

Form SF-424A or C, Budget Information.

Look closely at each individual budget cost element in Form SF-424A or C. Supplement the Form SF-424A or C with an additional detailed cost breakdown supporting each of the budget cost elements. Ensure that both the Form SF-424A or C and the detailed cost breakdown supporting it are reconciled. For review of each, consider the following:

PERSONNEL AND FRINGE BENEFITS. Ensure that the proposed rates for various personnel are reasonable based on local wages paid for the work being performed. Easy comparison data at hand may be historical contract prices, local Department of Labor wage rate determinations, and government rates for similar work. Obtain these from other program personnel in the office, such as procurement, fiscal, or personnel, or the latest audit performed by the cognizant audit agency. Identify whether the labor rate already includes fringe benefits or if it has been the applicant's consistent practice to separate out a labor rate burden.

TRAVEL. Breakout the estimated travel costs in enough detail to determine reasonableness, for example, subsistence and airfare costs. Ensure that the level and location of travel is appropriate for the level of work projected (necessity).

EQUIPMENT. Equipment, at a minimum, consists of nonexpendable personal property valued at over \$5000 per unit and has a useful life of 2 years (such as computer terminals, automobiles, and desks). Equipment should be clearly needed for the project. The organization should consider purchasing equipment with their own funds because if Forest Service funds are used to purchase equipment, proper tracking and disposition procedures must be maintained by the applicant, making the close-out of grants and cooperative agreements more cumbersome. Leasing of equipment should be considered, especially if the grant or cooperative agreement performance period is not long enough to amortize the total cost of the equipment. A better alternative may be for the applicant to purchase equipment with their own funds as a part of their contribution and redistribute requested funds to other cost elements (if appropriate and justified).

SUPPLIES. Supplies consist of expendable items of low value that are consumed in performing the project (such as paper and pencils). Ensure that the level and cost of supplies proposed are reasonable and justified.

SUBGRANTS OR SUBCONTRACTS. Check to see if subgranting or subcontracting is proposed. Provide detailed costs for these and ensure they are reasonable, allocable, and allowable. If subgrantees/subcontractors have been proposed but not selected by the applicant, consider including a requirement in the grant or cooperative agreement award letter for Forest Service approval of them prior to the applicant awarding them.

CONSTRUCTION. If costs are included in this element, ensure the provisions of the Forest Service statute under which the grant or cooperative agreement can be issued allows it, as it is not common for statutes to include the building of other's structures. If federal funds are to be used to reimburse the costs of construction, Davis-Bacon wage rates may be applicable, if specifically stated in the statute. Since construction costs are uncommon, consider contacting personnel in the unit fiscal office or the Washington Office, Director of Procurement and Property for support, verification, and guidance.

OTHER COSTS. Take a close look at any costs placed in the "other" category. Ensure they are detailed and clearly identified. Ensure the costs are explained appropriately, and are necessary and properly allocated to the proposed grant or cooperative agreement.

INDIRECT CHARGES. If applicants request reimbursement of their indirect costs, ensure they are (a) supported (in writing) by an indirect cost rate determination issued by the cognizant audit agency, when applicable and (b) legal to pay. Ensure the applicant provides the written indirect cost rate determination with their application. If it is missing, contact the applicant for a copy. Not all applicants are assigned a cognizant audit agency. In this case, written documentation of past historical actual indirect cost rates should be supplied with the application. A reasonable indirect cost rate can then be negotiated between the Forest Service and applicant on a one-time basis. Do not make any negotiated rate binding on future grants and cooperative agreements.

Indirect cost rates and tuition remission may be reimbursed to all applicants under grants. Indirect cost rates and tuition remission may not be reimbursed for State Cooperative Institutions under cooperative agreements. However, it should be noted that indirect costs may be used by State Cooperative Institutions to satisfy matching or cost-sharing requirements. While it is true that indirect costs are a valid expense, these elements of cost are always negotiable; the Forest Service does not have to reimburse indirect costs if it is not in the best interest of Forest Service programs.

PROGRAM INCOME. Program income is the gross revenue generated by a grant or cooperative agreement supported activity between the effective date of the award and the date of final expenditure report. Program income can be made by recipients from fees charged for conference or workshop attendance, from rental fees earned from renting out real property or equipment acquired with grant or cooperative agreement funds, or from the sale of commodities or items developed under the grant or cooperative agreement. Do not consider interest earned by the recipient on funds advanced by the Forest Service as program income. Interest must be paid back to the Forest Service via a check, unless the recipient is a State and thus exempted by Federal statute. Consider the type of project proposed. If the project appears to be one where fees might be charged, such as supporting conferences or workshops, verify whether or not fees are going to be charged. If program income is generated, reflect this on Form SF-424 and Form SF-424A. Document the agreed-upon method of using program income in the award letter. Stipulate the Deductive Alternative described in Title 7, Code of Federal Regulations, section 3019 (7 CFR 3019). Any other alternative must be approved by the Washington Office, Director of Procurement and Property (FSM 1580.3).

These cost elements deal primarily with non-construction projects. If the application is a construction project (using Form SF-424C), perform the same type of cost analysis. A construction project involves a few different requirements, such as Davis-Bacon wage rates if stipulated under the statute, specific subcontract approvals and subcontract clauses (EEO), Department of Labor notifications, and so forth.