Fiscal Services Standard Operating Procedure
SF-424A Budget Narrative – SmartSimple Format

Department: Fiscal Services

Division Unit: Grants and Budgets

Date Written: May 28, 2024

Effective Date: May 28, 2024

Purpose

This SOP will cover the action steps for completing the modified SF-424A form in SmartSimple. The SF-424A form establishes the budget for the funding opportunity applied for and defines the activities to be performed based on the grant agreement once the application for funding has been approved. The SF-424A shall adhere to the relevant guidelines and CFRs.

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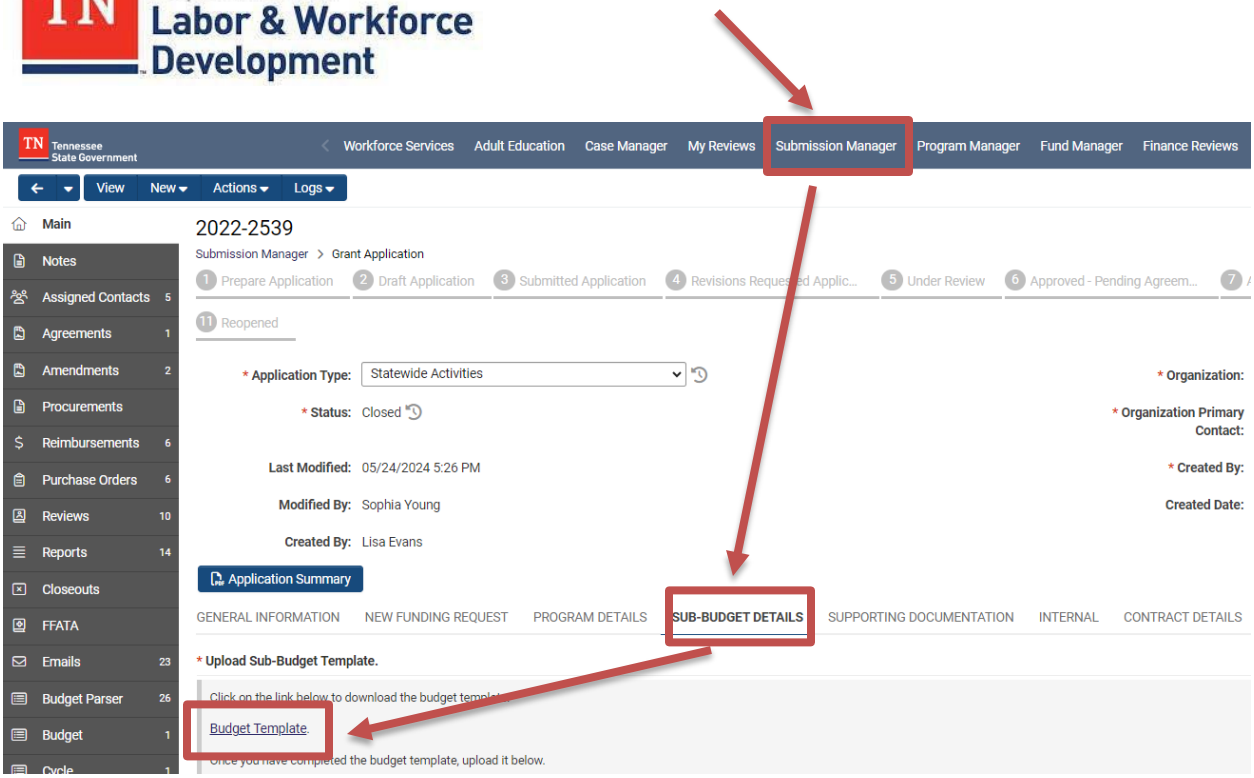
1. Completing the SF-424A

1.1 Relevant File Utilized

When applying for funding through SmartSimple, please be sure to download the Excel version of the SF-424A budget embedded in the system. The SF-424A Budget Template is within the "Sub-Budget Details" tab, located in the "Submission Manager" tab at the top of SmartSimple. For guidance, refer to the snippet below. Note that modifying the form is prohibited, and any budgets submitted as part of the grant application that has been modified will be returned for corrections.



1.2 Utilizing the Budget Template (SF-424A Page 1 - Section A)

	A	B	C	D	E	G
1						
2	**BUDGET INFORMATION - Non-Construction Programs**					
3	**SECTION A - BUDGET SUMMARY**					
4	**Grant Program Function or Activity**	**New or Revised Budget**		**Estimated Unobligated Funds**		
5						
6		**Federal**	**Non-Federal**	**Federal**	**Non-Federal**	**Total**
7	TYEP Funding Phase II		$ 906,867.00	$ -	$ -	$ 906,867.00
8		$ -	$ -	$ -	$ -	$ -
9		$ -	$ -	$ -	$ -	$ -
10		$ -	$ -	$ -	$ -	$ -
12	**Total**	**$ -**	**$ 906,867.00**	**$ -**	**$ -**	**$ 906,867.00**

Above is Section A – Budget Summary of the SF-424A Budget Template excel workbook. Please follow the steps below as needed to complete the tab before moving on to the next.

- **A7-10**: Enter the Grant Program Function Name or the Activity that is being budgeted for. This may include, but not limited to:
    - WIOA Title I – Youth
    - WIOA Title I – Adult
    - Title I – DSLWK
    - TYEP Funding Phase II
- If funding is non-Federal, enter the amount in **C7-10**, but if the funding is Federal, enter the amount in **B7-10.**
- Unless otherwise expressed, each application for funding should have one line completed in Section A

For now, we'll leave the "Estimated Unobligated Funds section alone. Only complete this portion of Section A if instructed to by the Awarding Agency (Tennessee Department of Labor and Workforce Development).

1.3 SF-424A Page 1 – Section B (Part I)

SECTION B - Object Class Categories					
Object Class Categories	New or Revised Budget		Estimated Unobligated Funds		
	Federal	Non-Federal	Federal	Non-Federal	Total
Personnel	$ -	$ 33,138.24	$ -	$ -	$ 33,138.24
Fringe Benefits	$ -	$ 17,605.75	$ -	$ -	$ 17,605.75
Travel	$ -	$ -	$ -	$ -	$ -
Equipment	$ -	$ 48,000.00	$ -	$ -	$ 48,000.00
Supplies	$ -	$ -	$ -	$ -	$ -
Contractual	$ -	$ 120,000.00	$ -	$ -	$ 120,000.00
Construction	$ -	$ -	$ -	$ -	$ -
Other	$ -	$ 688,123.01	$ -	$ -	$ 688,123.01
Total Direct Charges	$ -	$ 906,867.00	$ -	$ -	$ 906,867.00
Indirect Charges	$ -	$ -	$ -	$ -	$ -
Total	$ -	$ 906,867.00	$ -	$ -	$ 906,867.00
Program Income		$ -	$ -	$ -	$ -

Before we fill this section out, we will need to complete the Object Class Categories tabs for Personnel – Indirect. By completing the object class categories, the form will pull their totals from their respective tabs. **Unless Section A has been properly filled out, the values in Section B will not populate.**

1.3 Cont. SF-424A Page 2

SECTION C - NON-FEDERAL RESOURCES				
Non-Federal Resource	Applicant	State	Other Sources	Total
	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -
Total	$ -	$ -	$ -	$ -

SECTION D - FORECASTED CASH NEEDS					
Funding Resource	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total for First Year
Federal				$ -	$ -
Non-Federal	$ 226,716.75	$ 226,716.75	$ 226,716.75	$ 226,716.75	$ 906,867.00
Total	$ 226,716.75	$ 226,716.75	$ 226,716.75	$ 226,716.75	$ 906,867.00

SECTION E - BUDGET ESTIMATES FOR FEDERAL FUNDS FOR BALANCE OF THE PROJECT					
Grant Program	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total for First Year
	$ -	$ -	$ -	$ -	$ -
Amount of grant funds remaining after quarter estimates are entered:	$ -	$ -	$ -	$ -	$ -
Total	$ -	$ -	$ -	$ -	$ -

SECTION F - OTHER BUDGET INFORMATION			
Direct Charges	$ 906,867.00	Indirect Charges	$ -
See Budget Narrative		See Budget Narrative	
Remarks			
See Budget Narrative			

- Section C covers Non-Federal Resources and should only be filled out if and only if the budget has a Non-Federal Source. If not, please leave the section blank. **Direct Charges in Section F should not exceed the budget amount in Section A.**

- Section D should be filled out with the amounts of cash needed by quarter for the year from the grantor agency. This amount is determined by the Sub-Grantee and should reflect what is needed for the program to properly function.
- Section F will list the total Direct Charges for the grant being budgeted for and has spaces for Sub-Grantees to provide explanations and justifications for the amounts provided above. These explanations can also be taken from the budget narratives that will be used in the cost category tabs.

1.4 Personnel

	A	B	C	E	F
1					
2	**Object Class Category: PERSONNEL**				
3	**Position**	**% of Time**	**Monthly Wage/Salary**	**# of Months**	**Total Wage/Salary**
4	Executive Director	0.02	$ 10,317.00	24.00	$ 4,952.16
5	Director of Finance	0.02	$ 6,338.00	24.00	$ 3,042.24
6	Assistant Director of Finance	0.02	$ 5,505.00	24.00	$ 2,642.40
7	Financial Clerk	0.02	$ 3,146.00	24.00	$ 1,510.08
8	Deputy Director	0.02	$ 7,399.00	24.00	$ 3,551.52
9	Business Services Representative	0.05	$ 4,898.00	24.00	$ 5,877.60
10	Business Services Representative	0.05	$ 4,898.00	24.00	$ 5,877.60
11	Director of Performance & Compliance	0.02	$ 6,338.00	24.00	$ 3,042.24
12	Asst. Director of Per. & Compliance	0.02	$ 5,505.00	24.00	$ 2,642.40

The Personnel tab will contain the planned positions, their FTE (Full-time equivalent), their monthly salary, and the number of months they will be active within the project.

- Position (**A4-23**): please enter the title for each **non-contractual** position that will be charging to the grant.
    - Non-contractual position refers to staff employed by the organization applying for the funding. If the staff are being cost pooled, then a line item can be entered demonstrating that.
- % of Time (**B4-23**): please enter the % of time each employee will be dedicated to the % of time the employee will charge to the program. If a director position will be working 25% of their time working on this grant per week, enter .25 or 25%.
- Monthly Wage/Salary (**C4-23**): please enter the proposed monthly salary/wage in the cells. Please refer to 2 CFR §200.430 for grantor agency regulations.
- # of Months (**D4-23**): please enter the number of months that each employee will be actively working on the project.
- Once these cells have been filled, the Total Wage/Salary (**F4-23**) will calculate the projected total wage/salary for that grant. The Workbook is locked so you will be unable to click on these

fields.

- Budget Narrative – PERSONNEL: please provide an explanation and justification on the work being performed that contributes to the operation and success of this program. Please note there is a 250-character limit, and if your current narrative will go over, please submit the narrative on a separate sheet.

Grantees anticipated expenses are listed in the object class categories in **Section B - Budget** Categories. For purposes of this budget, costs associated with participant wages and fringe benefits should be categorized the following ways:

- When a participant has a community service assignment at the grantee's facilities and is considered an employee of the grantee, participant wage costs should be listed in "Personnel" and fringe benefits in "Fringe Benefits".
- When a participant has a community service assignment at a host agency or sub-recipient's facilities, but is considered an employee of the grantee, participant wages costs should be listed in "Personnel" and fringe benefits in "Fringe Benefits".
- When a participant has a community service assignment at a host agency or sub-recipient's facilities, and is considered an employee of the host agency or sub-recipient, participant wage and fringe benefit costs should be listed under "Contractual".

1.5 Fringe Benefits

Object Class Category (b.): FRINGE BENEFITS

	A Position/s	B Benefit/s	C Rate	D Base Amount	E Cost
1.	Grants Program Manager	Full Package	38.31%	$ 55,814.00	$ 21,382.00
2.	Special Populations Director	Full Package	38.31%	$ 3,986.00	1,527.00
3.	PAR Monitoring	Full Package	38.31%	3,000.00	1,149.00
4.					0.00
5.					0.00
6.					0.00
				TOTAL FRINGE BENEFITS	$ 24,058.00

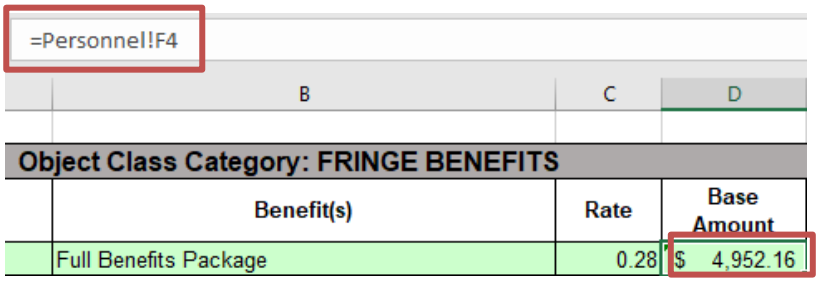
Budget Narrative - FRINGE BENEFITS (Responses exceeding 250 characters should use separate

Fringe benefits included in the full package to full-time staff includes: medical, dental, and vision insurance, 401k retirement, short-term and long-term disability, and payroll taxes.

The Fringe tab will contain the positions seen in the Personnel tab along with their benefit(s), the calculated rate, the base amount (this should be the total from the Personnel page), then the total of the fringe benefits. For more information on fringe benefits, please refer to the grantor agency regulations regarding compensation fringe benefits (e.g., 2 CFR §200.431). Typically, fringe benefit(s)

amounts are determined by applying a calculated rate for a particular class of employee (full-time or part-time) to the salary and wages requested**.**

- Positions (**A4-23**): These should be the same position titles from the personnel page.
- Benefit(s) (**B4-23**): Please enter the corresponding benefits that are included with each position, which can be "Full Package" or "Partial Package" depending on the situation. The budget narrative will be utilized to explain the details of each package.
- Rate (**C4-23**): Please enter the rate used to calculate benefits for each position listed. Refer to paragraph above in determining the fringe benefits rate.
- Base Amount (**D4-23**): The excel sheet will auto-populate the base amount values from the Personnel tab. These values should line up with the positions as they were listed in the Personnel tab.



- Budget Narrative – FRINGE BENEFITS: Provide an explanation and justification for the amounts entered within the tab. See Proposal Guide, section 6 for details and examples of the budget narratives.

Grantees anticipated expenses are listed in the object class categories in **Section B - Budget** Categories. For purposes of this budget, costs associated with participant wages and fringe benefits should be categorized the following ways:

- When a participant has a community service assignment at the grantee's facilities and is considered an employee of the grantee, participant wage costs should be listed in "Personnel" and fringe benefits in "Fringe Benefits".
- When a participant has a community service assignment at a host agency or sub-recipient's facilities, but is considered an employee of the grantee, participant wages costs should be listed in "Personnel" and fringe benefits in "Fringe Benefits".
- When a participant has a community service assignment at a host agency or sub-recipient's facilities, and is considered an employee of the host agency or sub-recipient, participant wage and fringe benefit costs should be listed under "Contractual".

1.6 Travel

Object Class Category (c.): TRAVEL					
A	B	C	D	E	F
Item	# of Staff	# of Units	Unit Type	Cost per Unit	Cost
1. TOTAL TRAVEL	1.00	1.0	Item/s	$ 6,346.00	$ 6,346.00
2.	0.00				0.00
3.	0.00				0.00
4.	0.00				0.00
5.	0.00				0.00

The Travel tab should be filled with the costs of project-related travel (i.e., transportation, lodging, per diem, and other related items) by employees who are traveling on official business of the program. Travel costs should be developed in accordance with the applicant's travel policies and grantor agency regulations. If not applicable, leave blank.

- Item (**A4-23**): Enter in a brief description of the travel item to be charged to the grant. Note: **this is not for the travel costs of contracted employees.**
- # of Staff (**B4-23**): Enter the number of staff that will charge the listed type of travel.
- # of Units (**C4-23**): Enter the projected number of units to be charged to the grant in this column. The type of units will be specified in Column D.
- Unit Type (**D4-23**): Specify what the projected number of units is (i.e., miles, days, months). Utilize the dropdown box to choose from the selection.
- Unit Total (**E4-23**): Enter the cost of the travel item per staff. If you are using miles, enter the cost per mile. Refer to the regulations listed in the paragraph above for guidance.
- Budget Narrative – TRAVEL: Provide an explanation and justification for the values and listings within the table.

1.7 Equipment

Object Class Category: EQUIPMENT (Includes items with a per unit cost of, or exceeding, $10,000.00 and a useful life of more than one year)			
Item	# of Items	Item Cost	Total
Driving Simular Apparatus	3	$ 16,000.00	$ 48,000.00
			$ -
			-
			-
			-
			-

Cost Per Unit
Enter the cost per unit here. Only equipment costing $10,000 or

The Equipment tab will contain program related equipment, which refers to tangible personal property (which includes IT systems) that have a useful life of more than one year and a per-unit acquisition cost **that is not less than $10,000.00.** For more information, please see grantor agency regulations (e.g., 2 CFR §200.439). If not applicable, leave blank.

- Item (**A4-23**): Enter the name of the item to be charged to the grant.
- # of Items (**B4-23**): Enter the amount of the listed item that is to be acquired.
- Item Cost (**C4-23**): Enter the cost for the equipment listed.
- Budget Narrative – Equipment: Provide an explanation and justification for the costs and equipment being budgeted for. Remember, the items listed should adhere to the four core cost principles: **Allowable, Necessary, Reasonable,** and **Allocable**.
- Even though an item is budgeted for, the grant recipient must request approval to purchase the item from the Awarding Agency.
- Any equipment requests made within twelve (12) months of the project ending will be heavily scrutinized and will likely be subject to denial.

1.8 Supplies

Object Class Category: SUPPLIES
(Includes items with a per unit cost of less than $10,000.00)

Item	# of Units	Unit Cost	Total
General Office Supplies	1	$ 303.00	$ 303.00
			$ -
			-
			-
			-
			-

Cost Per Unit
Enter the cost per unit here.

The Supplies Tab will contain the funding needed for supplies pertaining to the program. Supplies are tangible personal property differing from equipment due to the cost per unit being **less than $10,000,** regardless of the length of its useful life. For more information, please see the grantor agency requirements (e.g., 2 CFR §§200.2, 200.314, and 200.453). If not applicable, leave blank.

- Item (**A4-23**): Enter the name or type of item to be charged to the grant.
- # of Units (**B4-23**): Enter the number of units to be purchased.
- Unit Cost (**C4-23**): Enter the cost per unit to be purchased.
    - Even though an item is budgeted for, the grant recipient must request approval to purchase the item from the Awarding Agency.
- Budget Narrative – SUPPLIES: Please enter the reasoning and justification for the listed items and their costs. Remember, the items listed should adhere to the four core cost principles: **Allowable, Necessary, Reasonable,** and **Allocable**.

1.9 Contractual

	A	C
1		
2	**Object Class Category: CONTRACTUAL**	
3	**Brief Description**	**Total**
4	Career Service Provider (CSP) Staffing & Related Operating Costs	$ 120,000.00
5		
6		
7		

Enter funds required for contractual costs from the selected program. Cost of all contracts except those that should be placed under other categories such as equipment or supplies. In accordance with grantor agency regulations, if applicable, procurement standards (e.g., 2 CFR §200.317 - 200.327) and subaward requirements (e.g., 2 CFR §200.331 - 200.333) must be followed. Include third-party evaluation contracts, procurement contracts, and subawards. For more information, see grantor agency regulations (e.g., 2 CFR 200.2, 200.414, 200.430 - 200.431, 200.434, 200.436, and 200.439). If not applicable, leave blank.

- Brief Description (**A4-23**): Enter a brief description of the contract you will be awarding from this grant.
- Total (**B4-23**): Enter the total amount awarded for the contract.
- Budget Narrative – CONTRACTUAL: Provide an explanation and justification for the amounts entered.

1.10 Other (Including Training)

	A	B	C	D	F
1					
2	**Object Class Category: OTHER COSTS** (Including Training Expenses)				
3	**Item**	**# of Units**	**Unit Type**	**Unit Cost**	**Total**
4	Work Experience - 216 Participants	216	Other	$ 3,180.99	$ 687,094.00
5	Board / Fiscal Agent Related Operating Costs	24	Month(s)	$ 42.88	$ 1,029.01
6					$ -
7					$ -

Enter the total of all other costs for the selected program not listed elsewhere in this form. Such costs, where applicable and allowed under the program, may include but are not limited to, non-personnel insurance, infrastructure costs, printing and publications, or training costs (only if the direct recipient of said funds are providing training and support services to a participant, or if said training is for professional development of the staff that are part of the organization receiving these funds).

- Item (**A4-23**): Enter the name of the item or the type of item to be charged to the grant
- # of Units (**B4-23**): Enter the number of units of the listed item to be purchased.
- Unit Type (**C4-23**): Use the dropdown box to choose the type of units being utilized. This can be a range of time (days, months, etc.), or other depending on the item.
- Unit Cost (**D4-23**): Enter the cost per unit to be used for the calculation.
- Budget Narrative – OTHER COSTS: Enter in explanation and justification behind the proposed costs to the other category.

1.11 Indirect Costs

Object Class Category (i.): INDIRECT CHARGES

Choose one of the following options to apply indirect charges to the grant:

OPTION A

For grantees that have an approved Indirect Cost Rate Agreement		
Federal agency that issued the agreement		DOL
What is the approved rate (%)?		14.52%
What is the base against which rate is applied? **(Note:** enter description as specified in the agreement)		Total direct salaries and wages including all applicable fringe benefits.
What is the the base amount ($)?	$	86,858.00
Enter the rate (%) that will be used for this grant		14.52%
Enter the amount ($) that will be used for this grant	$	12,612.00

OPTION B

For grantees that *DO NOT* have an approved Indirect Cost Rate Agreement	
Enter fixed amount ($) that will be used	

(Note: This will be only temporary until your Indirect Cost Rate Application is Submitted and Approved)

TOTAL INDIRECT CHARGES	$	12,612.00

Budget Narrative - INDIRECT CHARGES (Responses exceeding 250 characters should use separate

As indicated on the NICRA provided, the provisional rate for Tennessee Department of Labor and Workforce Development is 14.52%. This indirect rate will be applied to the sum of salaries and benefits.

Please Select Option A or Option B, then fill out each green cell that corresponds with the chosen option. Enter the amount of indirect cost **in accordance with the program requirements, negotiated indirect cost rate agreement, or the 10% de minimis rate**. Costs must be consistently charged as either indirect or direct costs but may not be double charged or inconsistently charged as both. For more information, please see the grantor agency requirements (e.g., 2 CFR §200.2, 200.403 - 200.405, and 200.412 - 200.414). If not applicable, leave blank.

1.12 Administrative Costs

	A	B	C	D	E
1					
2	**ADMINISTRATIVE COSTS**				
3	**Please consult with your awarding agency regarding administrative cost limitations for the award being applied for.**				
4					
5	**Budget Narrative - ADMINISTRATIVE COSTS**				
6	In addition to salaries and benefits for staff time spent on administering the program, administrative costs will include a corresponding portion of rent, utilities, building maintenance, supplies, and communications / printing for the administrative office. Administrative costs by category are as such: Personnel - $3,318.67, Fringe - $1,760.34, Travel - $1,459.74 Supplies - $303.00, Other - $1,039.00, for a total of $7,880.75.				

This section should be filled out in accordance with the admin cost limitations after consulting with the awarding agency involved. Please clearly state the total administrative costs expected to be incurred for administering the award by showing the totals by their respective cost objectives. Please provide the proper explanation and justification within the narrative.

1.13 Return to SF424A Page 1 Section B

	SECTION B - Object Class Categories					
	Object Class Categories	New or Revised Budget		Estimated Unobligated Funds		
		Federal	Non-Federal	Federal	Non-Federal	Total
17	Personnel	$ -	$ 33,138.24	$ -	$ -	$ 33,138.24
18	Fringe Benefits	$ -	$ 17,605.75	$ -	$ -	$ 17,605.75
19	Travel	$ -	$ -	$ -	$ -	$ -
20	Equipment	$ -	$ -	$ -	$ -	$ -
21	Supplies	$ -	$ -	$ -	$ -	$ -
22	Contractual	$ -	$ 120,000.00	$ -	$ -	$ 120,000.00
23	Construction	$ -	$ -	$ -	$ -	$ -
24	Other	$ -	$ 688,123.01	$ -	$ -	$ 688,123.01
25	Total Direct Charges	$ -	$ 858,867.00	$ -	$ -	$ 858,867.00
26	Indirect Charges	$ -	$ -	$ -	$ -	$ -
27	**Total**	**$ -**	**$ 858,867.00**	**$ -**	**$ -**	**$ 858,867.00**
28						
29	**Program Income**		$ -	$ -	$ -	$ -

With the Object Class Categories respective tabs now complete, Section B on Page 1 can be completed using the **totals from each respective categories' tabs.**

2. Modifications

2.1 Modifying SF-424As

In the case of programs acquiring additional funding or needing revisions in their current budgets, a mod can be created under the supervision of qualified fiscal staff. **Before doing so, sub-grantees must submit an amendment request via SmartSimple.** These changes should be within the relevant CFR guidelines and the completed SF-424A should be saved and clearly notated as the newest mod file. The original budget would be noted as “mod 0”. Later modifications would be +1 from the previous mod number.

Contact

For any questions related to this Standard Operating Procedure, please feel free to reach out to the Grants & Budgeting Unit at Grants.Budgets@tn.gov.