

Objective:

Final detailed budgets and workplans will need to be approved before the condition on drawdown is removed on Solar for All awards.

For Solar for All, the recipient will submit a revised version of the [SF-424A](#), budget narrative and other budget related documents that are consistent with the Approved Budget in the Award Document, within 90 days of award. Final detailed budgets and workplans will need to be approved, before the condition on drawdown is removed on Solar for All awards. In situations in which changes to a recipient's budget are necessary due to mis-categorization or otherwise, EPA's Project Officers and Grant Specialists will work with the recipient to document revisions to budgets.

This document is intended to provide Solar for All applicants a high-level overview of how costs should be detailed and categorized and highlight allowability issues to reduce required budget revisions. This includes information from EPA's training on [How to Develop a Budget](#), [Interim General Budget Development Guidance for Applicants and Recipients of EPA Financial Assistance](#) and Solar for All program specific requirements. This summary is **not** comprehensive, and applicants should refer to the Guidance documents referenced below for more detailed information on particular budget items, and further information or clarification may be required during workplan and budget review. In the event of a conflict between content in this overview document and official statutes, regulations, or EPA guidance, the policies and procedures outlined in official statutes, regulations, and EPA guidance take precedence. Note that this document is being provided to give applicants an opportunity to begin budget revisions in advance of award.

Keep in mind that there may be updates to this budget overview in the future and EPA Project Officers cannot give final approval on budget. Please make sure to use the most recent version.

EPA Policy and Guidance

- [EPA's Budget Development Guidance Document](#)
- [EPA's Guidance on Selected Items of Cost for Recipients](#)
- [EPA Best Practice Guide for Procuring Services, Supplies, and Equipment Under EPA Assistance Agreements](#)
- [EPA's Participant Support Cost Guidance](#)
- [Subaward Policy](#)
- [EPA Subaward Policy Frequent Questions](#)
- [Subaward Policy Additional Resources](#)
- [GPI 12-06 \(Pre-Award Budget Considerations for States\)](#)
- [GPI 13-02 \(Pre-Award Budget considerations for Tribes\)](#)

Code of Federal Regulations

- [Uniform Grant Guidance \(UGG\)](#)
- [Cost Principles: 2 CFR Part 200 Subpart E Cost Principles](#)
- [Program Income: 2 CFR 200.307](#)
- [Reasonable Costs: 2 CFR 200.404](#)
- [Allocable Costs: 2 CFR 200.405](#)
- [Prior EPA Approval: 2 CFR 200.407](#)
- [Program Income: 2 CFR 1500.8](#)
- [Budget Revisions: 2 CFR 1500.9](#)

1. Sufficient Detail

	Budget Priorities to Review
General	<ul style="list-style-type: none"> • Provide whole dollars only throughout budget detail, no cents. For example: use "\$50,450." Do not use "\$50,450.38." <ul style="list-style-type: none"> ◦ Spreadsheet tools used to develop a budget (e.g., Microsoft Excel) may round cents to the nearest dollar • Confirm the total of the budget line items equals the award amount • Confirm that the budget category totals equals the total of the budget lines in that category • Confirm that the budget category totals are the same across the detailed budget table, workplan budget narrative, and SF-424A • All items included in your budget table must be supported in the workplan budget narrative. The budget narrative should explain how the costs associated with each category relate to the implementation of the work plan and the achievement of grant goals.
Personnel	<p>Only direct costs for the salaries, wages and allowable incentive compensation of employees of the recipient organization who will perform work directly for the project. Employees receive W-2 forms for Federal tax purposes.</p> <p><u>Budget Detail Table Should Include:</u></p> <ul style="list-style-type: none"> • Staff position/ Personnel category type by FTE • Annual salary or other rate, such as hourly rate • Number of personnel proposed for each position • Time each employee will devote to the EPA- funded project (% FTE) <p><u>Workplan Budget Narrative Should Include</u></p> <ul style="list-style-type: none"> • Describe items included in your budget table under the 'Personnel' category, and explain how the costs relate to the implementation of the work plan and the achievement of grant goals • Description of any year over year changes in staffing <p>Budget Narrative: Information needed for specific scenarios</p> <ul style="list-style-type: none"> • If no annual salary adjustments are budgeted, confirm this is intentional for year over year budget • If no personnel costs are identified in the budget, provide a written explanation of how the award will be managed in the absence of charges for personnel costs. The recipient remains responsible for reporting, overseeing any contracts (including consultant contracts), or subawards entered into under the assistance agreement and for managing any equipment and supplies which are acquired or leased. • If interns are budgeted, clarify whether interns are staff (i.e. do they receive W-2s?) <p><u>Example of what would be expected in budget table:</u> 1 Program Manager 50% FTE @ \$78,342/year = \$39,172 // 3 Program Coordinator II 100% FTE @ \$64,885/year</p>
Fringe	<p>Allowances and services provided by employers to their employees, such as: the cost of leave, employee insurance, pensions, unemployment benefit plans.</p> <p><u>Budget Detail Table Should Include:</u></p>

	<ul style="list-style-type: none"> Identify the recipient's fringe benefit rate (e.g. Identify the percentage used) <p><u>Workplan Budget Narrative Should Include</u></p> <ul style="list-style-type: none"> Identify the recipient's fringe benefit rate Basis for its computation (e.g. 'Personnel cost') Types of fringe benefits included in the fringe benefit rate If the applicant does not have a fringe benefit rate but intends to charge the EPA agreement for fringe benefits, the recipient should provide an estimate based on their most recent actual fringe benefit rates. The budget detail narrative should provide an explanation of the basis for the estimate and show the calculations. <p>Budget Narrative: Information needed for specific scenarios</p> <ul style="list-style-type: none"> If fringe rate does not include the cost of leave, recipient should explain how it intends to charge the costs of leave to the agreement If applicant does not specify an amount for fringe benefits, applicant should verify in the budget narrative that they do not intend to charge any fringe benefit costs to the agreement <p>Example of what would be expected in budget table: Personnel costs @ 22% (based on % of time allocable to agreement in 'Personnel' budget category)</p>
Travel	<p>Only trips of recipient employees that are necessary to perform the EPA agreement. Travel must be integral to the purpose of the proposed project (e.g., inspections) or related to proposed project activities (e.g., attendance at meetings).</p> <p><u>Budget Detail Table Should Include:</u></p> <ul style="list-style-type: none"> For each planned trip: Include a budget line with the purpose and total estimated costs per trip. Additional details below should be included in the budget narrative. <p><u>Workplan Budget Narrative Should Include:</u></p> <ul style="list-style-type: none"> Describe items included in your budget table under the 'Travel' category, and explain how the costs relate to the implementation of the work plan and the achievement of grant goals Estimated number of trips For each trip: <ul style="list-style-type: none"> Estimated number of travelers Planned destination of travel Purpose of travel Estimated Per Trip Costs: Transportation/mileage expenses, Lodging, Per diem (and number of days) <ul style="list-style-type: none"> Ongoing routine travel for site visits/inspections and similar activities as well as local travel may be combined into a single amount <p>Example of what would be expected in budget table: In state travel - Outreach and Engagement: meetings with local government, utilities, community-based organizations, and tribal nations: \$10,000</p> <p>Example of what would be expected in budget narrative:</p>

	<ul style="list-style-type: none"> Local Mileage - 4 trips averaging 2 days of travel for 2 people averaging 250 miles per trip @ 65.5 cents/mile Lodging - \$250 per person per night for two estimated overnight stays Per diem - \$36 per person per day in travel status
Equipment	<p>Tangible, non-expendable, personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. Recipients may establish a lower dollar threshold or different definition of equipment through their own written property management policies as long as the thresholds and definitions are consistent with 2 CFR 200.1.</p> <p><u>Budget Detail Table Should Include:</u></p> <ul style="list-style-type: none"> Each item to be purchased which has an estimated acquisition cost of \$5,000 or more per unit and a useful life of more than one year Type of equipment <ul style="list-style-type: none"> Note: Recipients should not specify brands of equipment, unless applicable procurement procedures have been followed to identify the most cost-effective brand Cost of equipment <p><u>Workplan Budget Narrative Should Include:</u></p> <ul style="list-style-type: none"> Provide itemized listing all equipment proposed in your budget table under the 'Equipment' category, and explain how the costs relate to the implementation of the work plan and the achievement of grant goals For each item of equipment: <ul style="list-style-type: none"> Brief narrative on the intended use and why it is necessary for the project. For existing programs, clarify if these equipment are currently available. Description of whether options other than purchase were considered, such as leasing, renting, or loan of government property Procedures the recipient will use to acquire the equipment <p>Budget Narrative: Information needed for specific scenarios</p> <ul style="list-style-type: none"> If the recipient's itemized list of equipment identifies unit costs of less than \$5,000, recipients should indicate in the budget description if their organization has written property management policies that define a threshold for equipment costs that is lower than \$5,000 For non-state applicants: Confirm that cost price analysis requirements for equipment purchases will be conducted If installation costs are included in the equipment costs, labor expenses shall be itemized with the detailed number of hours charged and the hourly wage Budget narratives that identify a brand name for the equipment should include a description of the procurement procedures followed to select the brand of equipment <p>Example of what would be expected in budget table: 2 Mechanical Trenching Tool @ \$5,250/unit = \$10,500</p>
Supplies	<p>Tangible personal property other than equipment with a per item acquisition cost of less than \$5,000, that will be purchased to support the project. This includes laptops, personal computers, tablet and cell phones with a per item acquisition cost of less than \$5,000 unless the recipient's written property management systems policies classify these items differently.</p> <p><u>Budget Detail Table Should Include:</u></p> <ul style="list-style-type: none"> Categories of supplies to be procured, for example:

	<ul style="list-style-type: none"> ○ monitoring equipment ○ office supplies ○ computing devices ● Provide estimated cost by category ● Identify supply items and their estimated cost, then add up the supply costs to calculate the total <p><u>Workplan Budget Narrative Should Include:</u></p> <ul style="list-style-type: none"> ● Describe items included in your budget table under the ‘Supplies’ category, and explain how the costs are necessary for the project workplan and to achieve grant goals ● Describe the procedures the recipient will use to acquire supplies <p><u>Example of what would be expected in budget table:</u> Laptop/Laptop Accessories (monitors, dock, keyboard and mouse) for personnel @ \$1,500 each</p>
Contractual	<p>Contractual services (including consultant services) are those services to be carried out by an individual or organization, other than the recipient, in the form of a procurement relationship. For Solar for All, states follow the same procurement statutes, policies, and procedures for Federal financial assistance funds as they do for state funds.</p> <p><u>Budget Detail Table Should Include:</u></p> <ul style="list-style-type: none"> ● For each proposed contract <ul style="list-style-type: none"> ○ Type of Contract ○ Estimated cost ● For consultants, identify the consultant type, rate per hour and number of hours that the consultant will work (If the consultants’ hourly rates are more than the compensation cap, you may only charge the grant up to the compensation cap amount) ● For event costs included under contractual, include breakdown (e.g. speaker fee, audio-visual services, refreshments) <p><u>Workplan Budget Narrative Should Include:</u></p> <ul style="list-style-type: none"> ● Describe activities included in your budget table under the ‘Contract’ category, and explain how the costs relate to the implementation of the work plan and the achievement of grant goals, and are appropriate for the project ● List the proposed contract activities, along with: <ul style="list-style-type: none"> ○ Description of the scope of work or services to be provided ○ Duration ○ Procurement method (for non-state applicants, specify competitive or non-competitive) <p><u>Budget Narrative: Information needed for specific scenarios:</u></p> <ul style="list-style-type: none"> ● For non-state applicants, if there is a named contractor or consultant: Describe the competitive process followed to select the contractor and demonstrate how securing the contractor’s services will meet the competition requirements in 2 CFR 200.319 and 2 CFR 200.320. ● For unnamed contractors: Applicant should indicate what experience or expertise they intend to contract for to meet the objectives of the grant project <p><u>Example of what would be expected in budget table:</u> Legal Consultant: \$75/hr*100 hours= \$7,500 Training Event Contracts (Speaker Fees @ \$1,500, Audio-visual services @ \$700, Refreshments@ \$1,000) = \$3,200</p>

Construction	<p>EPA's Small and Disadvantaged Business rule at 40 CFR 33.103 defines construction as “ . . . erection, alteration, or repair (including dredging, excavating, and painting) of buildings, structures, or other improvements to real property, and activities in response to a release or a threat of a release of a hazardous substance into the environment, or activities to prevent the introduction of a hazardous substance into a water supply.” Construction costs may include: building or repairing facilities and related demolition and site preparation work or for remediating contamination.</p> <p><u>Budget Detail Table Should Include:</u></p> <ul style="list-style-type: none"> • Budget lines for planned constructions costs <p><u>Workplan Budget Narrative Should Include:</u></p> <ul style="list-style-type: none"> • List of planned construction contracts included in your budget table under the ‘Contract’ category • Brief description of the scope of work or services to be provided, and explain how the costs relate to the implementation of the work plan and the achievement of grant goals • Planned duration • Planned procurement method (For non-state applicants, competitive or non-competitive) • Construction cost method should be included (The cost plus percentage of construction cost method of contracting is prohibited by 2 CFR 200.324(d)) <p>Budget Narrative: Information needed for specific scenarios:</p> <ul style="list-style-type: none"> • If the construction project exceeds \$250,000, the budget narrative should include a note that recipients will comply with the ‘Signage Requirements’ term and condition • If recipient personnel or equipment are to be used to perform eligible construction project work (e.g. engineering, inspection, waste removal) under force account, the recipient’s budget narrative should demonstrate that recipient personnel have the necessary competence to do the work
Other	<p>Must include only those types of direct costs that do not fit in any of the specific budget categories, this includes subawards, participant support costs, and rental/lease of equipment, office space, and meeting or conference facilities (e.g. space rented for a conference, training course, community meeting or temporary use of a laboratory). Note: Specific information is needed for subawards and participant support costs, see detailed information below.</p> <p><u>Budget Detail Table Should Include:</u></p> <ul style="list-style-type: none"> • Proposed ‘Other’ costs by line item and characterized appropriately (e.g. Printing services \$5k, etc.) • The portion of the award (\$400,000) provided as In-Kind Assistance from DOE should be under the ‘Other’ budget category as one budget line <p><u>Workplan Budget Narrative Should Include:</u></p> <ul style="list-style-type: none"> • Budget justification by line item, including the proposed cost • Describe items included in your budget table under the ‘Other’ category, and explain how the costs relate to the implementation of the work plan and the achievement of grant goals • See more detailed requirements for subawards and participant support costs below. <p>Budget Narrative: Information needed for specific scenarios:</p> <ul style="list-style-type: none"> • Rental/Lease: Rental costs for a recipient’s “main office” are typically included in the indirect cost pool. If rental costs for a recipient office are included, recipient should provide a description of how these are not included in the indirect rates, and how they are reasonable and fully or

	<p>partially allocable to the agreement. If the rental costs are only partially allocable to Solar for All, the recipient should provide an appropriate allocation methodology to distribute these costs among all appropriate funding sources.</p>
Other-Subaward	<p>Subaward: An award of financial assistance (money or property) as “an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity.” This term does not include procurement purchases, technical assistance in the form of services instead of money, or other assistance in the form of revenue sharing. Since subawards may come in other forms (i.e., loans), the term “subgrant” denotes a subaward in the form of a grant.</p> <p><u>Budget Detail Table Should Include:</u></p> <ul style="list-style-type: none"> • The aggregate amount proposed for subawards as a separate line item in the “Other” category ○ Recipients must provide separate line items for amounts estimated for subawards to non-end user borrowers and subawards to other subrecipients <p>SFA Specific Detail Requirements</p> <ul style="list-style-type: none"> - Subawards to For-Profit Entities: Recipients should specify if any subawards are to for-profit entities, and confirm in writing that these will meet the ‘subawards to for-profit entities’ term and condition. If they do not meet these requirements, they are not an eligible subaward. - Subawards as Part of Revolving Loan Funds: Recipients should specify which subawards are provided as part of a revolving loan fund and will follow the ‘I. Subawards as Part of Revolving Loan Funds’ term and condition in lieu of those specified in the Establishing and Managing Subawards General Term and Condition. The guidelines must be approved by the EPA Project Officer prior to drawing down funds. <ul style="list-style-type: none"> ○ In the budget narrative, or in another document, recipient must provide the following information: (a) describe the activities that will be supported by the subawards; (b) specify the range of funding to be provided through the subawards; (c) identify which types of entities (i.e., governmental, non-profit, for-profit) will receive the subawards; and (d) specify how the subrecipients are eligible subrecipients in accordance with EPA’s Subaward Policy. Additionally, if a recipient plans to subaward to a for-profit entity the recipient’s response to (d) must specifically describe how the for-profit subrecipient will only receive reimbursement for their actual direct or approved indirect costs such that the subrecipient does not “profit” from the transaction. - Unnamed Subaward: When the subrecipient is not named in the EPA-approved Solar for All Workplan, the recipient agrees to provide written guidelines that must be approved by the EPA Project Officer. The recipient is precluded from drawing down funds for subawards not named in the application until the EPA Project Officer provides written confirmation of the guidelines. These guidelines must: (a) describe the activities that will be supported by the subawards; (b) specify the range of funding to be provided through the subawards; (c) identify which types of entities (i.e., governmental, non-profit, for-profit) will receive the subawards; and (d) specify how the subrecipients are eligible subrecipients in accordance with EPA’s Subaward Policy, and specifically how the subrecipients will comply with the requirement that the subrecipient recipient must only receive reimbursement for their actual direct or approved indirect costs such that they do not “profit” from the transaction <p><u>Workplan Budget Narrative Should Include:</u></p> <ul style="list-style-type: none"> • Applicants must provide for each planned subaward: <ul style="list-style-type: none"> ○ A description of the types of activities to be supported ○ The amount for each subaward ○ Who the subawardee is, if available, and entity type (i.e., governmental, non-profit, for-profit) ○ Whether the subaward will be provided as part of a Revolving Loan fund

	<ul style="list-style-type: none"> ○ Duration of subaward (e.g. Y1-5) • Recipient should confirm whether they “have adequate systems in place for complying with: 1) 2 CFR 200.331, the subrecipient eligibility provisions of EPA’s National Term and Condition for Subawards, and any program specific restrictions on subrecipient eligibility. 2) 2 CFR 200.332, Requirements for pass-through entities, as described in EPA’s National Term and Condition for Subawards. A template for a subaward agreement that meets the requirements of 2 CFR 200.332(a) is available at Appendix D of EPA’s Subaward Policy (GPI-16-01). <p>Example of what would be expected in budget table:</p> <ul style="list-style-type: none"> - ‘Subaward- subgrant- OrganizationName’ - \$ - ‘Subaward- loan- OrganizationName’ - \$
Other-Participant Support Costs	<p>Participant Support Costs should be included as a line item under the ‘Other’ direct cost budget category. Participant Support Costs include direct costs for items such as stipends or subsistence allowances, travel allowances and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences or training projects and subsidies, rebates and other payments to program beneficiaries to encourage participation in statutorily authorized environmental stewardship programs. Participant support costs are allowable with prior EPA approval as provided at 2 CFR 200.456. EPA has issued detailed Guidance on Participant Support Costs. In the Solar for All program, participant support costs are primarily a form of financial assistance, including loans, to projects which enable low-income and disadvantaged communities to deploy or benefit from zero-emissions technologies.</p> <p><u>Budget detail must include:</u></p> <ul style="list-style-type: none"> • Participant support costs and the amount proposed should be listed broken out as separate line items under ‘Other’ in the budget detail and the aggregate amount of participant support costs proposed should be included as a line item in the SF-424A <p><u>Workplan Budget Narrative Should Include:</u></p> <ul style="list-style-type: none"> • Further explanation of each participant support cost proposed should be included in the budget narrative, and should explain who the PSC will be given to, and if applicable, cost per participant • Recipients must specify the amount of travel assistance they intend to provide program participants and explain the purpose of the trips the program participants will take, along with planned destinations <p>Budget Narrative: Information needed for specific scenarios:</p> <ul style="list-style-type: none"> • If a recipient establishes an advisory council that provides advice solely on an EPA funded activity: The scope of work and related budget narrative must describe the advisory council’s membership, functions, and costs and explain why the advisory council is necessary to carry out the EPA funded project <p>SFA Specific Detail Requirements</p> <ul style="list-style-type: none"> - Participant Support Costs: The recipient is precluded from drawing down funds for participant support costs until the EPA Project Officer provides written confirmation of the guidelines. These guidelines must: (a) describe the activities that will be supported by the participant support costs; (b) specify the range of funding to be provided through the participant support costs; (c) identify which types of entities will have title to equipment (if any) purchased with a rebate or subsidy; (d) establish source documentation requirements (e.g., invoices) for accounting records; and (e) describe purchasing controls to ensure that the amount of the participant support cost is determined in a commercially reasonable manner as required by 2 CFR 200.404.

	<p><u>Example of what would be expected in budget table:</u></p> <ul style="list-style-type: none"> • Label as 'PSC- Name1' • Label as 'PSC- Name2'
Indirect Costs	<p>Costs incurred for a common or joint purpose benefiting more than one cost objective (e.g. Costs that benefit EPA assistance agreements as well as other activities the recipient carries out that may or may not be Federally funded). Organizations are not required to have an indirect cost rate. But if budget includes indirect costs, prior to drawing them down, recipients must have an approved rate, or an exception granted by EPA, and have an EPA approved budget that includes indirect costs.</p> <p><u>Budget detail must include:</u></p> <ul style="list-style-type: none"> • Amount for indirect costs • Calculation for indirect costs, including indirect cost rate (%) and base <ul style="list-style-type: none"> ○ Three Common bases for direct costs are: <ul style="list-style-type: none"> ▪ Personnel Salary Costs, where Indirect Cost Charges = Indirect Rate * Personnel Salary Costs. ▪ Personnel Salary Costs and Fringe Benefits, where Indirect Cost Charges = Indirect Rate * Personnel Salary & Fringe Benefits Costs. ▪ Modified Total Direct Costs (MTDC), where Indirect Cost Charges = Indirect Rate * MTDC. ○ Note: Recipients should include their approved base in the calculation. Applicants using the de minimis rate of 10% should charge a de minimis rate of 10% of modified total direct costs (MTDC) <p><u>Workplan Budget Narrative Should Include:</u></p> <ul style="list-style-type: none"> • Indirect costs requested • The indirect cost rate and base <p>Budget Narrative: Information needed for specific scenarios:</p> <ul style="list-style-type: none"> • If using the MTDC base: Recipients must ensure that participant support costs or other items that are excluded from MTDC are properly accounted for when describing how IDCs are distributed • If not using de minimis rate: Attach a signed agreement with cognizant agency. No documentation is required to justify the 10% de minimis indirect cost rate. <p><u>Example of what would be expected in budget table:</u></p> <p>\$266,000 (MTDC) * 0.10 (de minimis 10% Indirect Cost Rate) = \$26,000 Total Indirect Costs</p> <p>MTDC includes salaries and wages, applicable fringe benefits, materials and supplies, services, travel and \$25,000 per subaward</p>

2. Examples of Category Expenses and Costs to Recategorize

	Budget Priorities to Review
Personnel	<p>Personnel costs do not include:</p> <ul style="list-style-type: none"> Costs for services of contractors (including consultants), which are included in the “Contractual” category Costs for employees of subrecipients, which are included in the “Other” category in the line item for subawards Program participants who are not employees but may be paid via a stipend (such as interns) which are included under “Other” Volunteers contributing time as cost-share, which are included under “Other” Effort that is not directly in support of the proposed project, which may be covered by the organization’s negotiated indirect cost rate Compensation for program participants (e.g. stipends or other allowances) such as interns and fellows (other than individual fellowships under 40 CFR Part 46) who are not employees of the recipient organization are participant support costs and must be classified as “Other”
Travel	<p>Travel costs do not include:</p> <ul style="list-style-type: none"> Costs for travel of contractors (including consultants), which are included in the “Contractual” category; Travel costs for employees of subrecipients under subawards and non-employee program participants (e.g., trainees), which are included in the “Other” category, under the line items for ‘Subawards’ and ‘Participant Support Costs’ Bus rentals for group trips, which would be covered under the contractual category.(Frequent mistake – ‘Travel’ doesn't include renting of buses/vans for employees that are not in travel status) <ul style="list-style-type: none"> Costs for transportation services (e.g., a bus and driver) for local or long-distance travel are classified as contractual Costs for renting vans for local transportation (i.e., the employee renting the van is not in travel status) without the services of a driver should be classified as “Other”
Equipment	<p>Example: includes accessories and services included with the purchase price necessary for the equipment to be operational.</p> <p>Equipment costs do not include:</p> <ul style="list-style-type: none"> Equipment planned to be leased or rented, including lease/purchase agreement. These types of proposed costs should be included in the “Other” category. Equipment service or maintenance contracts that are not included in the purchase price for the equipment. These types of costs should be included in the “Contractual” category. Tangible personal property with a unit cost of less than \$5,000 should be categorized as supplies, unless the applicant’s written property management systems establish a lower threshold Intangible property: which means that it is more like intellectual property, such as patents or copyrights Real property is *not* considered equipment. It belongs in the “Other” category and includes land, such as land improvements, structures and appurtenances thereto, but not moveable machinery and equipment. Moveable machinery and equipment are considered personal property.
Supplies	<p>Examples: This includes laptops, personal computers, tablet and cell phones with a per item acquisition cost of less than \$5,000. The definition of Acquisition cost provides that “[A]ncillary charges, such as taxes, duty, protective in transit insurance, freight, and installation may be included in or excluded from the acquisition cost in accordance with the non-Federal entity's regular accounting practices.”</p> <p>Supply costs do not include:</p> <ul style="list-style-type: none"> Any single item valued at \$5,000 or more in this category should be moved to the “Equipment” category Non-tangible goods and services associated with supplies, such as printing services, photocopy services, and rental costs should be included in the “Other” category

Contractual	<p>Examples:</p> <ul style="list-style-type: none"> • Procurement contracts to acquire property (including intellectual property such software licenses) and services needed to carry out the EPA funded project or program • Includes costs associated with contracted services at conferences, meetings, workshops and similar events: speaker fees (including “honoraria” and travel expenses for non-employees), stand-alone contracts for audio-visual services, hired transportation services (vehicles and drivers), meals and refreshments procured from caterers separate from facility rental charges <ul style="list-style-type: none"> ◦ Note on speaker fees: These could be a participant support cost if, for example, you have people from the community/as part of a community involvement type of meeting and the non-employee is going to come and make a presentation. Sometimes, however, presenters are consultants, and you pay them a fixed-price speaker fee (honorarium) using micro-purchase procedures. • Costs for recipient employee training (e.g. instructional services) when the training is provided by a third party <ul style="list-style-type: none"> ◦ But, any travel costs for the employees would be categorized as travel • Similarly, third party provided training courses for program participants belong in the contractual category, but the travel and/or stipends for trainees would be participant support costs classified as “Other” • Stand-alone equipment maintenance or service contracts (i.e., not included in the purchase price for the equipment) • Acquisition of large-scale printing services (Acquisition of printing services for larger scale productions such as books, other bound documents, and related graphics services should be classified as contractual.) However, amounts budgeted for document reproduction on an occasional “as needed” basis from self-service photocopying firms may be classified as “Other.” <p>Contractual costs do not include:</p> <ul style="list-style-type: none"> • Leased or rented items (equipment or supplies, office space), which should be included in the “Other” category • Facility rental costs are classified as “other” and may include audio-visual and catering services • Subrecipient costs, which should be included in the “Other” category as subawards • Travel costs and incentives for participants, should be classified as “participant support costs” (including for trainings) • Personal vehicle rental costs for employees in travel status are typically considered “travel” expenses • Costs for rental vehicles for program participants receiving travel assistance are classified as “Other”
Construction	<p>Examples</p> <ul style="list-style-type: none"> • Site preparation, demolishing and building facilities, permanent improvements to facilities or other real property, major renovations of existing facilities, remediation of contamination and related architectural or engineering services • Anticipated costs for hiring general contractors and other contractors performing activities described in the DBE Rule’s definition of Construction will be categorized as “Construction”. <p>Construction costs do not include:</p> <ul style="list-style-type: none"> • Costs associated with hiring contractors, which typically includes a general contractor and an architecture/engineering (A/E) firm, which should be classified as “Contractual” • Anticipated costs for pre-construction architectural and engineering Services as defined in the DBE rule for design and specifications documents will be categorized as “Contractual” • Architectural and engineering services are to be classified as “Contractual” • Force Account: For construction activities carried out by the applicant’s own employees (“force account”), costs for personnel are budgeted in the “Personnel.” and “Fringe Benefit categories. Costs for equipment purchased for the project are budgeted in the “Equipment” category. Usage charges for equipment in recipients’ existing inventory is categorized as “Other.”

	<ul style="list-style-type: none"> • Anticipated costs for separately purchased Equipment as defined in the DBE Rule that will be installed in a facility or used to remediate contamination will be categorized as “Equipment” • Cost of land acquisition and off-site improvements. Any land acquisition cost should be classified as “Other” and include a line in the budget narrative explaining the purpose of the acquisition. • Anticipated costs for relocation assistance paid to individuals or businesses will be categorized as “Other”. Given the complex nature of the URA (Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA), the applicability of the URA to EPA funded projects is decided on a case-by-case basis by an authorized EPA Official. Recipients should consult with the PO prior to making any payments for relocation costs with EPA funds.
Other	<p>Examples:</p> <ul style="list-style-type: none"> • Common: <ul style="list-style-type: none"> ○ Rental/lease of equipment or supplies, office space, or conference/meeting space <ul style="list-style-type: none"> ▪ May include audio-visual and catering services if these services are provided through the facility ▪ For allowability details, see 2 CFR 200.465 ▪ Property and equipment rentals are subject to the DBE requirements outlined in 40 CFR Part 33 ○ Participant support costs such as non-employee training stipends and travel, rebates or other subsidies to program beneficiaries for purchases of pollution control equipment (such as financial assistance to projects which enable low-income and disadvantaged communities to deploy or benefit from zero-emissions technologies) ○ Subaward costs • Less common <ul style="list-style-type: none"> ○ Insurance and indemnification, land acquisition, telephone service and utilities, occasional document reproduction at local copying centers, capitalization funding for revolving loan programs, third party in-kind contributions towards cost share, tuition remission and scholarships under agreements with educational institutions, transactions between recipients and federal agencies <p>Other costs do not include:</p> <ul style="list-style-type: none"> • Procurement purchases <ul style="list-style-type: none"> ○ Costs associated with contracted services at conferences, meetings, workshops and similar events (speaker fees, stand-alone contracts for audio-visual services, hired transportation services, meals and refreshments procured separate from facility rental charges), should be included as a ‘contractual’ cost • Technical assistance in the form of services instead of money, or other assistance in the form of revenue sharing, loans, loan guarantees, interest subsidies, insurance, or direct appropriations • A space rented for the broader organization, such as the main office, is typically categorized as an “indirect” cost (row j in the SF-424A). A space rented for a discrete activity necessary to carry out the assistance agreement may be charged as “Other.”
Other-Subaward	<p>Examples</p> <ul style="list-style-type: none"> • Grants, loans, or other subawards to carry out part of the Federal award, but do not provide direct financial assistance to beneficiaries • Loans, Loan guarantees, Interest subsidies to non-end user entities • Similar assistance provided to borrowers in EPA’s revolving loan fund capitalization grants <p>Subaward costs do not include:</p> <ul style="list-style-type: none"> • Procurement contracts and subcontracts are not subawards and belong in the contractual category • Transactions between recipients and federal agencies (Other cost category)

	<ul style="list-style-type: none"> • Payments to program beneficiaries such as participant support costs • Technical assistance in the form of services instead of money or other assistance in the form of revenue sharing or direct appropriations
Other-Participant Support Costs	<p>Examples</p> <ul style="list-style-type: none"> • Stipends for interns, fellows, trainees, or attendees at community meetings including registration fees, training materials, travel costs when the purpose of the trip is to participate in the project activity • Travel assistance for trainees and other program participants that are not employees of the grantee • Relocation expenses (with adequate justification) • Rebates or other subsidies as provided in EPA's Participant Support Cost guidance, examples of allowable subsidy and rebate program costs include: <ul style="list-style-type: none"> ○ Rebates or other subsidies provided to program beneficiaries for purchases of commercially available, standard ("off the shelf") pollution control equipment or low emission vehicles under the DERA program when the program participant rather than the recipient owns the equipment ○ Subsidies or rebates provided to program beneficiaries to encourage participation in statutorily authorized programs to encourage environmental stewardship ○ Other payments to or on behalf of Project/Program beneficiaries that EPA determines to be statutorily authorized • Stipends and other incentives paid to participants in research experiments, focus groups, surveys or similar research activities • Financial assistance to projects which enable low-income and disadvantaged communities to deploy or benefit from zero-emissions technologies <p>Participant Support Costs <u>do not</u> include:</p> <ul style="list-style-type: none"> • Speaker fees or honoraria. These are contractual costs. • Subawards
Other-Rental/Lease	Note: Rental costs for a recipient's "main office" are typically included in the indirect cost pool.
Indirect Costs	<p>Examples: space costs, utilities, accounting services, human resource services</p> <ul style="list-style-type: none"> - Overhead costs, such as a human resource department, that serve your entire organization (including activities not associated with your SFA grant) should be categorized as an indirect cost because the cost is split among multiple projects)

3. Allowability Considerations

For all of the cost categories described below, costs must be allowable under the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards at 2 CFR 200, commonly known as the [Uniform Grant Guidance \(UGG\)](#), and EPA's implementing regulations at [2 CFR 1500](#). Note, however, that due to their size and nature some nonprofit recipients are exempt from the UGG Cost Principles as provided at [2 CFR 200.401\(c\)](#). Those organizations follow [48 CFR 31.2](#) and are listed in [Appendix VIII](#) of the UGG. The general standards for determining allowability are described at [2 CFR 200.403](#). Costs must be necessary for the performance of the EPA award and not be prohibited by statute, the [2 CFR Part 200 Subpart E Cost Principles](#), another regulation, program guidance or the terms of the award. Final decision on cost allowability will be made by an EPA Grants Management Officer (GMO) or Award Official as appropriate. ***Note: The considerations listed below are not comprehensive; if recipients are concerned about allowability of a proposed activity or budget line, they should refer to the relevant EPA budget guidance for more detailed information.**

	Budget Priorities to Review
General	The UGG identifies certain costs that may not be charged to EPA assistance agreements under any circumstances. Examples include alcoholic beverages (2 CFR 200.423), interest on borrowed funds (2 CFR 200.449) and lobbying or litigation (2 CFR 200.450).
Personnel	<ul style="list-style-type: none"> Job titles/categories/labor rates consistent with the proposed function under the project <ul style="list-style-type: none"> E.g., if the CEO will be performing engineering work, the proposed compensation or valuation of contributed services should be appropriate for an engineer rather than a CEO Proposed personnel costs should be consistent with the project and budget periods Proposed personnel costs (labor categories and salary ranges, skill mix, and their level of effort) should be reasonable Under 2 CFR 200.444 there are substantial restrictions on the allowability of direct costs for salaries of Governors, Chief Executives of tribal and local governments, and legislators
Fringe	<ul style="list-style-type: none"> Applicants should confirm that the calculation based on their reported fringe benefit rate is accurate
Travel	<p>Only trips of recipient employees that are necessary to perform the grant are allowable. Travel must be integral to the purpose of the proposed project (e.g., inspections) or related to proposed project activities (e.g., attendance at meetings).</p> <ul style="list-style-type: none"> Travel costs must be used by recipient employees only Travel costs for executives (e.g. Governors, Mayors, elected Tribal Leaders) and legislators (including Tribal Council members) are allowable with prior approval by the Award Official or Grant Management Officer if the travel is specifically related to performing an EPA funded project or program Under 2 CFR 200.475 travel by Trustees, Directors and similar officials with nonprofits or Institutions of Higher Education is allowable as a direct cost only if the travel costs are allocable to an EPA award and not included in the recipient's indirect cost pool Under 2 CFR 200.475(d), allowable travel costs may not exceed the rates and amounts for Federal travel unless the recipient's cognizant Federal audit agency (or EPA if requested by the recipient to do so) has accepted a travel policy that provides differently. Federal lodging and per diem rates are available at http://www.gsa.gov/portal/content/104877, mileage rates The costs of first class and business class transportation are generally not allowable unless the requirements at 2 CFR 200.475(e) are met If the recipient proposes international travel, approval from EPA is required
Equipment	<ul style="list-style-type: none"> Pursuant to 2 CFR 200.439(b)(2), recipients must have prior EPA approval for equipment purchases. Short-term rental of such equipment may be more economical depending on the nature of the project and the extent of EPA's funding relationship with the recipient.

	<ul style="list-style-type: none"> Whether you acquired equipment in whole or in part under a federal award, you must maintain property records of each piece of equipment. For more information on equipment management requirements, refer to 2 CFR 200.313 (https://www.ecfr.gov/cgi-bin/text-idx?node=se2.1.200_1313&rgn=div8). You may specify brand names and prices in proposed budgets if the amount of the equipment purchase is less than the micro-purchase threshold defined in 2 CFR 200.1 (https://www.ecfr.gov/cgi-bin/text-idx?SID=e034f369247cac51e0af10b5b8c0a98f&mc=true&node=pt2.1.200&rgn=div5#se2.1.200_11).
Supplies	<ul style="list-style-type: none"> In many cases recipients will be able to purchase supplies without competition under 2 CFR 200.320(a)(1) micro-purchase procedures. The current threshold for micro-purchases is \$10,000 per item. With very few exceptions, recipients must follow a competitive process when using EPA funds to purchase supplies, equipment and professional services in amounts that exceed their “micro-purchase” threshold <ul style="list-style-type: none"> As provided in the definition of Micro-purchase threshold at 2 CFR 200.1, the amount of the general micropurchase threshold for procurements made with Federal financial assistance is the same as the Micro-purchase threshold at 48 CFR 2.101 for direct Federal procurement. The current micro-purchase threshold is \$10,000 although the threshold is subject to adjustment based on inflation. Some recipients may establish micro-purchase thresholds up to \$50,000 subject to the requirements of 2 CFR 200.320(a)(1)(iv) or higher than \$50,000 with the approval of their cognizant Federal agency for indirect costs as provided in 2 CFR 200.320(a)(1)(v). Note: States follow the same policies and procedures they follow for procurements financed with non-Federal funds. EPA guidance should, however, be useful to state pass-through entities when monitoring subrecipient compliance with the UGG because the Procurement Standards “flow down” to subrecipients other than borrowers in EPA revolving loan fund capitalization grant programs. Procurements in excess of the Simplified Acquisition Threshold (currently \$250,000) are subject to the formal competitive requirements of 2 CFR 200.319 and 2 CFR 200.320(c) or (d)
Contractual	<ul style="list-style-type: none"> International: EPA approval needed for service contracts that will be performed in a foreign country Contractor Exclusion: Potential contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements Consultant Cap: If consultants’ hourly rates are more than the compensation cap, recipients (including states) can only charge the grant up to the compensation cap amount (Level IV of the Executive Schedule). The consultant fee cap is subject to revision annually when Office of Personnel Management (OPM) changes the compensation for Level IV of the Executive Schedule. The rate for 2024 is \$91.95 hourly, or \$191,900 annually. <ul style="list-style-type: none"> See OPM’s fact sheet for guidance on the specific rate calculation. OPM Fact Sheet: Computing Hourly Rates of Pay Using the 2,087-Hour Divisor: https://www.opm.gov/policy-data-oversight/pay-leave/pay-administration/fact-sheets/computing-hourly-rates-of-pay-using-the-2087-hour-divisor/ Note: The consultant compensation limitation does not apply to contracts or subcontracts with multi-employee firms for services, or fixed priced contracts such as those structured as lump sum payments for completion of a study or design of a training course Law firms are not subject to the consultant fee cap consistent with 61 Comp. Gen. 69 (1981) Alcohol: EPA funds may not be used for any portion of an event where alcohol is served Meals and light refreshments for conferences require prior approval, they may be allowable if the work continues during the meal, under certain circumstances with prior EPA approval. See Guidance on Selected Items <ul style="list-style-type: none"> Costs for light refreshments and meals for recipient staff meetings and similar day-to-day activities are not allowable under EPA assistance agreements Contingency reserves: Contingency reserves for contracting associated with a major information technology infrastructure project or similar activity are allowable to the extent permitted by 2 CFR 200.433 and should be included as a separate line item in the Contractual category. Contingency reserves for major projects such as construction or information technology infrastructure, which

are categorized as “Other”. Contingency reserves for equipment associated with a major information technology infrastructure project or similar activities are allowable to the extent permitted by [2 CFR 200.433](#) and should be included as a separate line item in the Equipment category.

- **Competition - States** should follow the same procurement statutes, policies, and procedures for Federal financial assistance funds as they do for state funds
 - States are subject to the domestic purchasing preferences in 2 CFR 200.322 and the requirement at 2 CFR 200.323 for procurement of recovered materials and “where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000” per unit and any contract clauses required by 2 CFR 200.326
 - All recipients, including states, must comply with EPA’s rules for Disadvantaged Business Enterprises (DBE) at 40 CFR Part 33
- **Competition - Non-State Recipients**
 - Cost should be considered in 3 categories: 1) Costs below the micro-purchase threshold, costs above the micro-purchase threshold but below the simplified acquisition threshold and 3) Costs above the simplified acquisition threshold
 - **1) \$ Below Micro-Purchase Threshold (typically <10k):**
 - Recipients may purchase goods and services that do not cost more than the micro-purchase threshold without competition, provided purchases are equitably distributed among suppliers to the extent practicable and the price is reasonable
 - (1) Micro-purchases are appropriate where market forces ensure that prices are competitive (e.g. supplies)
 - (2) Recipients may not make a series of purchases from the same source (particularly for professional services) in amounts at or less than the micro-purchase threshold to avoid competition. Simply referring to a consultant or other contractor as a “partner” does not justify repeated non-competitive micro-purchases to the individual or firm.
 - (3) Some recipients may have micro-purchase thresholds higher than \$10,000 as provided at 2 CFR 200.320(a)(1)
 - **2) \$ Above Micro-Purchase Threshold and Below Simplified Acquisition Threshold (typically >10k, <250k):**
 - For purchases that cost more than the micro-purchase threshold but less than the Simplified Acquisition Threshold, recipients may use 2 CFR 200.320(a)(2) small purchase procedures and solicit offers from an adequate number of sources without formally advertising or otherwise publicizing the contracting opportunity
 - Recipients must obtain documented prices or quotes (e.g. by email or price list searches) from at least 3 qualified sources to meet this requirement although recipients may establish procurement procedures that require solicitations from more sources.
 - 2) Recipients need not select the lowest priced item or service if it does not meet requirements or the recipient can otherwise demonstrate that the goods or services available at a higher price offer the best value. Recipients must, however, justify a decision to purchase at the higher price and ensure that the vendor charges similarly situated customers the same price as it is offering to the recipient, that the price is otherwise reasonable, and document that decision in the procurement file.
 - See [Best Practice Guide for Procuring Services, Supplies, and Equipment Under EPA Assistance Agreements](#) for more details on requirements
 - **3) \$ Above Simplified Acquisition Threshold (>250k):**
 - Procurements in excess of the Simplified Acquisition Threshold are subject to the formal competitive requirements of 2 CFR 200.319 and 2 CFR 200.320(c) or (d)
 - **Sole Source:**
 - If the recipient is not a State and proposes to award the contract without competition (i.e., a “sole source”), it must comply with 2 CFR 200.320(c)(6)

	<ul style="list-style-type: none"> Any proposed non-competed/sole-source contracts in excess of \$10,000 (the micro-purchase threshold) must include a justification. Note that it is unlikely that EPA will accept proposed sole source contracts for goods and services (e.g., consulting) that are widely available in the commercial market. See cost review guidance for additional details Sole source contracts in excess of the micro-purchase threshold should be rare, the GMO will provide EPA's decision on the request via email, letter or by issuing the award with a work plan containing the recipient's sole source justification. Note that as provided at 2 CFR 1500.13(c)(9), denials of requests for procurements through noncompetitive proposals are not subject to dispute under 2 CFR Part 1500, Subpart E. <ul style="list-style-type: none"> Non-state recipients contracting practices must comply with the procurement requirements in 2 CFR Part 200 (2 CFR 200.317 thru 2 CFR 200.327) <p>Additional information regarding appropriate procurement procedures is available in OGD's Best Practice Guide for Procuring Services, Supplies, and Equipment Under EPA Assistance Agreements</p> <p>You must have a system in place for administering contracts, ensuring that there are no conflicts of interest, conducting cost or price analyses when required and including contract clauses required by the UGG.</p>
Construction	<ul style="list-style-type: none"> Relocation Costs: Only persons or businesses who have been displaced as a direct result of an EPA funded project are eligible for relocation assistance. Given the complex nature of the URA, the applicability of the URA to EPA funded projects is decided on a case-by-case basis. Recipients should consult with the PO prior to making any payments for relocation costs with EPA funds. For more information about requirements under the URA, definitions and other information, see the U.S. Department of Housing and Urban Development's URA Handbook. Force accounts: All force account costs must be supported by adequate financial records as required by 2 CFR 200.302, 2 CFR 200.430 and 2 CFR 200.431. Recipients must maintain records demonstrating that equipment usage charges are reasonable based on lease rates for similar equipment in the relevant market. Approval must be obtained from an Authorized EPA Official either at time of award or in response to a post-award written request. Force account work must be more economical than contracting the work out or necessitated by emergency. Allowability of contractor from design phase competing for construction phase: If an applicant/recipient competed the contract at the design phase, they could use the same firm for the construction phase. However, construction is different than architectural/engineering (A/E) services. The grant regulations at 2 CFR 200.320(b)(2)(iv) make clear that an applicant/recipient can use qualifications-based procurement for A/E services, where price is not a selection factor, only for the A/E services, not subsequent construction services. If the A/E firm gives an applicant/recipient the specifications for the general contract for the construction work, the construction arm of the A/E firm cannot bid on that work. This situation is explicitly prohibited by 2 CFR 200.319(b), which states that "contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements."
Other	<ul style="list-style-type: none"> Management fees, or similar charges that amount to a profit, are not allowable Insurance refunds must be credited against insurance costs in the year the refund is received
Other-Subaward	<ul style="list-style-type: none"> For more information on subawards, refer to EPA's Subaward Policy (https://www.epa.gov/grants/grants-policy-issuance-gpi-16-01-epa-subaward-policy-epa-assistance-agreement-recipients) or visit the EPA's Subaward Policy Additional Resources page (https://www.epa.gov/grants/epa-subaward-policy-additional-resources). The Additional Resources page provides a Frequent Questions page and information on Cross Cutter Requirements.
Other-Participant Support Costs	<ul style="list-style-type: none"> Participant Support Costs: Participant support costs are only allowable if your PO concurs that the costs are appropriate. Your authorized EPA official must approve the description of activities that you will support as well as your budget narrative for participant support costs.

	<ul style="list-style-type: none"> • Indirect Cost Rate: Participant Support Costs must be excluded from the Modified Total Direct Cost (MTDC) pool for the purposes of applying indirect cost rates • International Travel: If the recipient proposes international travel for program participants, EPA approval is needed • Fellowship, Stipends and Tuition Remission: When a recipient intends to use EPA funds to pay fellowships or other stipends to students or provide tuition remission of fund scholarships for students, the programmatic terms of the EPA assistance agreement will include the “Term and Condition for Fellowship, Internship, Scholarship and Similar Programs Supported by EPA Financial Assistance”. Among other things, this Term and Condition requires that EPA funded participants in these programs be citizens of the United States, its territories, or possessions, or lawfully admitted to the United States for permanent residence. • Advisory Councils: Advisory councils are groups of individuals who are not employees of the grantee or a subgrantee that provide strategic and policy advice to the organization. Under Solar for All, Program administration activities may include establishing and convening advisory councils to meet Solar for All program objectives, as described in Item 2 of EPA’s Guidance on Selected Items of Cost for Recipients. Advisory council/committee stipend would be considered a participant support cost, and should be included under the “other” cost category in the budget.
Other-Rental/Lease	<ul style="list-style-type: none"> • If a recipient is directly charging rent for a facility or equipment on a “sale and lease back” arrangement or that it owns or is owned by a related party that is leased on a “less than arms-length” basis, the amount of rent that is allowable is limited by 2 CFR 200.465(b) and (c). Leasing costs under “sale and lease back” and “less-than-arm's length” arrangements are allowable only up to the amount that would be allowed had you continued to own the property. This amount would include expenses such as depreciation, maintenance, taxes, and insurance. Refer to 2 CFR 200.465 for more details on special lease arrangements. • Recipients must compete requirements for conference/meeting facilities when the amount of the charges are expected to exceed the current micro-purchase threshold • Leases and other rental agreements with costs that will be charged directly to the EPA assistance agreement are procurements that are generally subject to the competition requirements. Two exceptions are when the amount of allowable rental costs are governed by the “sale and lease back” or “less than arms-length” rules at 2 CFR 200.465(b) and (c) apply
Indirect Costs	<ul style="list-style-type: none"> • Indirect Cost Rate: Recipients must have one of the following types of current (not expired) indirect cost rates, including indirect cost rates that have been extended by your cognizant agency: 1) Provisional, 2) Final, 3) Fixed rate with carry-forward, 4) Predetermined, 5) 10% de minimis rate, or 6) EPA-approved use of one of the following on an exception basis for EPA agreements: 10% de minimis (even if you have had a rate in the past), or Expired fixed rate with carry-forward. Indirect costs incurred during any period of the assistance agreement that are not covered by the provisions above are not allowable costs and must not be drawn down. • Base Used for Indirect Costs: Recipients may charge their Federally approved indirect cost rate to expenditures contained in the base of their indirect cost rate agreement, or to Modified Total Direct Costs if the recipient uses the 2 CFR 200.414(f) 10% de-minimis rate, provided there are no statutory or regulatory restrictions • Base for de minimis rate: The de minimis rate of 10% can be applied to a recipient's MTDCs as defined in 2 CFR Part 200.1. I <ul style="list-style-type: none"> ○ MTDC includes: direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, subawards (up to an allowance of \$25,000 for the life of each subaward, regardless of the period of performance of the subawards under the award) ○ MTDC excludes: equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs, the portion of each subaward in excess of \$25,000 <ul style="list-style-type: none"> ▪ Note that a subrecipient’s indirect cost should be included in the subaward line item. Only the grantee’s indirect costs should be included in the indirect budget line item. • MTDC and Contracts: The definition of the MTDC base does not specifically identify if contracts are excluded or included. The definition includes "services" as part of the base, but it excludes capital expenditures and construction. Therefore, it depends on the type of contract. The MTDC may include an environmental contract if the contract is for services. However, if the environmental contract is part of construction costs, then it would

not be included because construction costs are not included in the MTDC. In addition, capital expenditures are not included in the MTDC base. Therefore, contracts to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life are also excluded from the MTDC base.

- **New Approved Rate:** If you are a prime awardee and were awarded a federal grant with the de minimus indirect rate, but over the course of a multi-year award you negotiate and receive a provisional rate, the EPA will allow you to incorporate your new rate. Please notify your Grant Specialist and Project Officer if/when you receive a new approved rate. Also, keep in mind that although your indirect cost rate changed, the total amount of the grant award will not change.
- Recipients are always allowed to use a lower rate than their approved rate

To use EPA funding for indirect costs, recipients must comply with EPA's Indirect Cost Policy for Recipients of EPA Assistance Agreements (<https://www.epa.gov/grants/rain-2018-g02>).

4. Additional Information

Program Income

Recipients should work with their Project Officer to clearly describe how PI will be generated and expended in the budget narrative. Recipients must include an estimate of PI in line 7 of the SF-424Abudget.

Items that Require Prior Approval

There is a list of items of costs requiring prior EPA approval at [2 CFR 200.407](#). Prior approval guidance for Advertising and public relations, Advisory Councils, Entertainment, Fund raising, Meals and light refreshments at conferences, and Proposal costs are discussed in [OGD's Guidance on Selected Items of Cost for Recipients](#).

Note: When a recipient's scope of work and/or budget narrative adequately describes an item of cost requiring prior EPA approval, EPA considers the costs approved when the Award Official signs the agreement unless the terms and conditions of the award provide otherwise.

The following are common items require prior EPA approval and if requested, must be explicitly identified in the budget narrative in the proper cost categories

- Cost sharing or matching
 - Recipients should not include leveraged funding not intended to be a voluntary cost share in the SF- 424A budget as otherwise they will make a binding cost-share commitment
- Real property
- Fixed amount subawards
- Entertainment Costs
- Meals and Light Refreshments for Conferences
 - 2 CFR 200.432: costs for meals and light refreshments for conferences are allowable under certain circumstances with prior EPA approval. The regulation defines conference "... as a meeting, retreat, seminar, symposium, workshop or event whose primary purpose is the dissemination of technical information beyond the [recipient] and is necessary and reasonable for successful performance . . ." of the EPA funded project
 - Costs for light refreshments and meals for recipient staff meetings and similar day-to-day activities are not allowable under EPA assistance agreements.
 - EPA funding for meals, light refreshments, and space rental may not be used for any portion of an event where alcohol is served, purchased, or otherwise available as part of the event or meeting, even if EPA funds are not used to purchase the alcohol
 - Should be explicitly described in the scope of work the Award Official approves
 - The costs for light refreshments and meals must be identified in the budget narrative in order to determine the reasonableness for costs on a per event basis. Recipients must demonstrate that the costs for light refreshments and meals are reasonable given such factors as the purpose of the event and costs for similar publicly funded business events at the facility.
- Fines, penalties, damages and other settlements
- Fund raising and investment management costs
 - Fund raising costs are an allowable cost and may include costs that are reasonable and necessary for raising additional capital to provide financial assistance to eligible zero emissions technologies or project-deployment technical assistance to enable low-income and disadvantaged communities to deploy and benefit from eligible zero emission technologies. Allowable fund-raising costs must meet the following two criteria, in addition to meeting the requirements for allowability under 2 CFR Part 200, Subpart E as well as applicable provisions of 2 CFR Part 1500: (1) must be in support of the Greenhouse Gas Reduction Fund's

third program objective to mobilize financing and private capital and (2) must be reasonable and necessary to raise capital from private-sector investors. Funds a recipient raises with costs borne by an EPA financial assistance agreement are considered program income, which must be treated in accordance with the Program Income Programmatic Term and Condition. When fund raising costs are paid for by both the award as well as other sources, a portion of the funds raised equal to the share of fund-raising costs charged to the award will be treated as program income.

- Goods or services for personal use
- Insurance and indemnification
- Membership in any civic or community organization
- Organization costs
- Pre-award costs
- Rearrangement and reconversion costs
- Selling and marketing costs
- Direct Charging of Proposal Preparation Costs
- Contingency provision for a major information technology or infrastructure construction project
 - Would be classified as equipment, contractual, or other direct cost depending on the nature of the project.

Unallowable Costs, include but are not limited to:

- **For Nonprofits:** Applicants should confirm that there are no transfers of funds to affiliated entities that may create conflict of interest risks;
- **Unions:** Grant funds may not be used to support or oppose union organizing, whether directly or as an offset for other funds
- **Lobbying:** Applicants should be mindful of the restrictions in 2 CFR 200.450 that restrict a recipient's use of grant funds for lobbying purposes
- **Management Fees:** The term "management fees or similar charges" refers to expenses added to the direct costs in order to accumulate and reserve funds for ongoing business expenses, unforeseen liabilities, or for other similar costs that are not allowable under EPA assistance agreements
- **Ineligible Projects:** Activities that support deployment of projects that do not meet the definition of eligible zero-emissions technologies
- **Intangible Property:** Costs of acquiring "intangible property," as defined in 2 CFR 200.1. Equity investments such as purchases of ownership interests in companies through acquisition of intangible personal property, as defined in 2 CFR 200.1 is not an eligible cost under Solar for All program
- **Outside of EPA Regions:** Activities that support deployment of projects outside the boundaries of the ten EPA regions
- **Claims:** The recipient can not use the award for activities associated with defending against, settling, or satisfying a claim by a private litigant, except when either (a) the claim stems from the recipient's compliance with the terms and conditions of the award agreement or (b) the recipient has obtained prior written approval from the EPA Project Officer