

Attachment B – Budget Narrative

The contractor is required to prepare a budget and a budget narrative, using the following categories and HRSA guidelines.

Personnel Costs: Explain personnel costs by listing each position that will be supported from funds, including title, percentage of full-time equivalency, annual salary, and dollar amount of salary budgeted. Award funds may not be used to pay the salary of an individual at a rate in excess of Executive Level II or \$199,300. An individual's base salary, per se, is NOT constrained by the legislative provision for a limitation of salary. The rate limitation simply limits the amount that may be awarded and charged to HRSA grants and cooperative agreements, provided an individual's actual base salary exceeds the cap. See the Office of Personnel Management's [Personnel Justification Table](#).

HRSA Salary Limitation:

The Consolidated Appropriations Act, 2018(P.L. 115-141), Division H, Section 202, provides a salary rate limitation. The law limits the salary amount that may be awarded and charged to HRSA grants and cooperative agreements. Award funds may not be used to pay the salary of an individual at a rate in excess of Executive Level II, which is **\$199,300**. This amount reflects an individual's base salary *exclusive of fringe* and any income that an individual may be permitted to earn outside of the duties to your organization. This salary limitation also applies to subrecipients under a HRSA grant or cooperative agreement. Note that these or other salary limitations will apply in the following FY, as required by law.

See the breakdown and examples of the limitation below:

Individual's *actual* base full-time salary: \$255,000
 50 percent of time will be devoted to project
 Direct salary \$127,500
 Fringe (25 percent of salary) \$31,875
 Total \$159,375

Amount that may be claimed on the application budget due to the legislative salary limitation:

Individual's base full- time salary *adjusted* to Executive Level II: \$199,300
 50 percent of time will be devoted to the project
 Direct salary **\$98,650**
 Fringe (25 percent of salary) **\$ 24,663**
 Total amount **\$ 123,313**

Personnel Justification Table (varied FTE percentages)					
Name	Position Title	% of FTE	Base Salary	Adjusted Annual Salary*	Federal Amount Requested

*used only when salary is over limitation of \$199,300

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Fringe Benefits: List the components that comprise the fringe benefit rate, for example health insurance, taxes, unemployment insurance, life insurance, retirement plans, and tuition reimbursement. The fringe benefits should be directly proportional to that portion of personnel costs that are allocated for the project. If an individual's base salary exceeds the legislative salary cap (i.e., \$199,300), adjust fringe proportionally.

Travel: List travel costs according to local and long-distance travel. For local travel, outline the mileage rate, number of miles, reason for travel and staff member/consumers completing the travel. The budget should also reflect the travel expenses (e.g., airfare, lodging, parking, per diem, etc.) for each person and trip associated with participating in meetings and other proposed trainings or workshops. Name the traveler(s) if possible, describe the purpose of the travel, provide number of trips involved, the destinations, and the number of individuals for whom funds are requested.

Supplies: List the items that the project will use to implement the proposed project. Separate items into three categories: office supplies (e.g., paper, pencils), medical supplies (e.g., syringes, blood tubes, gloves), and educational supplies (e.g., brochures, videos). Items must be listed separately. Per 45 CFR § 75.321, property will be classified as supplies if the acquisition cost is under \$5,000. Note that items such as laptops, tablets, and desktop computers are classified as a supply if the value is under the \$5,000 equipment threshold.

Contractual/Subawards/Consortium/Consultant: Provide a clear explanation as to the purpose of each contract/subaward, how the costs were estimated, and the specific contract/subaward deliverables. You should not provide line item details on proposed contracts, rather you should provide the basis for your cost estimate for the contract. You are responsible for ensuring that your organization or institution has in place an established and adequate procurement system with fully developed written procedures for awarding and monitoring all contracts/subawards. Recipients must notify potential subrecipient that entities receiving Federal subawards must be registered in SAM.gov and provide the recipient with their DUNS number (see 2 CFR part 25). For consultant services, list the total costs for all consultant services. In the budget narrative, identify each consultant, the services he/she will perform, total number of days, travel costs, and total estimated costs.

For subawards to entities that will help carry out the work of the award, you should describe how you will monitor their work to ensure the funds are being properly used.

Per the Suspension and Debarment rules, as implemented by the Department of Health and Human Services under 45 CFR § 75.212, non-federal entities and contractors are subject to the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR parts 180 and 376. These regulations restrict awards, subawards and contracts with certain parties that are debarred, suspended or otherwise excluded from or ineligible for participation in federal assistance programs or activities. Recipients are required to screen prospective subrecipients, contractors and consultant through SAM.gov and the Department of the Treasury's Office of Foreign Assets Control (OFAC) portal.

Other: Include all costs that do not fit into any other category and provide an explanation of each cost in this category (e.g., EHR provider licenses, audit, legal counsel). In some cases, rent, utilities and insurance fall under this category if they are not included in an approved indirect cost rate. You may include the cost of access accommodations as part of your project's budget, including sign interpreters, plain language and health literacy print materials in alternate formats (including Braille, large print, etc.); and linguistic competence modifications (e.g., translation or interpretation services).

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Indirect Costs: *Indirect costs are those costs incurred for common or joint objectives which cannot be readily and specifically identified with a particular project or program but are necessary to the operations of the organization, e.g., the cost of operating and maintaining facilities, depreciation, and administrative salaries. For some institutions, the term “facilities and administration” (F&A) is used to denote indirect costs. If your organization does not have an indirect cost rate, you may wish to obtain one through HHS’s Cost Allocation Services (CAS) (formerly the Division of Cost Allocation (DCA)). Visit CAS’s website to learn more about rate agreements, the process for applying for them, and the regional offices which negotiate them. If indirect costs are included in the budget, attach a copy of the indirect cost rate agreement. Federal regulations permit a non-federal entity that has never received a *negotiated indirect cost rate*, (except a governmental department or agency unit that receives more than \$35 million in direct federal funding) to charge a de minimis rate of 10 percent of modified total direct costs (MTDC) which may be used indefinitely. 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.