

## Grant Budget Instructions

Information concerning the proposed budget needs to be provided on the attached form.

The Budget Summary (upper portion of the form) is to provide information on the funding for the entire project by tasks. The applicant is to provide amounts and identify the source of all funds that will be used to complete this project. The tasks should represent major units of work that will need to be completed on the project. At a minimum they should represent the phases discussed in the application (Reconnaissance, Feasibility, Design and Permitting, or Construction). Tasks may also represent subtasks under a specific phase. For example, under Conceptual Design phase, a separate permitting task could be noted.

The Budget Categories (lower portion of the form) is to provide specific budget information for the grant funds being applied for. Budget information for the other funds to be used to complete the project need only be provided if that additional information is currently available.

Allowable costs for a grant include all reasonable and ordinary costs for direct labor and benefits, travel, equipment, supplies, contractual services, construction services, and other direct costs identified that are necessary for and incurred as a direct result of the project.

A cost is reasonable and ordinary if, in its nature or amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the costs.

### **1. Allowable Cost**

Allowable costs are only those costs that are directly related to those activities necessary for the completion of the proposed project. The categories of costs and additional limits or restrictions are listed below:

#### **a. Direct Labor and Benefits**

Include salaries, wages, and employee benefits of the Applicant's employees for that portion of those costs that will be attributable to the time actually devoted by each employee to, and necessary for the project. Direct labor costs do not include bonuses, stock options, other payments above base compensation and employee benefits, severance payments or other termination allowances paid to the Applicant's employees.

#### **b. Travel, Meals, or Per Diem**

Include reasonable travel expenses necessary for the Project. These include necessary transportation and meal expenses or per diem of Applicant employees for which expenses the employees are reimbursed under the Applicant's standard written operating practice for travel and per diem; or, the current State of Alaska Administrative Manual for employee travel.

#### **c. Equipment**

Include costs of acquiring, transporting, leasing, installing, operating, and maintaining equipment necessary for the Project, including sales and use taxes.

Subject to prior approval of the Authority's Project Manager, costs or expenses necessary to repair or replace equipment damage or losses incurred in performance of work under a grant may be allowed. However, damage or losses that result from the Applicant's

employees, officer's, or contractor's gross negligence, willful misconduct, or criminal conduct will not be allowed.

**d. Supplies**

Include costs of material, office expenses, communications, computers, and supplies purchased or leased by the Applicant necessary for the project.

**e. Contractual Services**

Include the Applicant's cost of contract services necessary for the Project. Services may include costs of contract feasibility studies, project management services, engineering and design, environmental studies, field studies, and surveys for the project as well as costs incurred to comply with ecological, environmental, and health and safety laws.

**f. Construction Services**

For construction projects this includes the Applicant's cost for construction contracts, labor, equipment, materials, insurance, bonding, and transportation necessary for the project. Work performed by the Applicant's employees during construction may be budgeted under direct labor and benefits, project management or engineering. Major equipment purchases made by the Applicant may be budgeted under equipment.

**g. Other Direct Costs**

In addition to the above the following expenses necessary for the project may be allowed.

- Net insurance premiums paid for insurance required for the grant project;
- Costs of permits and licenses for the grant project;
- Non-litigation legal costs for the project directly relating to the activities (in this paragraph, "non-litigation legal costs" includes expenses for the Applicant's legal staff and outside legal counsel performing non-litigation legal services);
- Office lease/rental payments;
- Other direct costs for the project directly relating to the activities and identified in the grant documents; and/or
- Land or other real property or reasonable and ordinary costs related to interests in land including easements, right-of-ways, or other defined interests.

The Applicant is reminded to include sufficient funds for the management of the project, as the Authority may terminate the grant or assume the project management responsibilities if it is determined by the Authority that the Applicant is not providing adequate project management on its own.

## **2. Specific Expenditures Not Allowed**

Ineligible expenditures include costs for overhead, lobbying, entertainment, alcohol, litigation, payments for civil or criminal restitution, judgments, interest on judgments, penalties, fines, costs not necessary for and directly related to the grant project, or any costs incurred before the beginning date of the grant. This is not intended to be a complete list of all ineligible expenditures.

Overhead costs described in this section include:

- salaries, wages, applicable employee benefits, and business-related expenses of the Applicant's employees performing functions not directly related to the grant project;

- office and other expenses not directly related to the grant project; and
- costs and expenses of administration, accounting, human resources, training, property and income taxes, entertainment, self-insurance, and warehousing.

### **3. Match and Cost Sharing**

If the Applicant is providing a match, it should be detailed either as a specific dollar amount or as a percentage of the total project budget. The type and amount of matching contributions should be discussed in the application under section two.

Cost sharing or matching is that portion of the Project costs not borne by the Authority. The Authority will accept all contributions, including cash and in-kind, as part of the Applicants' cost sharing or matching when such contributions meet the following criteria:

- Are provided for in the Project budget;
- Are verifiable from the Applicant's records;
- Third party costing sharing contributions are verifiable (with a letter of intent or similar document);
- Are not included as contributions for another state or federally assisted project or program (i.e., the same funds cannot be counted as match for more than one program);
- Are necessary and reasonable for proper and efficient accomplishment of the Project or program objectives;
- Are allowable costs;
- Are not paid by the State or federal government under another award, except for authorized by the State or federal statute to be used for cost sharing or matching;
- Must be incurred within the grant eligible time period.

Any match proposed with the application will be required in the Grant award and the Grantee will be required to document the use of the proposed matching funds or in-kind contributions with their request for reimbursement.

### **4. Valuing In-Kind Support as Match**

If the Applicant chooses to use in-kind support as some; or, its entire match, the values of those contributions will be reviewed by the Authority at the time the budget is approved. The values will be determined as follows:

- The value of real property will be the current fair market value as determined by an independent third party or a valuation that is mutually agreed to by the Authority and the Applicant and approved in the grant budget.
- The value assessed to Applicant equipment or supplies will not exceed the fair market value of the equipment or supplies at the time the grant is approved or amended.
- Equipment usage will be valued based on approved usage rates that are determined in accordance with the usual accounting policies of the recipient or the rates for equipment that would be charged if procured through a competitive process. Rates paid will not exceed the fair market value of the equipment if purchased.

- Rates for donated personal services will be based on rates paid for similar work and skill level in the recipient's organization. If the required skills are not found in the recipient organization, rates will be based on rates paid for similar work in the labor market. Fringe benefits that are reasonable, allowable, and allocable may be included in the valuation.
- Transportation and lodging provided by the Applicant for non-local labor will not exceed the commercial rates that may be available within the community or region.

## **5. Grant Disbursements**

Applicants are reminded that they must request disbursement of grant funds in the form and format required by the Authority with appropriate back-up documentation and certifications. This format will be provided by the Authority.

The back-up documentation must demonstrate the total costs incurred are allowable, and reflect the amount being billed. Documentation must include:

- A summary of direct labor costs
- Travel and per diem reimbursement documentation
- Contractor or vendor pay requests
- Invoices

Timesheets or check copies to document proof of payment must be available for audit purposes at the Applicants place of business.

Payment of grant funds will be subject to the Applicant complying with its matching contribution requirements of the proposed grant.