

INSTRUCTIONS FOR BUDGET PREPARATION

The proposed budget is one of the components considered in the proposal selection process. **The sub-recipient¹ must complete the Water Research Foundation (WRF) Research Project Budget Form and must prepare a Budget Narrative as defined in the program guidelines.** The **Budget Narrative** will be shared with WRF volunteers who will be reviewing the proposal. **For this reason, please DO NOT include individual salary information in the Budget Narrative.**

WRF will review each budget for cost allowability under federal cost principles. Principles governing the allowability of costs are contained in the Uniform Grants Guidance, 2 CFR 200 for non-commercial organizations and in 48 CFR 31.2 for commercial organizations.

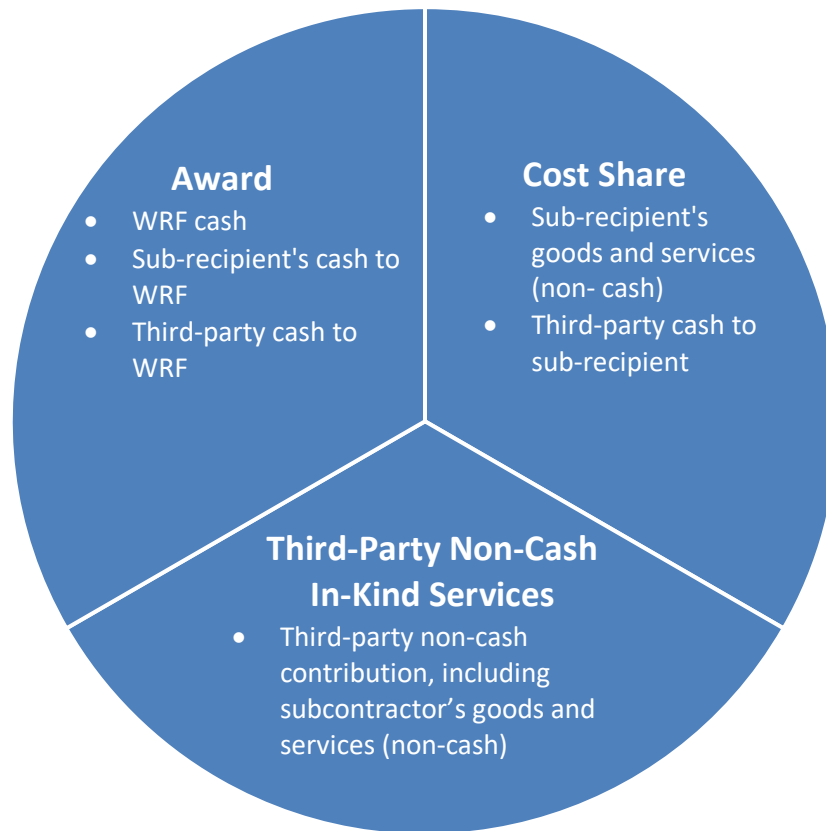
Definitions

1. **Award.** It is defined as the sum of all cash managed by WRF, including cash provided by WRF, sub-recipient's cash to WRF, and third-party cash to WRF.
2. **Cost-Share.** The portion of allowable costs that the sub-recipient or third-party participant contributes toward completing a WRF project. Cost share includes the sub-recipient's goods and services (non-cash) and third-party cash to the sub-recipient. All cost share must meet the requirements in 2 CFR Part 200.306.
3. **Third-Party Non-Cash In-Kind Services.** The value of non-cash contributions that a participant or subcontractor provides towards completing a WRF project. Third-party in-kind must be necessary and reasonable for proper and efficient accomplishment of a WRF project. All third-party in-kind contributions must meet the requirements in 2 CFR Part 200.306.
4. **Total Project Value.** Total project value is the total amount of funding provided to a project and is the sum of Award, Cost Share, and Non-Cash In-Kind Services.

See the following diagram to understand how all these funding sources work together to form the total project budget:

¹ The legal entity or organization with which WRF enters into a funding agreement to conduct a WRF research project.

Total Project Value



The **Budget Form** has the following tabs that need to be filled out to complete the form:

- Contribution Sources
- Budget Summary
 - A–B Personnel
 - C Equipment
 - D–E Supplies and Travel
 - F–G Subs and Other Direct Costs
 - H–J Indirect Cost, Fee, and Survey.

Reminders

1. Worksheets provide separate columns for *Award* and *Cost Share* of the estimated costs. Under *Award* and *Cost Share*, show the dollar value of each category's estimated costs that will be billed to WRF and provided as cost share by the sub-recipient, respectively.
2. The **Budget Form** requires that the sub-recipient break down labor costs by direct rate and fringe benefit, and separately account for any indirect costs applied to labor (see section H - Indirect Costs below. WRF cannot accept fully burdened labor rates in lieu of this detail.

Proposals that include fully burdened labor rates without providing the cost detail specified in the Budget Form will not be considered.

3. Do not include individual salary and wage information in the budget Narrative, as the budget narrative is shared with volunteer reviewers.

Contribution Sources

On this tab please enter the *Sub-recipient (organization name)*, *PI Name*, *Project Title*, *Preparation/Revision Date*, and *RFP/Project #*. This information will carry over to subsequent pages/worksheets. Also, on this page, identify the source and dollar value of the *Award*, *Cost Share*, and *Third-Party Non-Cash In-Kind Services* contributions. Sources are *WRF*, *Sub-recipient (including subcontract contributions)*, and *Third Parties* rows. Sub-recipients may only populate 'open' cells in those rows that are highlighted in yellow. This information should be entered after subsequent tabs are filled out, detailing broken-out expenses. If there is no budget discrepancy between the Contribution Sources tab and the Budget Summary tab, you will see the two "OK" words below the *RFP/project #* on the Budget Summary tab. ***If the Contribution Sources tab does not equal the broken-out costs on all Budget Form tabs, you will receive a warning not to submit until all forms balance.***

Third-party contributions (cash and/or in-kind) must be confirmed by letters of commitment. The letter of commitment must identify the type (e.g., cash, labor, materials, services, etc.), estimated dollar value of the contribution, and must be on letterhead signed by an authorized representative of the organization, or e-mail as long as the e-mail originates from an authorized representative and adheres to the requirements set forth above. Letters of commitment must be included with the proposal. **Third-party contributions will not be considered in the proposal selection process unless a letter of commitment is provided that includes the estimated contribution amount (not a range).**

If cash contributions are included, please indicate in the **Budget Form** and **Budget Narrative** whether WRF will be receiving the contributions directly from the contributing organizations. Sub-recipients should work directly with contributing organizations to decide where those contributions will be sent.

Budget Summary

This tab is automatically populated based on the information entered on tabs A–J.

Tabs A–J

- A. **Key Personnel**. Key personnel include the principal investigator (PI) and co-PIs who are employees of the sub-recipient's organization(s).

Under *Number of Hours*, enter the total number of hours that the employee will charge to the project during the period of performance. The PI and each co-PI must commit a reasonable and appropriate amount of time to the project, commensurate with the proposed scope of work.

Under *Direct Hourly Rate*, enter the actual, unburdened hourly wage that the employee is

paid. Although salary and wage rates are required on the Budget Form, **do not include individual salary and wage information in the Budget Narrative.**

Under *% Time Allocated to Project*, enter the percentage of time the employee will spend on the project during the period of performance, based on 2,080 working hours per year.

Fringe Benefit % of Direct Labor: If the sub-recipient's usual accounting practices provide that its contributions to employee benefits (social security, retirement, etc.) be treated as direct costs, enter the sub-recipient's fringe benefit rates for each employee. The basis for fringe rates should be discussed in the **Budget Narrative**.

- B. Other Personnel. Other personnel include project personnel other than the PI and co-PIs, who are employees of the sub-recipient's organization. Similar to key personnel, please enter the number of hours, direct hourly rate, % time allocated to the project, and fringe benefits for other personnel.
- C. Equipment Rental and Special Equipment Purchase. Capability to perform the project with existing facilities and equipment is assumed.

Lease or rental of equipment needed solely for use on the project is considered on a case-by-case basis. Under *Equipment Rental*, provide a description and cost for each proposed item of rental equipment with a total rental cost of more than \$1,000.

Rental equipment costing less than \$1,000 should be included in Other Direct Costs. The **Budget Narrative** must provide the following information for each item of rented equipment: vendor, model number, quantity, length of rental, unit cost (e.g., hour, day, week), and description of the use or application.

Purchase of special-purpose equipment solely for use on the project and not available by other means (e.g., lease or rental) is considered on a case-by-case basis. Under *Special Equipment*, provide a description and cost for each proposed item of special purpose equipment with a total cost of more than \$10,000. Special equipment costing less than \$10,000 should be included in G. Other Direct Costs. The **Budget Narrative** must provide the following information for each item of special equipment: vendor, model number, source of cost (e.g., quote, catalog), competing quotes or sole source justification, and description of the use or application.

- D. Materials and Supplies. Materials and supplies include expendable or consumable items that are used in direct support of the project. Indicate the general types/categories of materials and supplies to be used on the project (e.g., office supplies, laboratory supplies, sample collection materials) and their estimated costs.
- E. Travel. Enter total estimated costs of project-related domestic travel (including U.S. possessions) and international travel by the sub-recipient's employees. Only sub-recipient employee travel that is directly related to the project (e.g., field work, attendance at

meetings and conferences) should be included. Attendance at meetings and conferences must demonstrably benefit the research team's ability to perform the project or disseminate its results. Allowable travel costs include airfare, ground transportation, and subsistence (meals, lodging, and incidentals). Travel costs must be detailed in the **Budget Narrative**, including individuals, destinations, basis for estimated costs, and purpose for travel. Note: Travel by U.S.-based sub-recipients outside the United States (including U.S. possessions) may require prior approval for each instance.

Project-related travel by individuals other than the sub-recipient's employees (e.g., invited participants to project-related workshops) should be included in G. Other Direct Costs.

- F. Subcontractors. List each subcontractor on the research team and the total value of each subcontract. The **Budget Narrative** must summarize the project roles and responsibilities for each subcontractor and provide a cost breakdown for each subcontractor by the following categories: Labor, Equipment, Materials and Supplies, Travel, and Other Direct Costs.
- G. Other Direct Costs. Any other direct costs not specified in Sections A–F of the WRF Research Project **Budget Form** should be entered here. Such costs must be detailed and justified in the **Budget Narrative**.
- H. Indirect Costs. **WRF has adopted a policy establishing a 15% ceiling on authorized indirect cost rates for purposes of reimbursement, irrespective of the base of application.** Please ensure the indirect cost rate contained in your budget and used to calculate your requested indirect cost recovery does not exceed this cap. Proposals that exceed this rate may not be considered for funding.

Under *Cost Category*, indicate the direct cost category or categories (e.g., labor, equipment, subcontracts) to which the indirect rate applies. These cost categories – in the aggregate – are referred to as the “base of application.” The base of application must be consistent with the base contained in your organization's indirect cost documentation. For example, if your organization has a current, active Negotiated Indirect Cost Rate Agreement (NICRA) and the NICRA states your indirect cost rate is to be applied to a base of “Direct Salaries, Wages, and Fringe Benefits,” then you would list both Personnel/Labor and Fringe Benefits under *Cost Category* and multiply the indirect cost rate in the NICRA (up to 15%) by the sum of budgeted labor and fringe benefit costs.

Under *Base \$*, provide the total direct costs to the project for each cost category (these should match the respective totals in the preceding sections of the **Budget Form**).

- I. Fee. Provide the amount of the fee (profit) associated with the project, if applicable. **The fee shall not exceed fifteen percent (15%) of the estimated project cost.** Note: If the project your organization is applying to is funded by a U.S. government grant or cooperative agreement, then profit is prohibited for all recipients and subrecipients irrespective of organization type.

- J. Survey. The U.S. government's Paperwork Reduction Act of 1995 (PRA) establishes conditions on the use of federal funds for conducting information collection activities (e.g., surveys). Under the PRA, an information collection activity is defined as obtaining facts or opinions from ten or more people by the use of standard questions presented in forms, telephone or personal interviews, the internet, requests for narrative responses to questions, or almost any other means. Typical WRF project activities that meet this broad definition include mail surveys, telephone surveys, email or web-based surveys, and face-to-face meetings (e.g., workshops) that aim to obtain information from 10 or more water utility employees and/or other drinking water professionals. WRF has determined that the most expeditious way to comply with PRA requirements is to use non-federal funds for information collection activities on projects that are otherwise federally funded. It is therefore necessary for sub-recipients and their subcontractors to separately budget, track, and invoice all costs associated with information collection activities.

If the sub-recipient's proposed scope of work includes surveys or similar information collection activities that fall under the provisions of the PRA, provide the total estimated cost for these activities, including labor, travel, materials, equipment, and supplies. The costs (excluding individual salary and wage rates) should be explained fully in the **Budget Narrative**.