



Finalizing Your Project Budget

April 2, 2025



What rules & regulations do we follow?

Guiding Policies for Subaward Budgets

- EPA General Terms & Conditions (T&C)
- [2 CFR 200](#), & [2 CFR 1500](#), Uniform Admin Requirements, Cost Principles and Audit Requirements for Federal Awards
- [40 CFR 33](#), Disadvantaged Business Enterprises
- [Clean Air Act: Sec. 138](#)
- Specific Grant T&C





Ten Questions to Guide Your Budget Review

1. Is your budget complete?

Your budget template and budget narrative should include calculations for each expense and details on subrecipient or subcontractor expenses.

- For example, if personnel expenses are included, the budget should show the calculation of # of days x daily rate, or % FTE x annual salary.
- Or, if you include an estimate for a service contract, the budget should include a breakdown of how that estimate was calculated.

The budget narrative should include a description for how each expense is connected to your project.

2. Is your budget up-to-date?

If any costs have changed since you submitted your application submission, document the change.

- For example, if you fill a vacant position and have their final salary, you will need to update personnel and fringe costs.
- Or, if you included an estimate for contractor services, but the work has since been put out to bid, you can include the final costs.

NOTE: If an updated line item differs by more than 10% from the original proposed expense, the change must be approved by the Grantmaking Director.

3. Are expenses listed in the correct category?

Direct Costs

- Personnel (Salaries and Wages)
- Fringe Benefits
- Consultants (including Contractors)
- Travel and Transportation
- Equipment
- Other Direct Costs

Indirect Costs

Costs incurred to facilitate the general operations of your organization.

- Space costs
- Utilities
- Accounting services
- Human resource services, etc.

Personnel/Salaries

The personnel category includes only direct costs for salaries and wages for employees of your organization who will perform work directly for the project.

The following are **not** classified as personnel:

- Consultants
- Employees of subrecipients or subcontractors
- Compensation for program participants

Fringe Benefits

Fringe benefits are the allowances and services that a business provides to its employees as compensation in addition to regular salaries and wages.

They may include but are not limited to:

- Cost of leave
- Employee insurance
- Pensions and unemployment
- Annual bonuses

If you do not have an approved NICRA, but have included a Fringe percentage, then you will need to include the breakdown of the calculation in the budget narrative by benefit or category (i.e, Holiday/Sick/Vacation, health insurance, retirement, etc.)

Consultants

Contractual services that are to be carried out by an individual or organization other than the recipient.

A consultant is an individual who is **not an employee** of the organization but provides services under contract.

Consultants must be paid only for the hours that they work on the contract, and will not be compensated for more than eight hours of work per day, 5 days a week.

Consultant compensation is limited to the maximum daily rate for a Level IV on the [Executive Schedule](#), to be adjusted annually.

2025 Consultant Daily Rate Max:
\$191,900/260 days = \$738.07

Travel and Transportation

Employee trips that are **necessary** to perform work and are **integral** to the purpose of the proposed project activities



Costs may include but are not limited to:

- common carrier transportation fares
- lodging and taxes
- per diem
- rental vehicles
- mileage for personal vehicles

*Travel must comply with the [Fly America Act](#)

Equipment

Equipment is tangible, non-expendable, personal property with:

1. A useful life of more than one year and
2. A cost of more than \$10,000 per unit.



\$10,000 unit cost includes accessories and services necessary for equipment to operate

Other Direct Costs

The “Other” category includes only those types of direct costs that do not fit in any of the specific budget categories within direct costs (e.g., personnel, travel, equipment)

There are three common other direct costs:

- programmatic materials and supplies
 - translation and interpretation
 - printing and mailing
- rental/lease of equipment and meeting or conference facilities;
- participant support costs

Indirect Costs

Costs that are incurred for a common or joint purpose benefiting more than one cost object. They are allowable, allocable, and reasonable costs that benefit EPA assistance agreements.

Indirect costs include, but are not limited to:

- space costs
- utilities
- accounting services
- human resource services

4. Are all expenses allowable?

- Some expenses are never allowable under Federal awards (e.g. purchasing alcohol)
- Some expenses may not be allowable, depending on the circumstances (e.g. light refreshments)
- Whether expenses are direct or indirect may also depend on circumstances (e.g. leasing costs)

Unallowable Costs*



- Advertising/marketing (*excluding program-related community outreach*)
- Alcohol (*EPA funds cannot be used for events where alcohol is served, purchased, or otherwise available*)
- Entertainment Costs
- Events that take place after normal business hours (*unless approved by EPA – approvals must be submitted to JSI with your work plan. JSI will submit to EPA.*)
- Interest on borrowed funds
- Lobbying
- Litigation/Legal fees
- Management/Fiscal Sponsorship Fees
- Organized Fundraising

*This list is not exhaustive

EPA Specific Budgetary Considerations

Light Refreshments

Unless described in an approved workplan, light refreshments and/or meals require prior approval from EPA.

Approval requests should include:

- Budget & Description
 - (Purpose, Justification, Agenda, Location, Length, and Timing for the Event)
- Estimated number of participants and cost per person

Costs for light refreshments and meals for **staff meetings** and similar day-to-day activities are **not allowable**.

[EPA General Terms and Conditions, 2024](#)

5. Are all expenses directly linked to the execution of your project?

All expenses must be directly related to project activities.

- If a staff member is included as a personnel expense, that person must be working on the project.
- If you are purchasing equipment or other materials, they must be for use on the project
- Explicit grant management costs can be included (e.g. time to complete quarterly reports), but not general administrative expenses (e.g. organizational financial management)

6. Are all expenses reasonable and eligible for this grant program?

You must be able to demonstrate that expenses are **reasonable**, defined as:

- The cost, in its nature and amount, does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made.

They must be **eligible**, defined as:

- Permitted by statute, regulations, or program guidance.
- For example, eligible land acquisition expenses can't exceed 50% of the project budget.

7. Do you have details on how subrecipient costs were calculated, and what the scope of work will be?

If your budget includes **individual consultants, subrecipients, and/or service contractors**, your budget must include details on:

- Total subrecipient costs
- How those costs were calculated
- A summary of the scope of work

8. Did you provide details on the costs included in your fringe rate?

- If you have included a fringe rate in your budget, please be prepared to provide a breakdown of how that rate was calculated.
- If your fringe rate is part of your Negotiated Indirect Cost Rate Agreement (NICRA), please provide that documentation.

9. Have you calculated your Modified Total Direct Costs?

- Federal regulations require that some direct costs are excluded from your indirect calculation, such as construction materials.
- Additional guidance on making this calculation of Modified Total Direct costs (MTDC) can be found [here](#), in this resource from the Environmental Protection Network (EPN).
- EPN also offers an optional worksheet for calculating MTDC.

Modified Total Direct Costs

MODIFIED TOTAL DIRECT COSTS (MTDC) CALCULATION

MTDC means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$50,000 of each subaward.

MTDC does not include 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 \$50,000.

CATEGORY	INSTRUCTIONS TAB	TOTAL	INCLUDED	EXCLUDED
Salaries and Wages	1	\$0	\$0	\$0
Fringe Benefits	2	\$0	\$0	\$0
Travel	3	\$0	\$0	\$0
Project Materials or Supplies	4	\$0	\$0	\$0
Consultants/Contractual	5	\$0	\$0	\$0
Subaward 1 (up to the first 50,000 can be included)	6	\$0	\$0	\$0
Subaward 2 (up to the first 50,000 can be included)	6	\$0	\$0	\$0
Project Equipment	7	\$0	\$0	\$0
Construction or Capital Expenditures	8	\$0	\$0	\$0
Participant Support Costs (stipends, gift cards, internships)	9	\$0	\$0	\$0
Space/Rental Costs	10	\$0	\$0	\$0
Other Expenses (technology softwares, other)	11	\$0	\$0	\$0
TOTAL		\$0	\$0	\$0
		Total Direct Costs	MTDC	Excluded

10. Did you validate the percentage included for your indirect rate?

- If your organization has a Negotiated Indirect Cost Rate Agreement (NICRA), please ensure that you have provided documentation of that rate.
- If your organization **does not** have a current negotiated (including provisional) rate, may elect to charge a *de minimis* rate of 15% of modified total direct costs (MTDC). No documentation is required to justify the 15% de minimis indirect cost rate.

Oh wait...one more thing!

Double check your math.

- Make sure all formulas are calculating correctly
- Make sure that subtotals and totals for each section include all expenses in that section
- Check that after making any changes, your total requested amount does not exceed the total allowed for your project tier



Frequently Asked Questions

What if I have expenses that aren't finalized?

- You can include estimated expenses if needed.
- In your budget narrative, describe how you arrived at the estimate
 - Middle of the salary range for a posted position
 - Average bids from potential contractors
 - Costs from past projects
 - Cost research from multiple vendors
- If your actual expense differs from your estimate by more than 10%, you will need to request a budget modification.

What if I have already identified a service contractor?

- If the contractor for this scope of work was selected through a procurement process that aligns with federal guidelines and your organizational procurement policy, then you may not need to take additional procurement steps.
- If your contractor was not selected through a compliant procurement process, then a selection process must be put in place.

What if my project has more than one funder?

- Your budget should only include costs that will be billed to your Thriving Communities subaward.
- Once work on your project is underway, you will need systems in place to separately track expenses that will be billed to each funding source—for example, separate expense codes on timesheets.

Can I include any pre-award expenses?

No. Only expenses incurred after the execution date of your grant agreement can be reimbursed as part of this award.



What's Next?



Next Steps



Review your budget and narrative using these questions.



If you make updates, send them to your grant manager.



Meet with your grant manager and discuss any additional changes needed to finalize your budget.



Q&A