

General Budget Development Guidance for Applicants and Recipients of EPA Financial Assistance

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Introduction

Proper characterization of costs is important for effective management of the U.S. Environmental Protection Agency (EPA) financial assistance (grants and cooperative agreements) awards. EPA conducts pre-award cost reviews for all assistance agreements, except those awarded on a fixed amount basis. Correctly characterizing costs will make the review process more efficient for both EPA and recipients.

Additionally, properly characterized costs are less likely to be questioned by auditors since many of the rules for expending EPA funds are predicated on the types of costs recipients incur. **It is important for recipients to consult with their EPA Project Officers (PO) and Grant Specialists (GS) when considering incurring costs that seem unusual or are covered by the regulatory requirements described below.**

A list of Acronyms is available at [2 CFR \(Code of Federal Regulations\) Part 200.0](#). EPA has provided an analysis of the 2 CFR Part 200 Procurement Standards in [Appendix 1](#) and a sample budget narrative in [Appendix 2](#).

Note: This guidance uses the terms “applicant” or “recipient” to refer to the non-Federal entity applying for or receiving Federal funds depending on the context.

Applicability

This guidance does not supersede requirements contained in regulations, the terms and conditions of EPA financial assistance agreements, or published EPA policies.

Consistent with [2 CFR 200.302\(a\)](#), this guidance does not require that states alter their internal accounting systems, create crosswalks, or take actions that are otherwise unnecessary to comply with the requirements of the regulation. If a state identifies a conflict between the cost categorization described in the guidance and state accounting systems, the state should contact EPA’s Grants Management Officer to resolve the matter.

A. Continuing Environmental Program Grants Subject to 40 CFR Part 35, Subparts A and B

This guidance should be used in conjunction with:

- [Interim Guidance on Cost Review of Grants/Performance Partnership Grants Awarded under 40 CFR Part 35 Subpart A](#)
- [Grants Policy Issuance 13-02: Streamlining Tribal Grants Management \(Subpart B Programs\)](#).

This guidance supplements but does not supersede these Part 35 Subpart A and B guidances.

B. Clean Water and Drinking Water State Revolving Fund (SRF) Capitalization Grants subject to 40 CFR Part 35, Subparts K and L

This guidance applies when states use a portion of their SRF capitalization grant for costs that are different than “pass-through” funds for loans and other forms of subawards. Pass-through funds are categorized as “Other” and the Intended Use Plan would serve as the back-up documentation to support these costs. For such awards, a simplified cost review form specific to the SRF programs would be used. If the capitalization grant application indicates the state is requesting funding for administrative costs or other activities that are different from pass-through funding, states are to use this guidance to ensure costs are properly characterized under the cost categories in the SF (Standard Form)-424A and EPA’s non-construction budget. For these awards, EPA’s project grant cost review form would be used.

I. Factors to Consider for All Cost Categories

A. General Principles for Cost Allowability

1. 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 Part 200](#), and EPA’s implementing regulations at [2 CFR Part 1500](#). Note, however, that due to their size and nature some nonprofit recipients are exempt from the Cost Principles as provided at [2 CFR 200.401\(c\)](#). Those organizations follow [48 CFR 31.2](#) and are listed in [Appendix VIII to Part 200](#).
2. 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 or Award Official as appropriate.
 - a. **Eligible:** A cost is eligible if it is permitted by statute, program guidance, or regulations. For example, land acquisition and construction costs are not eligible training costs as provided at [40 CFR 45.145\(b\)](#). There may be statutory prohibitions or limitations on cost eligibility particularly for administrative costs. Some program offices issue guidance or include terms and conditions that make otherwise allowable costs ineligible such as prohibiting recipients from incurring participant support costs (described below) for trainee travel or stipends.
 - b. **Reasonable:** A cost is reasonable if 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 cost. Factors for determining the reasonableness of costs are set forth at [2 CFR 200.404](#). For example, costs that are not ordinary for the performing scope of work for the agreement are not

reasonable. Purchasing a van to transport conference attendees to site visits would not be reasonable, while hiring a bus for that purpose would.

- c. **Allocable:** A cost is "allocable" to an assistance agreement for the purposes of [2 CFR 200.405](#) if it benefits the EPA funded project or program and the costs are distributed in reasonable proportion to the benefits or if it is incurred specifically to carry out the project or program. Essentially, to be allocable the cost must be incurred either directly or indirectly to carry out the scope of work. For example, the day-to-day costs for the operation of a human resources department would not be allocable to the agreement as a direct cost, but may be included in the recipient's indirect cost rate.
- (1) Indirect costs are allocable to assistance agreements when a Federally approved indirect cost rate (including the up to 15% de minimis rate) is properly distributed to the applicable base costs.
 - (2) Some recipients have multiple sources of funding and must allocate direct costs among activities in proportion to the benefits derived from the costs. These costs are allocated separately from indirect costs and should be included in the appropriate direct cost category.
 - (a) Examples of direct costs that may be allocated include utilities, cell phone charges, space rental, general office or laboratory equipment that are not covered by the recipient's indirect rate.
 - (b) EPA Grant Specialists should inquire whether recipients have adequate systems in place to properly allocate these types of direct costs and verify that the recipient's budget reflects the allocations if the recipient has limited experience with managing federal funds or there are other indicators of financial management weaknesses (e.g., audit findings).
- d. **Allowable:** Factors affecting allowability of costs are found at [2 CFR 200.403](#). Searching 2 CFR Part 200 for "allowable" or "unallowable" is recommended. 2 CFR Part 200 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](#)). EPA Grant Specialists are primarily responsible for making determinations regarding unallowable costs based on the 2 CFR Part 200 regulations following consultation with the EPA Project Officer.

Entertainment and prizes ([2 CFR 200.438](#)) details that costs of entertainment, including amusement, diversion, and social activities and any associated costs (such as gifts), are unallowable unless they have a specific and direct programmatic purpose and are included in a Federal award.

B. Prior Approval of Costs

Prior approval as defined at [2 CFR 200.1](#) means the written approval obtained in advance by an authorized official of a Federal agency or pass-through entity of certain costs or programmatic decisions.

The reasonableness and allocability of certain costs under EPA awards may be difficult to determine. To avoid subsequent disallowance or dispute based on unreasonableness or nonallocability, the recipient may seek the prior written approval of the EPA before incurring the cost.

1. There is a list of items of costs requiring prior EPA approval at [2 CFR 200.407](#). There are major changes with the October 1, 2024, 2 CFR Part 200 update, removing prior approval for multiple cost categories.

Prior approval requirements for project and budget revisions are at [2 CFR 200.308\(f\)](#). Prior approval that applies to fixed amount awards are at [2 CFR 200.308\(f\)](#) and [2 CFR 200.333](#).

The EPA's additional prior approval guidance in the [Guidance on Selected Items of Cost for Recipients](#) adds to the understanding of the [General Provisions for Selected Items of Cost for 2 CFR Part 200 Subpart E](#).

The following items require careful understanding when assessing potential costs and are addressed in the [Guidance on Selected Items of Cost for Recipients](#).

- Advertising and public relations at [2 CFR 200.421](#)
 - Advisory Councils at [2 CFR 200.422](#)
 - Entertainment and prizes at [2 CFR 200.438](#)
 - Fund raising and investment management costs at [2 CFR 200.442](#)
 - Conferences (including meals and light refreshments) at [2 CFR 200.432](#). The General terms & conditions include requirements for light refreshments and/or meals.
 - Organization costs at [2 CFR 200.455](#)
 - Proposal costs at [2 CFR 200.460](#)
2. 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.

3. Other EPA approvals for items of costs may take place post-award by authorized EPA officials such as Grants Management Officers and Award Officials. EPA Project Officers do not have authority to provide prior EPA approval for costs specified at [2 CFR 200.407](#).

C. Pre-Award Costs

1. The allowability of pre-award costs are governed by [2 CFR 200.458](#) and [2 CFR 1500.9](#) unless a program specific regulation (e.g. [40 CFR 35.6275\(b\)](#) for Superfund Cooperative Agreements or [40 CFR 35.4100](#) for Technical Assistance Grants) prohibits or restricts the allowability of pre-award costs.
2. EPA defines pre-award costs as costs incurred prior to the award date, but on or after the start date of the *Budget period* and *Period of performance* as defined in [2 CFR 200.1](#). Under EPA's interpretation of [2 CFR 200.308\(g\)\(1\)](#) and [2 CFR 1500.9](#), all eligible costs must be incurred during the budget/ performance period as defined by the start and end date shown on the grant award to receive EPA approval. This interpretation is implemented in a grant-specific term and condition entitled "Pre-award Costs" which will be included in all awards when the recipient has incurred EPA-approved costs prior to award.
3. The budget/project periods must be consistent with that shown in section 17 of the Standard Form 424 ([SF-424](#)), Recipient Workplan, and EPA Notice of Award.

D. Cost Sharing

1. As provided at [2 CFR 200.306\(b\)](#) costs that a recipient intends to count towards meeting a cost sharing requirement must be necessary and reasonable, allowable under 2 CFR Part 200, verifiable from the recipient's accounting records as well as eligible under the EPA assistance program, and included in the EPA approved budget.
 - a. Recipients may not use Federal funds to meet cost share requirements unless authority is provided by Federal statute.
 - b. Recipients must categorize contributions towards cost sharing required by statute, regulation, or the terms of the assistance agreement in the appropriate budget category. Voluntary cost sharing must be reflected in the appropriate budget category.
2. The recipient must account for in-kind contributions from non-Federal sources (i.e., personnel, contractual, equipment, supplies, indirect) in the appropriate cost category.
3. Volunteer services (e.g., uncompensated services provided by non-employees of the organization) may be counted as cost sharing or matching if the service is an integral

and necessary part of an approved project or program. These volunteer contributions towards cost sharing must be included in the “Other” category.

4. Contributions should be valued based on the work the volunteer performs. For example, in a situation in which a recipient intends to count time spent by volunteers performing sampling work towards cost sharing, the contributions should be valued based on hourly market rates for employees of sampling firms or government employees performing sampling. The volunteers’ time would not be valued based on what they get paid at their place of employment under this scenario unless they perform sampling work for the organization that employs them.
5. Recipients may apply costs incurred for facilities, equipment use, and related services (e.g., audio-visual support for a conference) as cost sharing when the facilities, equipment and services are used to perform the EPA award. The same costs must not be charged to any EPA agreement, a financial assistance agreement with another Federal agency, or included in the recipient’s indirect cost rate to qualify as cost share.
6. Voluntary cost sharing offered by recipients for competitive assistance agreements must be included in the [Standard Form \(SF\) 424A, Budget Information for Non-Construction Programs](#), and are binding on the recipient as provided in the definition of *Voluntary committed cost sharing* in [2 CFR 200.1](#).
 - a. EPA Programs that are willing to accept voluntary cost share include a notice to that effect in the competition announcement.
 - b. Voluntary cost sharing is a form of leveraging that may only be met with eligible and allowable costs.

Note: Competitive recipients may also propose forms of leveraging other than binding voluntary cost sharing. Leveraging may include commitments that are not necessarily comprised of eligible and allowable costs. For example, an applicant for a Brownfields cleanup grant may indicate in the application that the cleanup may leverage a specific amount of funding for construction of affordable housing after the property has been cleaned up. The leveraged funding for construction of housing would not qualify as voluntary cost sharing because costs for constructing housing are not eligible for funding under the cleanup grant. However, EPA could consider the potential for leveraging post-cleanup funding for the site as part of the competition for cleanup funding.

Recipients should only include leveraged funding in their [SF-424A](#) budget if the leveraged funding is specifically intended to be voluntary cost-sharing. Otherwise, the recipient will be making a binding cost-sharing commitment based on their leveraged funding.

E. In-Kind Assistance and Intergovernmental Personnel Act Assignments

1. EPA In-Kind Assistance

- a. EPA In-Kind Assistance is Federal financial assistance provided in the form of goods or services in lieu of direct financial assistance agreement (grant and cooperative agreement) funds. Funds used for EPA In-Kind Assistance are not awarded to the recipient of the assistance agreement but are instead used on the recipient's behalf.
- b. In-Kind Assistance that EPA provides is different than in-kind contributions a recipient obtains from third parties for the purposes of meeting cost-sharing or matching requirements.
- c. An EPA award, at the Agency's discretion, may include In-Kind Assistance provided by EPA contracts (including purchases or leases of equipment or purchases of supplies), EPA-furnished Federally-owned equipment or supplies under [2 CFR 200.312](#), Federally owned and exempt property, or support from other Federal agencies under Interagency Agreements between EPA and the other agency. A recipient may request In-Kind Assistance or EPA may decide to include it in an assistance agreement when In-Kind Assistance is more cost-effective than providing funds to the recipient.
- d. When EPA provides In-Kind Assistance through a contract instead of funds, only authorized EPA personnel may assign tasks to EPA contractors.
- e. When EPA allows a recipient to use Federal property as a form of In-Kind Assistance under [2 CFR 200.312](#), the Federal government retains ownership of transferred property.¹ Note, however, that in certain circumstances EPA may have statutory authority (e.g. the Federal Technology Transfer Act, 15 U.S.C. 3710 (i), and the Federal Grant and Cooperative Agreement Act 31 U.S.C. 6306) to transfer equipment used for scientific research to nonprofit research institutions at the end of the period of performance for basic or applied research agreements.
- f. EPA In-Kind funds are included in the SF-424A, Budget Information for Non-Construction Programs. These costs must be assigned to the appropriate cost category. For example, if EPA purchases equipment that is delivered to a recipient as EPA in-kind assistance, the cost for those items would be placed in the equipment category. On the other hand, if EPA provides in-kind technical

¹ Transfers of surplus Federal property that will be owned by non-Federal entities generally takes place outside of assistance agreements under General Services Administration surplus property procedures.

services through an EPA contractor, then costs would be placed in the contractual category.

- g. EPA Project Officers must provide an appropriate justification demonstrating the cost-effectiveness and/or expediency for the federal government to procure the requested support. Project Officers may request that recipients provide information to support this determination.
- h. EPA In-Kind assistance is subject to cost sharing requirements but is not obligated in the grant award. The assistance is retained within the EPA office and obligated when the transaction providing the goods or services purchased on behalf of the recipient takes place. All anticipated In-Kind Assistance amounts are included in the "EPA In-Kind Amount" in the award budget.

2. Intergovernmental Personnel Act Assignments (IPA)

- a. Although similar to In-Kind Assistance, IPA assignments of an EPA employee to work with recipients and funded with EPA financial assistance are not categorized as In-Kind Assistance. Funds for IPAs are always included with the award. It is the recipient's responsibility to drawdown grant funds and pay bills sent by EPA for the IPA assignment (see item e. below).
- b. For the purposes of the financial assistance agreement and governing regulations, the funding for the EPA employee's IPA assignment are considered *Participant support costs* under [2 CFR 200.1](#), [2 CFR 200.456](#), and EPA's [Guidance on Participant Support Costs](#). Recipients who have agreed to use EPA financial assistance funds to finance an IPA assignment for an EPA employee are to include the sum of the estimated costs for IPA compensation, travel and relocation in the "Other" budget category on the SF-424A, Budget Information for Non- Construction Programs.
- c. The budget narrative for the agreement is to include line items for each type of cost of the IPA assignment. As with all IPA assignments, the division of costs for the assignment is subject to negotiation between EPA and the recipient for financial assistance. The EPA financial assistance agreement may bear all or part of the cost for the IPA assignment. If applicable, the IPA may be allocated across more than one assistance agreement if the duties call for the assignee to support multiple programs. In such instances there must be an appropriate allocation methodology developed by the recipient (in consultation with the Project Officer(s) and Grant Specialist(s)) and approved by the Award Official or Grants Management Officer.
- d. If the IPA assignee is identified at time of award, the EPA employee who will be on the IPA assignment funded by the financial assistance agreement will work with the Project Officer and Grant Specialist to ensure that the recipient has

accurate information on the employee's rate of compensation, travel entitlements, and relocation costs (if any).

- e. When grant or cooperative agreement funds are used to fully or partially finance an IPA assignment, the estimated funding for the IPA assignment (e.g., personnel compensation, travel, relocation costs) is made available to the recipient at time of award. The recipient draws down funds to pay bills for the cost of the IPA assignment sent by EPA's Finance Center. The timing of the drawdowns for recipients other than states is subject to the [General Term and Condition](#) "Proper Payment Drawdown." State drawdowns are governed by [2 CFR 200.305\(a\)](#).

F. Pre-Award Budget Revisions

1. 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.
2. 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. Note that for state and Tribal continuing environmental program grants covered by [Grants Policy Issuance \(GPI\) 12-06](#) and [GPI 13-02](#) "pen and ink" changes to recipient budgets are acceptable.

G. Program Income

1. *Program Income* is defined at [2 CFR 200.1](#) as gross income earned by the recipient or subrecipient that is directly generated by a supported activity or earned as a result of the EPA award during the period of performance. Examples of program income include fees for services (e.g., conference or training registration fees), sales of products produced with EPA funds, and payments and interest on loans the recipient makes with EPA funds. Under [2 CFR 200.305\(b\)\(5\)](#) and [2 CFR 200.307\(a\)](#), recipients must disburse program income before requesting payment from EPA and refund program income accrued at the end of the agreement unless an EPA regulation (e.g., [2 CFR 1500.8](#) for revolving loan fund assistance agreements) provides otherwise.
 - a. Program income does not include refunds, rebates, and similar transactions in which the recipient recoups previously expended EPA funds. Disposition of refunds, rebates etc. is governed by [2 CFR 200.305\(b\)\(5\)](#), [2 CFR 200.406](#), and [2 CFR 200.345\(a\)\(2\)](#).
 - b. Proceeds from the sale of real property, equipment and supplies purchased with EPA funds is not program income per [2 CFR 200.307\(e\)](#). The Property Standards regulations at [2 CFR 200.311 \(real property\)](#), [2 CFR 200.313](#)

[\(equipment\)](#) and [2 CFR 200.314 \(supplies\)](#) provide guidance on the disposition of proceeds from the sale of these items.

- c. As provided at [2 CFR 200.307\(e\)\(1\)](#) governmental revenues (e.g. fines, special assessments) are not program income. It is EPA policy to treat permit fees generated by state, Tribal or local environmental programs as governmental revenues rather than program income per [2 CFR 1500.8](#).
 - d. There may be program income implications when a recipient of EPA funds charges membership fees for exclusive services that are provided using EPA award funds or cost sharing funds and the organization receives more than 50% of its annual revenue from EPA assistance agreements. Recipients should work with their EPA Project Officer to determine if all or part of the membership fees the recipient charges are program income.
2. Recipients are encouraged to earn income to defray program costs when appropriate at [2 CFR 200.307\(a\)](#). Recipients must properly recognize, account for, and expend program income to maximize funding available for environmental protection. Recipients should work with their EPA Project Officer to clearly describe how program income will be generated and expended in the budget narrative. Recipients must include an estimate of program income in line 7 of the [SF-424A](#) budget.
- a. Program income must be used for the original purpose of the EPA award. Program income earned during the period of performance may only be used for costs incurred during the period of performance or allowable closeout costs. Refer to section [200.472\(b\)](#). Program income must be expended prior to requesting additional EPA funds. Program income exceeding amounts specified in the EPA award may be added to or deducted from the total allowable costs in accordance with the terms and conditions of the EPA award.
3. Rules governing program income are set forth at [2 CFR 200.307](#) and [2 CFR 1500.8](#).
- a. As authorized by [2 CFR 200.307\(d\)](#) and [2 CFR 1500.8\(b\)](#), unless the terms of the agreement provide otherwise, recipients may deduct costs incidental to generating program income from gross income to determine net program income if the costs have not also been charged to the EPA award. Additionally, in situations in which EPA is only partially funding the activity generating program income, an appropriate adjustment must be made to ensure that the amount of funds designated program income fairly reflects EPA's contribution to the revenue generating activity. For example, if EPA is funding 50% of the cost of a conference, only 50% of the registration fees would be considered program income.
 - b. There are three potential dispositions of program income: addition, deduction, and cost sharing.

- (1) Addition means program income is added to the total allowable costs, increasing the overall total amount of the EPA award. The program income must be used under the terms and conditions of the EPA award including regulations governing the allowability of costs. For example, a recipient could not use program income generated by conference registration fees to purchase alcohol for a reception as that practice would violate [2 CFR 200.423](#). Addition is EPA's default use of program income as provided at [2 CFR 1500.8](#), unless stated otherwise in the terms and conditions of the award.
- (2) Deduction means program income is deducted from the total allowable costs, reducing the overall total amount of the EPA award. EPA policy, as reflected at [2 CFR 1500.8](#), disfavors the use of the deduction method.
- (3) Cost sharing means program income is used to meet the EPA award's cost sharing requirement. With prior EPA approval, recipients may use program income to meet cost sharing requirements. General guidance on cost share is provided in [Section I.D. above](#).

4. Program income when used for cost sharing can be complicated.

- a. The amount of program income, if any, that is expected to be used for cost share must be included in Column (f) "Non-Federal" of Section A "Budget Summary" table on the [SF-424A](#) and distributed among the cost categories. The total amount of program income that the recipient expects to generate for both cost share and addition, if applicable must be included in Line 7 of Section B "Budget Categories". If program income is not going to be used for cost sharing, the program income should only be included in Line 7.
- b. In instances where program income is being used for cost sharing and the recipient fails to generate sufficient program income to meet its cost share requirement, it will either have to make up for the shortfall with other non-Federal funds or it will be limited to the proportional amount of federal funds that are commensurate with the level of program income generated.
- c. There are no federal requirements on the use of program income earned after an award period ends unless an EPA regulation or the terms of the agreement provide otherwise. Under [2 CR 200.307\(c\)](#) and [2 CFR 1500.8](#), EPA may negotiate close-out agreements to govern the use of accrued and future program income.

H. Miscellaneous

1. Depending on state, Tribal or local law, transfers of funding between departments or agencies of the same unit of government may be Interagency Service Agreements for

distribution of direct costs, subawards, or procurement contracts. Budgets describing these types of transactions will take various forms but must clearly assign costs to appropriate categories.

- a. Under [2 CFR 200.302\(a\)](#) states expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds.
 - b. EPA staff will work closely with the governmental recipient to develop accurate information on how EPA funds will be transferred and expenditures characterized for budget purposes. It is possible that the indirect cost rates for departments or agencies within the same unit of government will be different. For example, recipients may either provide separate budgets (encompassing both direct and indirect costs) for each department's share of the EPA award or characterize the transactions as subawards with allowable indirect costs.
 - (1) If the governmental recipient provides separate budgets for each department, the EPA award document should include separate budget worksheets for each department receiving EPA funds. However, these budgets may be consolidated into a single budget table at time of award depending on the practice of the EPA awarding office.
 - (2) If the governmental recipient characterizes the funding transfers among departments as subawards, a line-item amount would be included in the budget narrative for the "Other" cost category. The recipient must comply with the requirements for pass-through entities at [2 CFR 200.332](#) if the transfer will be in the form of a subaward.
 - (3) If under state law transactions between agencies are classified as procurement contracts, then the costs may be classified as contractual. Transactions between agencies or departments of other units of government may also be classified as contractual depending on the nature of the transaction and state, Tribal or local government law.
 - c. Additional information on Interagency Transfers between departments of the same unit of government is available in the EPA's [Frequent Questions](#) on the [Subaward Policy](#).
2. Transfers of funds between departments of the same Institutions of Higher Education (IHE) are governed by the IHE's internal policies and procedures. EPA does not consider these transactions subawards or procurement contracts for the purposes of the 2 CFR Part 200. However, some IHE's with multiple campuses with independent authority to receive Federal funds (e.g., different Unique Entity Identifiers (UEIs), different employer identification numbers) may use subawards to transfer funds between IHE campuses depending on the IHE's financial management procedures.

Any subawards between campuses are subject to the subrecipient management requirements of [2 CFR 200.332](#) and EPA's [Subaward Policy](#) and implementing terms and conditions.

II. Personnel and Fringe Benefits

A. Personnel

1. This category includes only direct costs for the salaries, wages, and allowable incentive compensation for those individuals who are employees of the recipient organization who will perform work directly for the project. Employees receive W-2 forms for Federal tax purposes. Note that 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.
 - a. Consultant costs for individuals who are not employees of the recipient are classified as contractual rather than personnel. Individual consultants typically receive 1099 forms for Federal tax purposes.
 - b. 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 as provided in must be classified as "Other." Additional information is available in the [EPA Guidance on Participant Support Costs](#).
 - c. Costs for employees of subrecipients are included in the "Other" budget category in the line item for subawards.
2. If no personnel costs are identified in the budget, 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. EPA staff may ask recipients for a written explanation of how the award will be managed in the absence of charges for personnel costs.
3. The recipient's budget detail must identify the personnel category type by Full-Time Equivalent (FTE), including percentage of FTE for part-time employees, number of personnel proposed for each category, and the estimated funding amounts.²
 - a. For example, 4 engineers @ \$125,000, 2 scientists @ \$75,000, 1 manager @ \$200,000, etc. The personnel budget should also indicate the percentage of

² The term "FTE" refers to one employee working full time for a year. For employees working a 40-hour workweek, one FTE typically equals 2,087 hours.

time each employee will devote to the EPA-funded project (e.g., 25% of the time for 1 engineer at \$125,000 per year would be budgeted at \$31,250 for each year).

- b. Note that recipients may also depict their personnel costs based on hourly rates and numbers of anticipated hours that will be charged to the assistance agreement.
 - c. EPA staff may review the personnel budget to determine whether the recipient's proposed staffing is appropriate and adequate for the project. Any estimated time durations must be consistent with the project and budget periods.
4. EPA's Grant Specialist may verify that the amounts for personnel and fringe benefits specified in the budget narrative agree with the amounts specified in the applicable budget category in the [SF-424A](#).
- a. To be allowable as assistance agreement costs, compensation for recipient employees must be reasonable as required by [2 CFR 200.430](#). EPA staff may ask recipients questions regarding whether salaries and wages are excessive particularly when an EPA assistance agreement will bear 100% of the costs for an individual's compensation.
 - b. EPA staff may ask the recipient to provide documentation that the compensation rates are based on a written personnel policy that is applied consistently to Federal and non-Federal activities.
 - (1) As provided in [2 CFR 200.430\(b\)](#), recipient employees must not receive compensation for activities charged to EPA assistance agreements that are higher than what the recipient pays the employees for similar activities that are not Federally funded.
 - (2) Based on Department of Labor salary data at <http://www.bls.gov/bls/blswage.htm> or other sources of information, EPA staff may ask the recipient to justify the proposed rates with market analyses.

B. Fringe Benefits

1. Fringe benefits are allowances and services provided by employers to their employees as compensation in addition to regular salaries and wages. Recipients may only charge EPA assistance agreements for fringe benefit costs for personnel whose compensation is also charged to the EPA assistance agreement. Fringe benefit charges must be based on actual hours worked on the EPA funded project.

- a. Fringe benefit costs are allowable to the extent that the benefits are reasonable and are required by law, governmental unit employee agreement, or an established policy of the recipient consistently applied to activities that are federally funded and those that are not. Additional guidance on the allowability of fringe benefit costs is provided in [2 CFR 200.431](#).
 - b. Fringe benefits include, but are not limited to, the costs of leave, employee insurance, pensions and unemployment, cell phone allowances, holiday bonuses, and similar benefits.
2. The budget narrative (or similar document explaining the composition of the budget) should identify the recipient's fringe benefit rate. Fringe benefits may be expressed in terms of a percentage of salaries but must be allocable to the agreement based on the amount of time the employee devotes to work that benefits the EPA-assisted project.
 - a. The Grant Specialist must ensure that the recipient breaks fringe benefits out separately during budget reviews. When the recipient has combined the fringe benefit costs with direct salaries and wages in the personnel category, the Grant Specialist must request the recipient to provide a breakout of the fringe benefit costs.
 - b. In instances where the recipient does not specify a percentage or amount for fringe benefits, EPA staff may verify that the recipient does not intend to charge any fringe benefit costs to the agreement.
3. If the recipient 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 the most recent actual fringe benefit costs. The budget detail narrative should provide an explanation of the basis for the estimate and show the calculations.
 - a. The actual fringe benefit costs must be allocable to the agreement based on the amount of time the employee devotes to work that benefits the EPA assisted project.
 - b. Unless the employee is working 100% of his or her time on the EPA-funded project, the actual fringe benefit costs must be allocated to the EPA agreement in a manner that takes into account other activities the employee performs that must bear a proportional share of the fringe benefit costs.
4. When reviewing the budget, EPA staff will pay particular attention to fringe benefit rates that seem unusually high based on information from other similarly-situated recipients. The Bureau of Labor Statistics website publishes average rates that can be used as a reference. The composition of fringe benefits may only include allowable costs under [2 CFR 200.431](#) and must be properly allocable to the EPA-funded program or project. For example, costs for providing an automobile to an executive are

unallowable to the extent that the costs include home to work transportation and other personal uses as provided by [2 CFR 200.431\(f\)](#).

- a. If not otherwise available in the budget narrative, EPA staff may request that recipients identify the types of fringe benefits that are included in the fringe benefit rate.
- b. If leave is included in the fringe benefit rate or the recipient must have a system for properly allocating leave costs to the EPA assistance agreement.
 - (1) In the absence of a rate that covers leave costs, the recipient should explain how it intends to charge the costs of leave to the agreement, especially for staff that work less than full-time on any one agreement. The recipient must equitably distribute leave across all cost centers over the course of the full year.
 - (2) For example, if the recipient's leave policy provides that employees accrue 8 hours of leave for each 40-hour pay period then the EPA assistance agreement should only bear the costs of leave in proportion to the employees work on the agreement. The recipient may charge the agreement for 100% of the leave only for employees who work full-time on that agreement. The recipient must allocate leave charges for employees who do not work full-time on the agreement under a formula that takes into account the extent to which the employee performs work on the agreement.

III. Travel

A. Trips Covered by Travel Category

1. As provided under [2 CFR 200.475](#), costs classified as "Travel" must be for recipient employees for trips 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 or training courses).
2. Travel for trainees and other program participants such as interns, fellows, and work group members who are not employees of the recipient are *Participant Support Costs* under [2 CFR 200.1](#) and [200.456](#) and should be included in the "Other" budget category.
3. Travel costs include payment or reimbursement of recipient employees' costs for common carrier transportation fares, lodging, per diem (subsistence), rental vehicles, taxes, internet access charges, phone calls and similar personal expenses allowed under the recipients travel policies that apply to federal and non-federally funded activities.

4. Costs for transportation services (e.g., a bus and driver) for local or long-distance travel are classified as contractual.
5. 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”.

B. Travel Budget Narrative

1. Recipients must provide a narrative description of the types/purposes of travel, estimated number of trips, planned destinations, estimated number of travelers, and estimated per trip costs for travel to training, meetings, and conferences, if known. Note: Ongoing routine travel for site visits/inspections and similar activities as well as local travel may be combined into a single amount.
2. The amount and type of travel the recipient proposes must be necessary to effectively carry out the project. When the recipient has not identified all trips that EPA will fund (with the exception of ongoing routine travel) the EPA assistance agreement may include a term and condition requiring the recipient to notify the EPA Project Officer of proposed domestic travel. See Item III. B. 5. for guidance on international travel.
3. Travel for executives (e.g., Governors, Mayors, elected Tribal Leaders) and legislators (including Tribal Council members) is allowable with prior approval by the EPA Award Official or Grants Management Officer, if the travel is specifically related to performing an EPA-funded project or program.
4. 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.
5. If the recipient proposes international travel, the EPA Project Officer will obtain and document the proper approvals from the EPA Office of International and Tribal Affairs (OITA).
 - a. International travel includes trips to Mexico and Canada but does not include trips to Puerto Rico, the U.S. Territories, or possessions.³ Recipients that routinely travel to Mexico and Canada by motor vehicle (e.g., for sampling or meetings) may describe their travel in general terms in the application. OITA

³ U.S. territories are islands under the jurisdiction of the United States which are not States of the United States. U.S. possessions can be divided into two groups:

1. Those that have their own governments and their own tax systems (Puerto Rico, U.S. Virgin Islands, Guam, American Samoa, and The Commonwealth of the Northern Mariana Islands), and
2. Those that do not have their own governments and their own tax systems (Midway Island, Wake Island, Palmyra Island, Howland Island, Johnston Island, Baker Island, Kingman Reef, Jarvis Island, and other U.S. islands, cays, and reefs that are not part of any of the 50 states).

may then approve the travel generally as opposed to the recipient obtaining OITA approval on a trip-by-trip basis.

- b. If OITA has not provided approval at time of award, the EPA assistance agreement will include a grant-specific term and condition precluding the use of EPA funds for international travel until the requisite approval is provided.
- c. If the recipient has not identified all trips EPA will fund at time of award or indicates that there will be no international travel by employees, EPA's General Terms and Conditions require the recipient to obtain EPA approval for international travel.

C. Allowable Travel Costs

1. 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 from the U.S. General Services Administration at <http://www.gsa.gov/portal/content/104877>.
2. 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 application indicates that the recipient anticipates using EPA funds for first or business class travel, EPA staff will verify that regulatory requirements are met.

IV. Equipment

A. Definition of Equipment

1. *Equipment* is defined in [2 CFR 200.1](#) as tangible, non-expendable, personal property having a useful life of more than one year and an acquisition cost of \$10,000 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 the definitions of *Equipment* and *Supplies* in [2 CFR 200.1](#). The recipient's lower threshold or different definition is binding.
2. *This category* includes only equipment the recipient proposes to purchase as a direct cost. Costs for equipment rentals are classified as "Other" as indicated in [Section VIII.C](#).
3. Equipment also includes accessories and services included with the purchase price necessary for the *equipment* to be operational. It does not include separate equipment service or maintenance contracts (not included in the purchase price) which should be in the contractual category.

4. When a recipient intends to purchase a base component that costs less than \$10,000 (or the *recipient's* equipment price threshold) and related modifications, attachments, accessories, or auxiliary apparatus are necessary to make the asset usable for the purpose for which it will be acquired, the cost of all components is cumulative in determining whether it is considered equipment. If the net invoice price of all related items equals or exceeds \$10,000 or the recipient's equipment price threshold, EPA considers the asset to be equipment rather than supplies based on the definition of *Acquisition cost* at [2 CFR 200.1](#).
5. The combined costs should be categorized as equipment for budgeting, inventory and *disposition* purposes. These determinations require case-by-case judgments based on the intended use of the equipment and whether the attachments, accessories, or auxiliary apparatus are components of the asset rather than intended as stand-alone devices.

Note that 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.”

B. Prior EPA Approval for Equipment Purchases

1. Pursuant to [2 CFR 200.439\(b\)\(2\)](#), recipients must have prior written EPA approval for equipment purchases and other capital expenditures, including:
 - a. General purpose equipment, buildings, and land are allowable as direct costs.
 - b. Capital expenditures for special purpose equipment are allowable as direct costs provided that items with a unit cost of \$10,000 or more.
 - c. Capital expenditures for improvements to land, buildings, or equipment that materially increase their value or useful life are allowable as direct cost.
2. The recipient's budget narrative should include an itemized listing of all equipment proposed under the agreement and that the equipment is necessary for the project. Recipients should not specify brands of equipment, unless applicable procurement procedures have been followed to identify the most cost-effective brand, but must describe the type of equipment they intend to purchase with EPA funds. 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. Note that under [2 CFR 200.319\(c\)\(6\)](#) specifications that identify specific brands of equipment must also allow vendors to offer equipment that is “equal” to the specified brand in terms of performance or other relevant requirements.

3. If the recipient cannot provide an itemized equipment list at time of award, then EPA will include a grant-specific programmatic term and condition requiring post-award approval of equipment purchases by EPA's Award Official or Grants Management Officer. The budget must be revised if necessary based on the final itemized list of equipment.
4. If the recipient's itemized list of equipment identifies unit costs of less than \$10,000, the recipient should explain whether its property management policies stipulate such a lower threshold for equipment unless the recipient has previously provided its equipment purchase policies to EPA's Project Officer otherwise provided an explanation in the budget detail narrative.
5. EPA Office of International and Tribal Affairs (OITA) approval is not required for purchases of equipment manufactured in foreign countries. However, as provided by [2 CFR 200.322\(a\)](#), the recipient:

. . . should, to the greatest extent practicable and consistent with law, provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States (including but not limited to iron, aluminum, steel, cement, and other manufactured products). The requirements of this section must be included in all subawards, contracts, and purchase orders under Federal awards.

Definitions for the terms "Produced in the United States" and "Manufactured products" are available at [2 CFR 200.322\(b\)](#). Some EPA programs may be subject to other Buy American requirements as described in program regulations or EPA guidance.

Federal agencies providing Federal financial assistance for infrastructure projects must implement the Buy America preferences set forth at [2 CFR Part 184](#).

C. Allowability of Equipment Costs

1. Recipients should provide detailed explanations for proposed purchases of certain items such as automobiles and scientific devices that have useful lives beyond the project period. An example of a situation in which there may be an ongoing need for equipment after the project period ends is an EPA Continuing Environmental Program grant that provides support for the recipient's inspection program on an ongoing basis.
2. 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. For example, if the recipient will use purchased equipment on other Federally funded projects, then purchasing the equipment may be appropriate provided the costs of the equipment are properly allocated among the cost centers for the project. Equipment rental costs are classified as "Other" as provided in [Section VIII.C](#).

3. 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.

D. Procedures for Purchases of Equipment

The recipient should describe or reference the procedures it will use to acquire the equipment in the budget narrative or other component of the proposed work plan. Information regarding competition requirements for purchasing equipment is available in the [Section VI.C.](#) of the Contractual Category of this Cost Review Guidance and EPA's [Best Practice Guide for Procuring Services, Supplies, and Equipment Under EPA Assistance Agreements.](#)

V. Supplies

A. Definition of Supplies

1. As provided in [2 CFR 200.1](#), *Supplies* are tangible personal property other than equipment with a per item acquisition cost of less than \$10,000, unless the recipient's written property management systems establish a lower threshold. A computing device is a supply if the acquisition cost is below the lesser of the capitalization level established by the recipient or subrecipient for financial statement purposes or \$10,000, regardless of the length of its useful life. See [2 CFR 200.314 Supplies](#) and [2 CFR 200.453 Materials and supplies costs, including costs of computing devices.](#)
2. Electronic devices including laptops, personal computers, tablets, and cell phones with a per item acquisition cost of less than \$10,000 may be classified as supplies unless the recipient's written property management systems policies classify these items differently. Recipients may define such items as equipment to ensure they are tracked in their inventory systems.
3. When a recipient intends to purchase a base component that costs less than \$10,000 (or the recipient's equipment price threshold) and:
 - a. related modifications, attachments, accessories, or auxiliary apparatus are necessary to make the asset usable for the purpose for which it will be acquired, and;
 - b. the net invoice price of all related items equals or exceeds \$10,000 or the recipient's equipment price threshold, then;
 - c. EPA considers the asset to be equipment rather than supplies based on the definition of *Acquisition cost* at [2 CFR 200.1](#). The combined costs must be categorized as equipment for budgeting, inventory, and disposition purposes. These determinations require case- by-case judgments based on the intended use of the equipment and whether the attachments, accessories, or auxiliary

apparatus are components of the asset rather than intended as stand-alone devices.

Note that 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.”

B. Supplies Budget Narrative

1. The recipient should briefly explain in budget narrative why the supplies the recipient proposes to purchase are necessary for the project.
2. Costs should be categorized by major supply categories (e.g., office supplies, computing devices, monitoring equipment) and include the estimated costs by category.
3. Any single item valued at \$10,000 or more in this category should be moved to the “Equipment” category. Services associated with supplies, such as rental costs for computing devices, should be included in the “Other” category.

C. Procedures for Purchase of Supplies

1. The recipient should describe the procedures it will use to acquire supplies in the budget narrative, unless the recipient has previously provided EPA’s Grant Specialist with a description of its procurement system.
2. Information regarding competition requirements for purchasing supplies is available in the Contractual Category of this Cost Review Guidance.
3. Note that in many cases recipients will be able to purchase supplies without competition under [2 CFR 200.320\(a\)\(1\)](#) micro-purchase procedures.
 - a. The current threshold for micro-purchases is \$15,000 per item although this amount is subject to periodic adjustment for inflation.⁴
 - b. Some recipients have higher micro-purchase thresholds as provided in [2 CFR 200.320\(a\)\(1\)](#).
 - c. Additional information regarding micro-purchase procedures and adjustments to the threshold is available in [Section VI.C.2.b.](#) below.

⁴ The micro-purchase threshold was raised to \$15,000 on October 1, 2025. Refer to the Federal Acquisition Regulation at FAR 2.101. The EPA implemented this direction in [RAIN-2018-G04-R](#).

VI. Contractual

A. General

1. Recipients use procurement contracts to acquire property (including intellectual property such software licenses), and services needed to carry out the EPA-funded project or program. EPA's [Best Practice Guide for Procuring Services, Supplies, and Equipment Under EPA Assistance Agreements](#) provides detailed information on EPA's interpretation of the procurement requirements in [2 CFR Part 200 \(2 CFR 200.317 thru 200.327\)](#). Note that as provided in [2 CFR 200.317](#) states and Indian Tribes, with limited exceptions (described below), follow the same procurement statutes, policies, and procedures for Federal financial assistance funds as they do for state and Tribal funds.
2. Some EPA program specific regulations establish unique contracting requirements. These regulations include those for Superfund Technical Assistance Grants (TAG) ([40 CFR Part 35, Subpart M](#)) and Superfund Cooperative Agreements ([40 CFR Part 35, Subpart O](#)).
 - a. TAG recipients should consult with the provisions in 40 CFR Part 35, Subpart M on ["Procuring a Technical Advisor or Other Contractor With TAG Funds"](#)
 - b. For Superfund Cooperative Agreements, recipients should consult with the provisions in 40 CFR Part 35, Subpart O on ["Procurement Requirements Under a Cooperative Agreement"](#).
3. Contractual services (including those provided by consultants) are those services to be carried out by an individual or organization, other than the recipient, that establish a contractual relationship as described at [2 CFR 200.331\(b\)](#) and [Appendix A of EPA's Subaward Policy](#).
4. Transactions between recipients and for-profit firms or individual consultants are in almost all cases procurement contracts subject to the procurement requirements in [2 CFR Part 200](#) competition requirements rather than subawards which generally may be awarded without competition.
5. Speaker fees (including "honoraria" and travel expenses for non-employees), stand-alone contracts for audio-visual services and costs for hiring transportation services (vehicles and drivers) at conferences, meetings, workshops, and similar events should be classified as contractual. Facility rental costs are classified as ["Other"](#) and may include audio-visual and catering services. 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."

6. Recipients should briefly explain in their work plan and budget narrative why contracting is appropriate for the project.
 - a. The recipient should list the proposed contract activities along with a brief description of the scope of work or services to be provided, proposed duration, and proposed procurement method (competitive or non-competitive) in its budget narrative.
 - b. EPA does not require recipients to identify contractors (including consultants) in the work plan, but recipients may do so if they describe the procurement process that was used to select the contractor. Refer to the [Sole Source Guidance in Subsection C. 3.](#) below for additional information. Recipients should also consult [EPA's Subaward Policy Frequent Questions](#) for additional information on EPA's policies for contracting by recipients.
 - c. Recipients should work with their Project Officer to obtain OITA approval for service contracts that will be performed in a foreign country. The term "foreign countries" includes Mexico and Canada but does not include Puerto Rico, the U.S. Territories, or possessions.
7. 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.

B. Special Contracting Situations

1. **Consultants.** If the recipient indicates that it will hire individual consultants, the costs for consultant compensation that are charged to the EPA assistance agreement (including cost shares) must not exceed the consultant cap (Level IV. of the Executive Schedule) as described at [2 CFR 1500.10](#) and the "[Consultant Cap](#)" [General Term and Condition.](#)" EPA may not reimburse recipients for compensation they pay to individual consultants on an hourly, daily, or other basis that has the effect of exceeding the amount paid to Federal employees at Level IV. of the Executive Schedule. The cap on compensation for individual consultants is statutory, applies to all recipients including states, and may not be waived by EPA.
 - a. As provided in [2 CFR 1500.10](#), the consultant cap applies to ". . . consultation services of designated individuals with specialized skills who are paid at a daily or hourly rate."
 - b. If a consultant is paid on an hourly basis, EPA will not participate in more than the hourly equivalent of the rate or participate in more than the maximum daily rate if a consultant paid on an hourly basis works more than 8 hours in a day. There is no maximum number of days for the purposes of the consultant fee cap. However, if a consultant works fewer than 8 hours in a day, EPA will

not participate in more than the hourly equivalent rate for each hour worked, even if the consultant is paid on a daily basis.

Information on how to calculate the maximum daily rate and the daily pay limitation is available at the U.S. Office of Personnel Management's [Fact Sheet: How to Compute Rates of Pay](#) and [Fact Sheet: Expert and Consultant Pay](#). Specifically, to determine the maximum daily rate, follow these steps:

- Divide the Level IV. salary by 2087 to determine the hourly rate. Rates must be rounded to the nearest cent, counting one-half cent and over as the next higher cent (e.g., round \$18.845 to \$18.85).
 - Multiply the hourly rate by 8 hours. The product is the maximum daily rate.
- c. The consultant fee cap only covers personal compensation. Reimbursements recipients pay to consultants for overhead and travel costs are not subject to the consultant fee cap.
- d. The consultant fee cap is subject to revision annually when the [Office of Personnel Management \(OPM\)](#) changes the compensation for Level IV. of the Executive Schedule.
- e. Contracts or subcontracts with multi-employee firms for services are not affected by the consultant compensation limitation in [2 CFR 1500.10](#) provided the contractor or subcontractor, rather than the recipient selects, directs and controls individual employees providing consulting services. Note that contracts with individual consultants or consulting firms are subject to the competitive procurement requirements in 2 CFR Part 200.
- f. The consultant compensation limitation does not apply to fixed priced contracts such as those structured as lump sum payments for completion of a study or design of a training course. Also, the consultant fee cap does not apply to contracts for technical advisory services awarded competitively under EPA's Superfund Technical Assistance Grant (TAG) program regulations at [40 CFR 35.4205](#) provided that the terms of the contract indicate that the technical advisor has the discretion of an independent contractor and do not vest the TAG recipient with responsibility for the direction and control of the technical advisor.
- g. The determinations on when the consultant fee cap applies are fact-specific, and the recipient should consult with EPA's Grant Specialist if there are any questions.

2. **Conference costs.** As provided at [2 CFR 200.432](#), a conference is an event whose primary purpose is to disseminate technical information beyond the recipient or subrecipient and is necessary and reasonable for successful performance under the Federal award. Allowable conference costs may include the rental of facilities, speakers' fees, attendance fees, costs of meals and refreshments, local transportation, and other items incidental to such conferences, unless further restricted by the terms and conditions of the EPA award. The costs of identifying and providing locally available dependent-care resources for participants are allowable as needed. Conference hosts/sponsors must exercise discretion and judgment in ensuring that conference costs are appropriate, necessary, and managed to minimize costs to the Federal award. See also 2 CFR Part 200 sections [200.438 Entertainment and prizes](#), [200.456 Participant support costs](#), and [200.475 Travel costs](#).

Conference costs for meals and light refreshments are allowable under certain circumstances. Unless the event(s) and all of its components are described in the approved workplan, the recipient needs to obtain prior approval from EPA for the use of grant funds for light refreshments and/or meals served at conferences as specified in the [General Terms and Conditions](#).

- a. Meals and light refreshments procured from caterers (separate from facility rental charges) should be classified as Contractual.
- b. If not explicitly described in their approved scope of work, recipients (other than certain state recipients of Continuing Environmental Program (CEP) assistance agreements) must obtain prior approval from EPA's Grants Management Officer for meals and light refreshments post-award in accordance with the terms and conditions of the EPA agreement. In general, meals should only be allowable during conferences when the work continues during the meals.
 - (1) Recipients may address questions about whether costs for light refreshments, and meals for events are allowable to the EPA Project Officer.
 - (2) The EPA Award Official or Grants Management Officer will make final determinations on allowability.
- c. Costs for light refreshments and meals for recipient staff meetings and similar day-to-day activities are not allowable under EPA assistance agreements.
- d. There are substantial restrictions on the use of EPA funds for receptions and similar after-hours events. 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.

- e. Refer to the EPA's [Guidance on Selected Items of Cost for Recipients](#) for additional information on the allowability of costs for meals and light refreshments.
 - f. For state Continuing Environmental Program recipients, EPA has waived the prior approval requirement for meals and light refreshments if the state maintains systems capable of complying with federal grant regulations at [2 CFR 200.432](#) and [200.438](#). EPA's [General Terms and Conditions](#) provide that the state may follow its own procedures for approving meals and light refreshments without requesting prior approval from EPA. However, notwithstanding state policies, EPA funds may not be used for (1) evening receptions, or (2) other evening events (with the exception of working meetings). Examples of working meetings include those evening events in which small groups discuss technical subjects on the basis of a structured agenda or there are presentations being conducted by experts. EPA funds for meals, light refreshments, and space rental may not be used for any portion of an event (including evening working meetings) 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.
3. Costs for training courses for recipient employees (e.g., instructional services) provided by third parties would be classified as contractual although 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."
 4. Stand-alone equipment maintenance or service contracts (i.e., not included in the purchase price for the equipment) are classified as contractual.
 5. 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."
 6. Cost estimates for leased or rented items (equipment, office space) should be included in the "Other" category.

C. Competition Requirements

When conducting procurement transactions under a Federal award, a state or Indian Tribe must follow the same policies and procedures it uses for procurements with non-Federal funds. If such policies and procedures do not exist, states and Indian Tribes must follow the procurement standards 2 CFR Part 200 sections 200.318 through 200.327. In addition to its own policies and procedures, a state or Indian Tribe must also comply with the following

procurement standards: Sections [2 CFR 200.321](#) (small, minority, women, and veteran-owned businesses), [2 CFR 200.322](#) (domestic preferences), [2 CFR 200.323](#) (recovered materials), and [2 CFR 200.327](#) (Appendix II Contract Provisions). All other recipients and subrecipients, including subrecipients of a state or Indian Tribe, must follow the procurement standards in 2 CFR Part 200 sections 200.318 through 200.327.

All recipients, including states and Indian Tribes, must comply with EPA's rules for Disadvantaged Business Enterprises (DBE) at [40 CFR Part 33](#). EPA has paused certain aspects of 40 CFR Part 33. Please see the Recipient/Applicant Information Notice (RAIN) [RAIN-2025-G02](#) for further information.

1. States and Indian Tribes

- a. As provided in [2 CFR 200.317](#), states and Indian Tribes follow the same policies and procedures they follow for procurements financed with non-Federal funds. States and Indian Tribes 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](#). State contracts are also subject to the "consultant fee cap" described in [2 CFR 1500.10](#).
- b. EPA defers to state and Indian Tribal practices on competition for contracts unless the state or Indian Tribe is subject to specific conditions under [2 CFR 200.208](#) which authorize EPA to monitor the state's or Indian Tribe's procurement practices.

2. Other Recipients

- a. Non-state or non-Indian Tribal recipients contracting practices must comply with the [procurement requirements in 2 CFR Part 200 \(2 CFR 200.317 thru 2 CFR 200.327\)](#). Additional information regarding appropriate procurement procedures is available in the EPA's [Best Practice Guide for Procuring Services, Supplies, and Equipment Under EPA Assistance Agreements](#) and [Appendix 1](#) of this Cost Review Guidance.
- b. As provided by [2 CFR 200.319\(b\)](#), 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."
- c. As authorized by [2 CFR 200.320\(a\)](#), recipients may purchase goods and services that do not cost more than the *Micro-purchase threshold* as defined at [2 CFR 200.1](#) without competition provided purchases are equitably distributed

among suppliers to the extent practicable and the price is reasonable. The micro-purchase threshold amount is \$15,000, as set by the Federal Acquisition Regulation (FAR) at 48 CFR part 2, subpart 2.101. See also [RAIN-G04-R3, Micro-Purchase and Simplified Acquisition Threshold for Procurements by EPA Assistance Agreement Recipients and Subrecipients](#).

- (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 in a relatively short time frame from the same source (particularly for professional services) in amounts at or less than the micro-purchase threshold or less to avoid competition as that practice would not lead to equitable distribution of purchases from qualified sources. 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 \$15,000 as provided at [2 CFR 200.320\(a\)\(1\)](#).

A recipient or subrecipient can establish a threshold higher than \$15,000 up to \$50,000. They can do this via self-certification (approval from the Federal government is not necessary). A micro-purchase threshold over \$50,000 must be approved by the recipient or subrecipient’s cognizant agency.

The noncompetitive procurement can happen if “The aggregate amount of the procurement transaction does not exceed the micro-purchase threshold (see [2 CFR 200.320\(a\)\(1\)](#)).” This amount is either \$15,000 (micro-purchase threshold in the Federal Acquisition Regulations) or higher based on the recipient or subrecipient’s threshold (usually up to \$50,000).

Refer to [2 CFR 200.320\(a\)\(1\)\(iv\)](#) for what must be included in a self-certification justification.

- d. For purchases that cost more than the micro-purchase threshold but less than the *Simplified Acquisition Threshold* as defined at [2 CFR 200.1](#) (currently set at \$350,000 by the Federal Acquisition Regulation (FAR) at 48 CFR part 2, subpart 2.101) recipients may use [2 CFR 200.320\(a\)\(2\)](#) simplified acquisition procedures and solicit offers from an adequate number of sources without formally advertising or otherwise publicizing the contracting opportunity.
 - (1) EPA’s position as described in the [Best Practice Guide for Procuring Services, Supplies, and Equipment Under EPA Assistance Agreements](#) is

that 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.
- e. 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\(b\)](#).
 - f. [2 CFR 200.318\(e\)](#) encourages recipients to use intergovernmental or inter-entity agreements for efficient procurement of common goods and services. For example:
 - (1) A state may enter into one or more contracts with environmental consultants that local governments may also use to acquire consulting services.
 - (2) A county government may have a competitively awarded architecture/engineering (A/E) contract that municipalities within the county's jurisdiction may use to acquire A/E services.
 - (3) One or more Institutions of Higher Education or nonprofits may cooperate to conduct a competition for professional services and award a single, multi-year contract to the successful offeror.

3. Noncompetitive Procurement Guidance

- a. If the recipient is not a state or Indian Tribe and proposes to award the contract without competition (i.e., a noncompetitive procurement or "sole source"), it must comply with [2 CFR 200.320\(c\)](#).
- b. EPA does not require recipients to identify contractors in proposals or work plans and EPA staff will not suggest, recommend, or direct recipients to hire particular firms or individuals.
 - (1) The fact that a recipient has named a contractor in its proposal or work plan as a "partner" or otherwise does not in and of itself justify a sole

source award. EPA's standard competitive solicitation clause "[Contracts and Subawards](#)" provides guidance on this matter.

- (2) When a recipient (other than a state or Indian Tribe) names a contractor (including a consultant) in its proposed work plan, EPA's Project Officer or Grant Specialist may inquire whether the recipient has complied with the competition requirements in [2 CFR 200.319](#) and [2 CFR 200.320](#). Such an inquiry is not necessary when the recipient has already described the competitive process it followed to select the contractor.
 - (3) EPA provides additional information in the [Frequent Questions](#) in EPA's Guidance on Subawards.
- c. If the recipient intends to enter a noncompetitive procurement contract in excess of the micro-purchase threshold, the recipient should first discuss the matter with EPA's Project Officer. The Project Officer may inform the recipient to submit a written request (with appropriate justification) for EPA approval under [2 CFR 200.320\(c\)\(4\)](#) from EPA's Grants Management Officer. The Grants Management Officer will provide EPA's decision on the request via email, letter or by issuing the award with a work plan containing the recipient's noncompetitive procurement 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](#).
- (1) Noncompetitive procurement contracts in excess of the micro-purchase threshold should be rare.
 - (2) Potential justifications include [200.320\(c\)\(2\)](#), only one source, [200.320\(c\)\(3\)](#), an emergency, [200.320\(c\)\(4\)](#) EPA approval, or [200.320\(c\)\(5\)](#) after soliciting a number of sources the recipient reasonably decided competition was inadequate.
 - (3) EPA's general policy is to require competition for commercially available items (including consulting services) unless due to a patent, copyright, or equipment maintenance agreement with the manufacturer, the service or product is available from only one firm or there is an emergency (e.g., a natural disaster) that precludes competitive bidding. A contractor's role in preparing a financial assistance application does not, in and of itself, justify awarding a noncompetitive procurement contract to the individual or firm.

VII. Construction

A. General

EPA's Small and Disadvantaged Business Enterprises (DBE) 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.” There are also statutory and regulatory definitions of construction applicable to specific EPA financial assistance programs (e.g., section 1004(2) of the Solid Waste Disposal Act and 40 CFR 35.2005(b)(13)). However, for the purposes of consistency among EPA grant programs this Guidance applies the DBE rule's definitions of *Construction*, *Services* and *Equipment* for the purpose of categorizing costs on the SF 424A budget form. These distinctions also track requirements for compliance with Davis-Bacon prevailing wage laws on EPA funded construction projects.

B. Eligible Construction Costs

1. Construction excludes the cost of land acquisition and off-site improvements unless authorized by statute. (For example, the definition of “construction” in section 1004(2) of the Solid Waste Disposal Act includes acquisition of interests in lands.)
2. With the exception of Superfund, Comprehensive Environmental Response Compensation and Liability Act (CERCLA) 104(k) Brownfields, and Clean Water Act sections 319 and 320, certain programs authorized by the Water Infrastructure Improvements for the Nation Act (WIIN) and grants for construction projects authorized by EPA's annual appropriation acts (e.g., Congressionally directed spending), construction costs are typically not eligible under project grants, continuing environmental program grants, and other agreements covered by this cost review guidance. Construction costs are only allowable under project grants if such costs are integrally related to and necessary for an activity that is authorized in an EPA statute such as a demonstration project. Unless program guidance provides that construction is an eligible cost, the recipient should consult with the Project Officer to verify that proposed construction costs are allowable.
3. Construction costs may include site preparation, demolishing and building facilities, making permanent improvements to facilities or other real property, major renovations of existing facilities, remediation of contamination and related architectural or engineering services. With very few exceptions, recipients carry out construction projects by hiring contractors which typically include a general contractor and an architectural or engineering firm for design work and in some cases purchasing equipment for installation at the site.

4. The recipient should provide a list of planned construction contracts along with a brief description of the scope of work or services to be provided, planned duration, and planned procurement method (competitive or non-competitive), if known. Recipients should consult the guidance on contracting in [Section VI](#). for additional information on competition requirements. The cost plus percentage of construction cost method of contracting is prohibited by [2 CFR 200.324\(c\)](#).

C. Categorizing Construction Costs

Construction costs are to be categorized on the SF424A budget table as follows:

1. Anticipated costs for hiring general contractors and other contractors performing activities described in the Disadvantaged Business Enterprises (DBE) Rule's definition of Construction will be categorized as "Construction."
2. 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."
3. 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."
4. Anticipated costs for land acquisition or relocation assistance paid to individuals or businesses will be categorized as "Other."
5. Force Account – A "force account" is when a recipient has the staff, experience, and equipment necessary to perform the project task using their own forces. If recipient personnel or equipment are to be used to perform eligible construction project work (e.g., engineering, inspection, waste removal) under force account, 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. Recipients must demonstrate that recipient personnel have the necessary competence to do the work. 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." 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](#). Note that recipients must maintain records demonstrating that equipment usage charges are reasonable based on lease rates for similar equipment in the relevant market.

D. Prevailing Wages

Grant projects with construction that exceed \$2,000 are required to pay workers no less than the local prevailing wages and benefits. The Davis-Bacon and Related Acts (DBRA) require this payment of prevailing wages on federally-funded or assisted construction projects. Davis-Bacon prevailing wage requirements apply only when the statute authorizing the EPA financial assistance program imposes DBRA. For example, Superfund, Brownfields, the Clean Water and Drinking Water State Revolving Funds, Clean Water Act sections 319 and 320 (for construction of treatment works), and certain grant programs authorized by the Water Infrastructure Improvements for the National Act (WIIN) are subject to DBRA.

Use the [Davis-Bacon Wage Determinations in SAM.gov](#) to access prevailing wage rates and determinations for a project location and type of construction work specific to a project.

The DBRA labor costs should be categorized as Construction.

The EPA grant recipients, subrecipients (including loans), prime contractors and subcontractors must include the link to the [Contract Provisions for Davis-Bacon and Related Acts](#) in all contracts that are subject to DBRA requirements. In addition, the EPA recipients and subrecipients must include the link to [DBRA Requirements for EPA Subrecipients](#) in all the EPA subawards that are subject to DBRA requirements.

E. Relocation Costs

The Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) is a federal law that establishes minimum standards for federally funded programs and projects that result in the acquisition of real property or displacement of persons from their residences, businesses, or farms. The U.S. Department of Transportation's regulations implementing the Uniform Relocation Act are found at [49 CFR Part 24](#) and have been adopted by EPA as provided in [40 CFR 4.1](#). Essentially, 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 by an authorized EPA Official. Recipients should consult with the Project Officer 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](#).

VIII. Other

A. General

This category must include only those types of direct costs that do not fit in any of the specific budget categories. Examples of costs that may be in this category are:

1. Insurance and indemnification [2 CFR 200.447](#).
2. Telecommunication and video surveillance costs [2 CFR 200.471](#).
3. Occasional document reproduction at local copying centers.
4. Capitalization funding for revolving loan programs.
5. Third party in-kind contributions towards cost share [2 CFR 200.306](#).
6. Tuition remission and scholarships under agreements with educational institutions under [2 CFR 200.466](#).
7. Rental/lease of equipment, office space, and meeting or conference facilities additional guidance in [Subsection C](#), below).
8. Participant support costs (additional guidance in [Subsection D](#), below).
9. Subawards (additional guidance in [Subsection E](#), below).
10. Land acquisition costs when authorized under the financial assistance program.

B. Special Considerations for Other Direct Costs

1. Recipient budget narratives for the “Other” category should include line-item amounts for all costs the recipient characterizes as “Other” so that EPA staff are aware of the composition of costs in the category. All costs classified as “Other” must be necessary for the EPA funded project.
2. Under [2 CFR 200.400\(g\)](#) and EPA policy, reflected in the General Terms and Conditions of EPA assistance agreements, any “management fees” or similar charges that amount to a “profit” are unallowable since they are not costs directly related to performing the project or approved by a cognizant Federal agency as indirect costs. Recipients may not include such fees in the “Other” category.
3. Contingency reserves for major projects such as construction or information technology infrastructure, which are categorized as “Other” are addressed at [2 CFR 200.433](#).

C. Rental/Lease

1. The allowability of costs for renting equipment (including vehicles), office, laboratory or conference/meeting space is governed by [2 CFR 200.465](#).
2. Rental costs for a recipient’s “main office” are typically included in the indirect cost pool.
 - a. Some organizations have central indirect rates that cover only the broader organization and not specific divisions or satellite offices or labs. In these instances, and other situations when a recipient rents space for a discrete

activity necessary to carry out the assistance agreement, rental costs may be charged directly provided the rates are reasonable and fully or partially allocable to the agreement.

- b. In instances where the rental costs are only partially allocable to a particular grant, the recipient must have an appropriate allocation methodology to distribute these costs among all appropriate funding sources.
3. Examples of situations in which rental costs may be fully allocable to an assistance agreement include space rented for a conference, training course, community meeting or temporary use of a laboratory. Refer to [2 CFR 200.465\(a\)](#) for additional guidance.
4. EPA staff and auditors may pay additional attention to situations in which 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 \(c\)](#).
5. Conference/meeting facility rental charges may include meals and light refreshments per [2 CFR 200.432](#) as well as audio-visual services. Additional guidance on EPA’s policies for the use of financial assistance funds for meals and light refreshments is available in [Section VI.B.2.a.](#) through [e.](#) above. Recipients must compete requirements for conference/meeting facilities when the amount of the charges are expected to exceed the current micro-purchase threshold. Refer to the guidance in the Competition Requirements in [Section VI.](#) Contractual Category for additional information.
6. Leases and other rental agreements with costs that will be charged directly to the EPA assistance agreement are procurements and generally subject to the competition requirements of [2 CFR 200.319](#) and [2 CFR 200.320](#). 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.

D. Participant Support Costs

1. *Participant Support Costs* are defined at [2 CFR 200.1](#) as: “. . . direct costs that support participants and their involvement in a Federal award, such as stipends, subsistence allowances, travel allowances, registration fees, temporary dependent care, and per diem paid directly to or on behalf of participants.” EPA regulations at [2 CFR 1500.1](#) expand the definition of *Participant Support Costs* to include subsidies, rebates and other payments to program beneficiaries to encourage participation in statutorily authorized environmental stewardship programs. Participant support costs are allowable as provided at [2 CFR 200.456](#). Participant support costs must be documented in the recipient’s written policies and procedures and treated

consistently across all Federal grants. The EPA has issued detailed [Guidance on Participant Support Costs](#).

2. Participant support costs may include:
 - a. Stipends for interns, fellows, trainees, or attendees at community meetings including registration fees, training materials, and travel costs when the purpose of the trip is to participate in the project activity.
 - b. Travel assistance to non-employee program participants (e.g., travel assistance that nonprofit “co-regulator” organizations provide to state and Tribal workgroup members).
 - c. Stipends and other incentives paid to participants in research experiments, focus groups, surveys, or similar research activities.
 - d. Examples of allowable subsidy and rebate program costs include:
 - (1) 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 Diesel Emission Reduction Act program when the program participant, rather than the recipient, owns the equipment.
 - (2) Subsidies or rebates provided to program beneficiaries to encourage participation in statutorily authorized programs to encourage environmental stewardship such as Best Management Practices under Clean Water Act 319 nonpoint source management programs, subsidies to promote adoption of source reduction practices by businesses under section 6605 of the Pollution Prevention Act, rebates or subsidies for wood stove replacement, low emission vehicle purchases, or purchase and installation of pollution control devices under financial assistance programs authorized by the Clean Air Act or EPA’s annual appropriation acts.
 - (3) Other payments to or on behalf of Project/Program beneficiaries that EPA determines to be statutorily authorized.
3. Requirements for allowability of participant support costs.
 - a. Participant support costs should be included as a separate line item in the recipients’ budget narrative.
 - b. Participant support costs are only allowable if the EPA Award Official approves the recipient’s description of the activities that will be supported and budget

narrative for participant support costs by awarding the financial assistance agreement.

- c. Under [2 CFR 200.308\(f\)\(5\)](#) recipients must obtain prior EPA approval for post-award transfers of funds budgeted for participant support costs to other direct cost categories.
 - d. As provided in the definition of *Modified total direct costs* at [2 CFR 200.1](#), recipients must exclude participant support costs from their Modified Total Direct Cost base for the purposes of applying indirect cost rates.
 - e. 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.
4. Recipients should specify the amount of travel assistance they intend to provide program participants and explain the purpose of the trips the program participants will take.
- a. If the recipient proposes international travel for program participants, the recipient will work with the Project Officer to obtain and document the proper approvals from EPA’s Office of International and Tribal Affairs (OITA). International travel includes trips to Mexico and Canada but does not include trips to Puerto Rico, the U.S. Territories, or possessions. Recipients that routinely travel to Mexico and Canada by motor vehicle (e.g., for sampling or meetings) may describe their travel in general terms in the application. OITA may then approve the travel generally as opposed to requiring OITA approval on a trip-by- trip basis.
 - b. If the recipient advises EPA’s Project Officer that EPA funds will not be used for international travel by program participants, or the recipient has not identified all types of program participant travel, EPA’s General Terms and Conditions require prior OITA approval for international travel.

E. Subawards

1. Subawards (i.e., “Subgrants”) are a distinct type of cost under the “Other” category and are subject to stringent requirements at [2 CFR 200.331](#) and [200.332](#) as well as [EPA’s Subaward Policy, GPI 16-01](#).

- a. As provided in the definition of *Subaward* at [2 CFR 200.1](#) and [2 CFR 200.331\(a\)](#) the term “subaward” means an award of financial assistance (money or property) provided by a pass-through entity (the recipient) to a subrecipient for the subrecipient to contribute to the goals and objectives of the project by carrying out part of the EPA- funded project even if the recipient provides the assistance under an instrument designated as a “contract.” When a recipient provides a subaward to a subrecipient, the recipient becomes a *Pass-through entity* as defined at [2 CFR 200.1](#).
- b. The term “subaward” does not include:
 - (1) Technical assistance in the form of services instead of money or other assistance in the form of revenue sharing or direct appropriations.
 - (2) Payments to program beneficiaries such as participant support costs.
- c. Loans, loan guarantees, interest subsidies and similar assistance provided to borrowers in EPA revolving loan fund capitalization grants for programs other than the Clean Water and Drinking Water State Revolving Funds⁵ are subawards for the purposes of *Internal controls* at [2 CFR 200.303](#), *Requirements for pass-through entities* at [2 CFR 200.332](#) and the [2 CFR Part 170](#) requirements for Reporting Subaward and Executive Compensation Information. The extent to which these requirements apply to EPA may be further described in the terms and conditions of the EPA assistance agreement.
- d. As provided in [2 CFR Part 25](#), [2 CFR Part 170](#), and the definition of *Subrecipient* in [2 CFR 200.1](#), Federal agencies are subrecipients when they receive “subawards” from pass-through entities. Nonetheless, Federal agencies must have statutory authority to provide services to non-Federal entities on a reimbursable basis or otherwise receive and use funds from non-Federal entities under subawards. See Section 7.0 (b) of [EPA’s Subaward Policy](#) for additional information and the Subaward General T&C.
- e. *Contract* as defined at 2 CFR 200.1 is “ . . . the legal instrument by which a recipient or subrecipient purchases property or services needed to carry out the project or program under a Federal award.” Differences between subrecipients and contractors are described in [2 CFR 200.331](#) and [Appendix A of EPA’s Subaward Policy](#). Transactions between recipients and for- profit firms or individual consultants are in almost all cases procurement contracts subject

⁵ As provided at [2 CFR 1500.3\(b\)](#), “. . . the requirements for subrecipient monitoring and management at 2 CFR 200.331 through 200.333 do not apply to loan, loan guarantees, interest subsidies and principal forgiveness, purchases of insurance or local government debt or similar transactions with borrowers by recipients of Clean Water State Revolving Fund (CWSRF) capitalization grants and Drinking Water State Revolving Fund (DWSRF) capitalization grants.” Other regulatory requirements do apply to the CWSRF and DWSRF as specified in 2 CFR 1500.3(b) and [40 CFR Part 35](#).

to the competition requirements in [2 CFR 200.319](#) and [2 CFR 200.320](#) rather than subawards that generally may be made without competition. However, as indicated in [Appendix A of EPA's Subaward Policy](#) there may be situations in which a subaward to a for-profit firm is appropriate such as when the recipient is paying for installation of pollution control technology at a commercial facility.

- (1) EPA's [Recipient Subaward Frequent Questions](#) provide information on EPA's policies for determining whether transactions are subawards, procurement contracts, or another type of transaction.
 - (2) Recipients should consult with EPA staff if there are questions regarding whether a particular transaction is a procurement contract or a subaward.
2. As provided by [Section 8.0\(a\) of the Subaward Policy](#) recipients must provide the aggregate amount they propose to allocate to subawards as a separate line item in the "Other" category. Amounts for subawards in the form of loans, loan guarantees, interest subsidies and similar arrangements must also be included in the line item in the "Other" budget category for subawards. Recipients must provide separate line items for amounts estimated for subawards to borrowers and subawards to other types of subrecipients.
3. If recipients erroneously place funding estimates for subawards in the "Contractual" category, EPA staff will ask recipients to submit a revised budget except for state and Tribal continuing environmental program grants covered by [Grants Policy Issuance \(GPI\) 12-06](#) and [GPI 13-02](#) when "pen and ink" changes to recipient budgets are acceptable.
 - a. Pass-through entities must provide a description of the types of activities to be supported with subawards in either the budget narrative or the scope of work to comply with the prior approval provision of [2 CFR 200.308\(f\)\(6\)](#).
 - b. The Subaward Policy does not require that pass-through entities identify subrecipients or the amount of anticipated funding for specific subawards, although some do so voluntarily particularly for competitive proposals.
 - c. Under [2 CFR 200.308\(f\)\(6\)](#) recipients must obtain prior EPA approval for post-award for subawards that are not described in the scope of work for the agreement and budgeted for in the aggregate line item in the recipient's budget narrative. EPA's [Recipient Subaward Frequent Questions](#) contains additional guidance on when EPA approval is required for changes to a pass-through entity's subaward plans.

4. There may be situations in which a funding arrangement of \$15,000 or less between a state, Tribal, or local government and a nonprofit organization, between two nonprofit organizations or between different units of government that EPA would normally consider to be a subaward may be executed as a micro-purchase under [2 CFR 200.320\(a\)\(1\)](#) for reasons of efficiency. For example:

- a. Several nonprofit and governmental recipients want to support a particular nonprofit's participation in an ongoing forum for coordinating cross-program communication, issue analysis and discussion, joint project development and other matters of mutual interest relating to an EPA financial assistance program. Each transaction will be approximately \$5,000.
- b. A recipient conducting an EPA-funded public education project wants to support the participation of several local community-based nonprofit organizations in an outreach meeting. The estimated cost for compensating each nonprofit is \$3,000.

In both examples, rather than developing multiple subaward agreements that meet the extensive requirements of [2 CFR 200.332](#), the recipients could determine that the use of micro-purchase procedures would be a more cost-effective means of compensating the non-profits for the activities they will carry out. This approach is consistent with the coverage in [Appendix A in the Subaward Policy](#) on recipients using contracts rather than subawards to acquire ancillary services from nonprofit organizations.

5. Micro-purchase procedures may not be used to simply transfer funds from the recipient to another organization. The non-Federal entity receiving the micro-purchase contract must be compensated for carrying out activities necessary for the execution of the recipient's work plan.
 - a. The cost for compensating the non-Federal entity receiving the micro-purchase order must meet the reasonableness requirement of [2 CFR 200.404](#).
 - b. Invoices or other contractual documents describing the activities that will be carried out under the micro-purchase arrangement are necessary to meet the documentation requirements of [2 CFR 200.318\(i\)](#).
6. The [National Subaward Term and Condition, Subaward Policy Appendix B](#), provides that pass-through entities must work with EPA's Project Officer to obtain the written consent of OITA, prior to awarding a subaward to a foreign government or international organization, or a subaward that will be performed in a foreign country. This requirement applies even if the recipient describes the subaward in a proposed scope of work. Foreign countries include Mexico and Canada but do not include Puerto Rico the U.S. Territories or possessions.

7. As provided in the definition of *Modified total direct costs* (MTDC) at [2 CFR 200.1](#) pass-through entities may only include up to the first \$50,000 of each subaward in the MTDC pool for the purposes of distributing indirect cost rates unless the pass-through entity's Federal negotiated indirect cost rate provides otherwise. [Section 8.0\(c\) of the Subaward Policy](#) authorizes the Grant Specialist to make inquiries necessary to ensure recipients comply with this limitation.

IX. Indirect Costs (IDCs)

A. Definitions

1. Indirect costs (IDC) as defined in [2 CFR 200.1](#) are “. . . those costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved (e.g., functions necessary for the general operations of the organization, such as space costs, utilities, accounting services, human resource services, etc.). For Institutions of Higher Education (IHE), the term facilities and administrative (F&A) cost is often used to refer to indirect costs.
2. *Modified total direct costs* (MTDC) is also defined in [2 CFR 200.1](#) means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$50,000 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, and the portion of each subaward more than \$50,000. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs and with the approval of the cognizant agency for indirect costs.

B. EPA Indirect Cost (IDC) Policies

1. EPA's general IDC policy is available on EPA's internet site at [Indirect Cost Policy for Recipients of EPA Assistance Agreements](#) and additional information is available in [RAIN- 2018-G02-R, Indirect Cost Guidance for Recipients of EPA Assistance Agreements](#). Note that EPA provides a list of EPA financial assistance programs with [Statutory Restrictions on Indirect Costs](#).
2. In order for recipients to use EPA funding for indirect costs, the IDC category of the assistance agreement award budget must include an amount for IDCs and at least one of the following must apply:
 - a. With the exception of certain state and local governmental agencies and Indian Tribes and Institutions of Higher Education as noted below, all recipients must

have one of the following current (not expired) IDC rates, including IDC rates that have been extended by the cognizant agency:

- (1) Provisional;
- (2) Final;
- (3) Fixed rate with carry-forward;
- (4) Predetermined;
- (5) 15% *de minimis* rate authorized by [2 CFR 200.414\(f\)](#); or,
- (6) EPA-approved use on an exception basis of an expired fixed rate with carry-forward for EPA assistance agreements as detailed in section 6.4.a. of the [IDC Policy](#).

Procedures for requesting exceptions are available in [Indirect Cost Guidance for Recipients of EPA Assistance Agreements](#).

- b. Certain state and local governmental agencies and Indian Tribes, because of the nature of their Federal awards, elect to use a cost allocation plan to charge indirect costs instead of an indirect cost rate. In these cases, a cost allocation plan must be prepared to identify their allowable indirect costs as well as document the different allocation methods used to distribute their indirect cost to their benefitting activities. A copy of the plan must be provided to EPA to support the total amount of indirect costs allocated to their EPA award. If the governmental department or agency receives \$35 million or less in direct Federal funding per fiscal year, the plan does not need to be approved by their cognizant Federal agency; however, if they receive more than \$35 million in direct Federal funding per fiscal year, then they must submit a plan approved by their cognizant Federal agency.
 - c. Institutions of Higher Education must use the IDC rate in place at the time of award for the life of the assistance agreement (unless the rate was provisional at time of award, in which case the rate will change once it becomes final). As provided by [2 CFR Part 200, Appendix III\(C\)\(7\)](#), the term “life of the assistance agreement”, means each competitive segment of the project. Additional information is available in the regulation.
3. EPA grants are governed by the regulations in effect at the time of award. The updates to 2 CFR Part 200 effective October 1, 2024 included increasing the *de minimis* rate from 10% to up to 15%. Applications submitted before October 1, 2024, for programs with an anticipated award date of October 1, 2024 or later may use the 15% *de minimis* rate to budget for indirect costs.

Recipients using the 10% de minimis rate on assistance agreements awarded prior to October 1, 2024, will continue to use the 10% de minimis on those awards.

EPA may allow a recipient to apply the 15% de minimis rate to an existing award if there are sufficient funds to support the 15% de minimis rate. In these instances, the recipient may charge the 15% de minimis rate only to costs incurred after the effective date of the amendment to implement the 15% de minimis rate. Recipients may not retroactively apply the de minimis rate to costs incurred prior to the effective date of the amendment.

No documentation is required to justify using the de minimis rate and the rate can be used indefinitely. However, costs must be consistently charged as either indirect or direct and may not be inconsistently charged as both.

4. IDCs 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 by the recipient. Recipients may budget for IDCs pending approval of their IDC rate by the cognizant Federal agency or an exception granted by EPA under section 6.3 or 6.4 of the [IDC Policy](#). However, recipients may not draw down IDCs until their rate is approved or EPA grants an exception.

C. Distribution of IDC Charges

1. Most non-profit recipients and Institutions of Higher Education distribute their indirect cost rates to Modified total direct costs (MTDC) as provided in [Appendix III to Part 200, Section C. 2.](#) and [Appendix IV to Part 200, Section B. 2. c.](#) state, Tribal and local government recipients including some interstate organizations do not necessarily use MTDC as the basis for distributing indirect costs. As provided in [Appendix VII to Part 200, Section C.](#), the IDC rate agreement with the cognizant Federal agency may provide for other distribution bases for governmental recipients. Recipients must provide documentation of the distribution basis for their IDCs when applying for EPA funding unless that information is already available in EPA's files.
2. Under the definition of *Modified total direct costs (MTDC)* at [2 CFR 200.1](#), the MTDC includes only the first \$50,000 of each subaward. Procurement contracts are not covered by this restriction. MTDC does not include participant support costs, tuition remission, scholarships, fellowships and the portion of each subaward more than \$50,000. Therefore, these costs must be excluded from MTDC when applying indirect costs. These limitations on MTDC restrict the distribution of the recipient's indirect cost substantially. Recipients subject to MTDC must ensure that their budgets reflect the appropriate distribution for subawards, and that participant support costs or other items that are excluded from MTDC are properly accounted for when describing how IDCs are distributed.
3. Examples of IDC Rate base distribution calculations are shown below:

- a. Personnel Salaries ($\text{Indirect Rate} \times \text{Personnel} = \text{IDC}$)
 - b. Personnel Salaries and Fringe ($\text{Indirect Rate} \times \text{Personnel} \ \& \ \text{Fringe} = \text{IDC}$)
 - c. Modified Total Direct Costs ($\text{Indirect Rate} \times \text{MTDC} = \text{IDC}$)
4. Unless the recipient's rate agreement expressly authorizes distribution of indirect costs to total direct costs, this form of rate distribution is not allowable. Authorizations to distribute IDC to total direct charges are very rare.

Appendix 1 – 2 CFR 200.320 Procurement Methods Matrix - Recipients other than States and Indian Tribes*

Resource: [RAIN-2018-G04 Micro-Purchase and Simplified Acquisition Threshold for Procurements by EPA Assistance Agreement Recipients and Subrecipients.](#)

Procurement Type	Threshold	Applicability
Informal procurement methods (2 CFR 200.320(a))		
<ul style="list-style-type: none"> Used for small purchases Expedites the completion of transactions, minimizes administrative burdens, and reduces costs. Only used when the value of the procurement transaction does not exceed the simplified acquisition threshold. 		
Micro-purchases/awards** (200.320(a)(1))	Less than or equal to \$15,000	
Recipient or subrecipient increase to Micro-purchase threshold up to \$50,000 (200.320(a)(1)(iv))	Less than or equal to \$50,000	<ul style="list-style-type: none"> The recipient or subrecipient may establish a threshold higher than the micro-purchase threshold. May self-certify a threshold up to \$50,000 on an annual basis, and Must maintain documentation to be made available to the Federal agency or pass-through entity and auditors in accordance with section 2 CFR 200.334.
The recipient or subrecipient increase to the micro-purchase threshold over \$50,000 (200.320(a)(1)(v))	More than \$50,000	<ul style="list-style-type: none"> Micro-purchase thresholds higher than \$50,000 must be approved by the cognizant agency for indirect costs.
Simplified Acquisition	Less than or equal to \$350,000	<ul style="list-style-type: none"> Price or rate quotations must be obtained from an adequate number of qualified sources. Recipient or subrecipient may exercise judgment in determining what number is adequate, unless not allowed by the EPA award.
Simplified acquisition procedures/threshold (200.320(a)(2))	More than \$15,000 (micro-purchase threshold) and less than \$350,000 (simplified acquisition threshold)	
Formal procurement methods (2 CFR 200.320(b))		
<ul style="list-style-type: none"> Required when the value of the procurement transaction exceeds the simplified acquisition threshold of the recipient or subrecipient. 		

Procurement Type	Threshold	Applicability
<ul style="list-style-type: none"> Competitive and require public notice. 		
Sealed bids (200.320(b)(1))	More than \$350,000	<ul style="list-style-type: none"> Bids are publicly solicited through an invitation, and Firm fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid conforms with all the material terms and conditions of the invitation and is the lowest in price Preferred for procuring construction services.
Proposals (200.320(b)(2))	More than \$350,000	<ul style="list-style-type: none"> Used when conditions are not appropriate for using sealed bids. May result in either a fixed-price or cost-reimbursement contract.
Noncompetitive procurement (2 CFR 200.320(c))		
There are specific circumstances in which the recipient or subrecipient may use a noncompetitive procurement method.		
Noncompetitive procurement (200.320(c))	Less than \$15,000	May only be used if: <ul style="list-style-type: none"> Does not exceed micro-purchase threshold Can only be fulfilled by a single source Public exigency or emergency exists for competition Recipient or subrecipient requests in writing to use a non-competitive procurement method and the EPA or pass-through entity approves After solicitation, competition is determined inadequate

[Procurement Standards](#) can be found at 2 CFR 200.317 through 2 CFR 200.327.

Terms:

Micro-purchase means an individual procurement transaction for supplies or services, the aggregate amount of which does not exceed the micro-purchase threshold. Micro-purchases comprise a subset of a recipient’s or subrecipient’s small purchases using informal procurement methods as set forth in at [2 CFR 200.320](#).

Micro-purchase threshold means the dollar amount at or below which a recipient or subrecipient may purchase property, or services using micro-purchase procedures (see section [2 CFR 200.320](#)). Generally, except as provided in [2 CFR 200.320](#), the micro-purchase

threshold for procurement activities administered under Federal awards is not to exceed the amount set by the FAR at [48 CFR Part 2, Subpart 2.1](#), unless a higher threshold is requested by the recipient or subrecipient and approved by the cognizant agency for indirect costs.

Simplified acquisition threshold means the dollar amount below which a recipient or subrecipient may purchase property or services using small purchase methods (see section [2 CFR 200.320](#)). Recipients and subrecipients adopt small purchase procedures to expedite the purchase of items at or below the simplified acquisition threshold.

Notes:

* As described at [2 CFR 200.317](#), procurements by states and Indian Tribes must follow the same policies and procedures it uses for procurements with non-Federal funds. If a state or Indian Tribe does not have existing policies and procedures, then they must follow the procurement standards at 2 CFR Part 200 sections 200.318 through 2 CFR 200.327. States and Indian Tribes must comply with procurement standards for [2 CFR 200.321](#) (contracting with small business, minority business, women’s business enterprises, veteran-owned business, and labor surplus area firms), [2 CFR 200.322](#) (domestic preferences for procurement), [2 CFR 200.323](#) (procurement of recovered materials), and [2 CFR 200.327](#) (contract provisions). All other recipients and subrecipients, including subrecipients of a state or Indian Tribe, must follow procurement standards at 2 CFR Part 200 sections 200.318 through 2 CFR 200.327.

States and Indian Tribes are also subject to requirements for participation by Disadvantaged Business Enterprises in the EPA Programs ([40 CFR Part 33](#)).

** Micro-purchases are informal procurement methods detailed at [2 CFR 200.320\(a\)\(1\)](#) with a threshold of \$15,000.

The EPA implemented the OMB direction in [RAIN-2018-G04 Micro-Purchase and Simplified Acquisition Threshold for Procurements by EPA Assistance Agreement Recipients and Subrecipients](#).

Recipients may procure services and supplies in amounts less than the micro-purchase threshold provided the purchases are distributed equitably among qualified suppliers.

Appendix 2 – Sample Budget Detail/Narrative

Background. This fictitious sample budget detail/narrative is based on a hypothetical EPA assistance agreement supporting an Urban Waters project that involves water quality sampling, analysis of the results, and outreach to the community to encourage efforts to improve water quality. The agreement requires a recipient cost share of 10% of total project costs.

Notes:

Both federal and non-federal funds must be listed in the budget detail/narrative.

The recipient should identify its capitalization level for equipment if the threshold for their financial statements is lower than the \$10,000 level specified in the definition of equipment at [2 CFR 200.313](#).

The sample Budget Detail/Narrative calls for the recipient to attach its negotiated indirect cost rate agreement. If a recipient does not have a current indirect cost rate agreement, then they should apply up to a 15% de minimis rate to their modified total direct costs in accordance with [2 CFR 200.414\(f\)](#). The only exception is state and local governmental agencies that receive more than \$35 million in direct Federal funding per fiscal year, which are ineligible to use the de minimis rate. Modified total direct costs (MTDC) are defined at [2 CFR 200.1](#). For more information about indirect costs, refer to indirect cost policy, guidance, and training in [RAIN-2018-G02-R2](#).

The Sample Budget Detail/Narrative Sample below details the individual charges from each category that you would find in a budget narrative and SF-424 form.

Budget Detail/Narrative Sample:

Personnel:

	Requested from EPA	Cost Share provided by recipient (if applicable)	Total
Salaries and Wages			
(1) Project Manager @ \$47/hr x 323 hours	\$15,181		\$15,181
(1) Project Assistant @ \$24/hr x 200 hours		\$4,800	\$4,800
(1) Community Relations Coordinator @ \$23/hr x 150 hours	\$3,450		\$3,450
Total	\$18,631	\$ 4,800	\$23,431

Fringe Benefits:

Rate/Base/Composition	Requested from EPA	Cost Share provided by recipient (if applicable)	Total
31% of Personnel costs (FICA, retirement, health, vacation, sick leave)	\$5,776	\$1,488	\$7,264

Travel:

<i>See Narrative Note 2.</i>	Requested from EPA	Cost Share provided by recipient (if applicable)	Total
2 National Conferences including lodging, air, per-diem and registration fees for 2 employees. <i>(See Narrative Note 2.)</i>	\$4,492		\$4,492
Local travel for sampling and meetings. (P.O.V. @ \$0.58 per mile and actual cost for public transit)	\$150		\$150
Travel to one-week training course on innovative sampling techniques including lodging, train and per-diem for 1 employee. <i>(See Narrative Note 3.)</i>	\$2,500		\$2,500
Total	\$7,142		\$7,142

Equipment: (Equipment Capitalization Threshold = \$10,000)

Description	Purpose	Unit Cost	Quantity	Requested from EPA	Cost Share provided by recipient (if applicable)	Total
Microwave Digester	Lab Analysis	\$17,500	1	\$17,500		\$17,500
12 Foot Motorized Skiff and trailer. <i>(See Narrative Note 4.)</i>	Sampling		1	\$8,000	\$3,000	\$11,000
Total				\$25,500	\$3,000	\$28,500

Supplies:

Type	Requested from EPA	Cost Share provided by recipient (if applicable)	Total
Computer Software	\$2,500		\$2,500
Office Supplies (pens, pencils, paper, chairs, etc.)	\$825		\$825
2 Lap Top Computers @ \$2000 each.	\$4,000		\$4,000
Total	\$7,325		\$7,325

Contractual:

Contractual * (competitive process will be used to determine contractors when required by regulation)	Requested from EPA	Cost Share provided by recipient (if applicable)	Total
Advertising for public meetings (Newspapers)	\$1,000		\$1,000
Environmental Sampling Firm to design sampling protocol and assist with data evaluation.	\$120,000	\$20,000	\$140,000
Community Meeting Facilitator - \$524/ day x30 days (rate complies with limitation on individual consultant fees)	\$15,720		\$15,720
Total	\$136,720	\$20,000	\$156,720

Other:

Type	Requested from EPA	Cost Share provided by recipient (if applicable)	Total
Postage for Flyers for Community meetings.		\$611	\$611
Subaward to Friends of the Wolf River (<i>See Narrative Note 5</i>)	\$48,000	\$3,000	\$51,000
Subaward to ABC University (<i>See Narrative Note 5</i>)	\$23,000	\$2,000	\$25,000
Travel to National Conference for 4 Community Members (<i>See Narrative Note 6</i>)	\$7,000	\$3,000	\$10,000
Printing Costs (Occasional use of large copies at Office Depot).		\$1,200	\$1,200
Total	\$78,000	\$9,811	\$87,811

Indirect Costs:

	Requested from EPA	Cost Share provided by recipient (if applicable)	Total
Indirect Cost Rate x Modified Total Direct Cost Base			
26% of Modified Total Direct Costs (Personnel + Fringe Benefits + Travel +Supplies + Services + up to the first \$50,000 of each subaward) (\$278,693 * 26%) (See Narrative Note 7)	\$72,460		\$72,460

Total Budget Summary:

	Requested from EPA	Cost Share provided by recipient (if applicable)	Total
Personnel	\$18,631	\$ 4,800	\$23,431
Fringe Benefits	\$5,776	\$1,488	\$7,264
Travel	\$7,142		\$7,142
Equipment	\$25,500	\$3,000	\$28,500
Supplies	\$7,325		\$7,325
Contractual	\$136,720	\$20,000	\$156,720
Other	\$78,000	\$9,811	\$87,811
Indirect Costs	\$72,460		\$72,460
Total	\$351,554	\$39,099	\$390,653

Narrative Note 1. Recipient cost share calculation: \$39,099 / \$390,653 = 10.00%.

Narrative Note 2. There is no international travel for this project.

Narrative Note 3. The Project Manager and Community Relations Coordinator will make presentations on interim and final project results at the 2025 and 2026 National Urban Waters conferences. Travel reimbursement will be based on General Services Administration per-diem rates.

Narrative Note 4. The Program Assistant will attend a one-week training on innovative sampling techniques at Tulane University.

Narrative Note 5. Our equipment threshold is \$10,000. We have determined based on the frequency and timing of the sampling activity that purchasing a small, motorized skiff and a trailer is more cost effective than boat rentals. Additionally, some sampling will take place in remote areas in which boat rentals are not available.

Narrative Note 6. We will partner with Friends of the Wolf River to encourage community participation in the project. Friends is a 501(c)(3) nonprofit organization that promotes

conservation of the Wolf River. Among other things, Friends will pay stipends and travel support to community members who attend focus groups and participate in training to prevent disposal of cooking grease in household drains. Friends of Wolf River understands that the stipends and participant travel are Participant Support costs that are excluded from its Modified Total Direct Cost base for distributing indirect costs.

We will partner with ABC University to encourage community participation in the project. The ABC University will pay stipends and travel support to community members who attend focus groups and participate in training to prevent disposal of cooking grease in household drains. The University understands that the stipends and participant travel are Participant Support costs that are excluded from its Modified Total Direct Cost base for distributing indirect costs.

Narrative Note 7. Four community members will attend the 2025 and 2026 National Urban Waters conferences (two at each conference) to participate in our presentations.

Narrative Note 8. We have attached our most recent negotiated indirect cost rate agreement. The approved indirect cost rate percentage is 26%, and the approved base is Modified Total Direct Costs which is calculated below.

Modified Total Direct Cost Base (MTDC):

	Total Costs	Excluded Costs	MTDC base
Personnel	\$23,431	\$0	\$23,431
Fringe Benefits	\$7,264	\$0	\$7,264
Travel	\$7,142	\$0	\$7,142
Equipment	\$28,500	(\$28,500)	\$0
Supplies	\$7,325		\$7,325
Contractual	\$156,720		\$156,720
Other:			
Postage for Flyers	\$611		\$611
Subaward Friends of the Wolf River	\$51,000	(\$1,000)	\$50,000
Subaward to ABC University	\$25,000		\$25,000
Travel for Participants	\$10,000	(\$10,000)	\$0
Printing Costs	\$1,200		\$1,200
Total	\$318,193	(\$39,500)	\$278,693