculate the indirect cost pool.

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Cost Share: \$916,597

SAMPLE