

## INSTRUCTIONS FOR PREPARING THE DETAILED LINE-ITEM BUDGET WORKSHEET

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### 1. Detailed Line-Item Budget (DLIB) Worksheet

The West Virginia Department of Human Services (hereinafter “Department”) requires that a Detailed Line-Item Budget (DLIB) worksheet be prepared and approved for all federal and state grant awards negotiated with the Department. The DLIB worksheet is the responsibility of the Grantee and shall be prepared in accordance with the procedures prescribed in these instructions. The DLIB worksheet is attached to these instructions. An Excel version is also available.

### 2. Budget Narrative

In addition to a DLIB worksheet, all negotiated grant agreements must contain a detailed budget narrative explaining the need/use for certain line-items in the budget. The budget narrative submitted with the agreement must match the dollar amounts provided on the budget worksheets and include the calculations supporting the budgeted amount.

### 3. General Instructions

The Grantee must provide the relevant information for each line-item and enter the total cost for the corresponding row onto the worksheet. The Total Cost column should represent only the grant funded portion (amount) of the applicable line-item. Except for formulas or hourly wages, all amounts should be rounded to the nearest dollar. The worksheets will automatically calculate the totals for each cost category, which should be verified by the Grantee.

### 4. General Information

The General Information section must include **(1)** the legal name of the Grantee, which is the official name registered with the government for legal purposes, such as the articles of incorporation or other formation documents; **(2)** the “doing business as” name of the Grantee; **(3)** the unique entity identifier assigned to the Grantee by SAM.gov, which is linked to the legal name of the Grantee; **(4)** the Grantee’s physical address, to include the street address, city, state, zip+4, and county; **(5)** the principal place of performance or primary location where the majority of the work related to the grant will be performed, to include the street address, city, state, zip+4, and county; **(6)** the name and title of the person who prepared the DLIB; and **(7)** the date of preparation.

### 5. Budget Categories (Line Items)

#### A. PERSONAL SERVICES

##### Guidance

Compensation for personal Services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the federal award, including but not necessarily limited to wages and salaries.

Costs of compensation are allowable to the extent that they satisfy the specific requirements of 2 CFR 200.430 (“Compensation – personal services”) and that the total compensation for individual employees: (1) Is reasonable for the services rendered and conforms to the established written policy of the Grantee consistently applied to both governmental and non-governmental activities; (2) Follows an appointment made in accordance with the Grantee’s laws, rules, or written policies and meets the requirements of federal or state statute, where applicable;

and (3) is determined and supported as provided in the Standards for Documentation of Personnel Expenses in 2 CFR 200.430(g), when applicable.

Compensation for employees engaged in work on the grant award will be reasonable to the extent that it is consistent with that paid for similar work in other activities of the Grantee. In cases where the kinds of employees required for grant awards are not found in the other activities of the Grantee, compensation will be considered reasonable to the extent that it is comparable to that paid for similar work in the labor market in which the Grantee competes for the kind of employees involved.

#### DLIB Worksheet and Narrative

For the Personal Services section of the DLIB worksheet, the Grantee shall identify (1) each position by title and/or name of employee; (2) the annual salary rate; (3) the percentage of time that will be devoted to the project; (4) the total cost for each position; and (5) the total cost for all personal services. The Grantee may not allocate more than 100 percent of an employee's time to the grant, regardless of the number of hours worked. In other words, the records for salaries and wages must reasonably reflect the total activity for which the employee is compensated by the Grantee, not exceeding 100 percent of compensated activities.

Within the budget narrative, the Grantee must include a description of the responsibilities and duties of each position in relation to fulfilling the project goals and objectives.

#### → **Additional Disclosure for Executive Compensation – 2 CFR 170**

Per 2 CFR 170 ("Reporting Subaward and Executive Compensation Information"), the names and total compensation of the Grantee's five most highly compensated executives must be reported if the following three conditions apply:

1. In the Grantee's preceding fiscal year, it received 80 percent or more of its annual gross revenue in federal procurement contracts (and subcontracts) and federal awards (and subawards) subject to the Transparency Act.
2. In the Grantee's preceding fiscal year, it received \$25,000,000 or more in annual gross revenue from federal procurement contracts (and subcontracts) and federal awards (and subawards) subject to the Transparency Act.
3. The public does not have access to information about the compensation of senior executives of the Grantee through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986.

If those three conditions apply, the budget narrative must list the names and total compensation for each of the Grantee's five most highly compensated executives for the Grantee's preceding completed fiscal year. If the three conditions do not apply, the budget narrative must indicate so.

For purposes of 2 CFR 170, "executive" means an officer, managing partner, or any other employee holding a management position; and "total compensation" means the cash and noncash dollar value an executive earns during an entity's preceding fiscal year, including all items of compensation as prescribed in 17 CFR 229.402(c)(2).

## **B. FRINGE BENEFITS**

#### Guidance

Fringe benefits are allowances and services employers provide to their employees as compensation in addition to regular salaries and wages. Fringe benefits include, but are not limited to, the costs of leave, employee insurance, pensions, and unemployment benefits.

Except as provided elsewhere in the cost principles of 2 CFR 200, the costs of fringe benefits are allowed provided that the benefits are reasonable and are required by law, an organization-employee agreement, or an established policy of the Grantee.

Fringe benefits are for the personnel listed in the Personal Services section of the budget and only for the percentage of time to be devoted to the project.

#### DLIB Worksheet and Narrative

For the Fringe Benefits section of the DLIB worksheet, the Grantee shall identify (1) the type of benefit (the benefit component); (2) the salary or wage amount to which the fringe benefit component is applied (the base); (3) the percentage applied to the base to cover the cost of the fringe benefit component (the rate); (4) the total cost of each benefit component; and (5) the total cost for all fringe benefits.

The Grantee is not required to submit a budget narrative for fringe benefits.

### **C. TRAVEL**

#### Guidance

Travel costs include transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the Grantee. These costs may be charged on an actual cost basis, on a per diem or mileage basis, or on a combination of the two, provided the method used is applied to an entire trip and not to selected days of the trip. The method used must be consistent with those normally allowed in like circumstances in the Grantee's other activities and in accordance with the Grantee's established written policies.

Costs incurred by employees and officers for travel, including costs of lodging, other subsistence, and incidental expenses, must be considered reasonable and otherwise allowable only to the extent such costs do not exceed charges normally allowed by the Grantee in its regular operations as the result of the Grantee's established written policy. In addition, if these costs are charged directly to the grant award, documentation must justify that: (1) participation of the individual is necessary for the award; and (2) the costs are reasonable and consistent with the Grantee's established written policy.

#### DLIB Worksheet and Narrative

For the Travel section of the DLIB worksheet and corresponding narrative, the Grantee shall identify (1) the specific individuals traveling, destination of travel, and number of trips; (2) the purpose of each planned travel expenditure in reference to the project objectives; (3) the basis of computation (e.g., six people to 3-day training at \$X airfare, \$X lodging, and \$X subsistence); and (4) the total cost for all travel.

### **D. EQUIPMENT**

#### Guidance

Equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost that equals or exceeds the lesser of the capitalization level established by the Grantee for financial statement purposes, or \$10,000 (also see the definitions of capital assets, computing devices, general purpose equipment, information technology systems, special purpose equipment, and supplies in 2 CFR 200.1).

Capital expenditures for general purpose equipment, buildings, and land are allowable as direct costs, but only with the prior written approval of the Department.

Capital expenditures for special purpose equipment are allowable as direct costs, provided that items with a unit cost of \$10,000 or more have the prior written approval of the Department.

Capital expenditures for improvements to land, buildings, or equipment that materially increase their value or useful life are allowable as a direct cost, but only with the prior written approval of the Department (also see 2 CFR 200.436 on the allowability of depreciation on buildings, capital improvements, and equipment; and see 2 CFR 200.465 on the allowability of real property and equipment rental costs).

Equipment and other capital expenditures are unallowable as indirect costs.

#### DLIB Worksheet and Narrative

For the Equipment section of the DLIB worksheet, the Grantee shall identify (1) each item to be purchased as a direct cost which has a useful life of more than one year and a per-unit acquisition cost that equals or exceeds the lesser of the capitalization level established by the Grantee for financial statement purposes, or \$10,000; (2) the full cost for each item to be purchased; (3) the Department's percentage in the cost for each item; (4) the total cost for each item; and (5) the total cost for all equipment.

Within the budget narrative, the Grantee must explain how the equipment is necessary for the success of the project.

### **E. SUPPLIES**

#### Guidance

Supplies mean all tangible personal property other than those described in the definition for equipment. For example, a computing device is a supply if the acquisition cost is below the lesser of the capitalization level established by the Grantee for financial statement purposes or \$10,000, regardless of the length of its useful life.

Costs incurred for materials, supplies, and fabricated parts necessary for the performance of the grant award are allowable.

#### DLIB Worksheet and Narrative

For the Supplies section of the DLIB worksheet, the Grantee shall identify (1) the categories of items to be procured (e.g., field supplies, office supplies, computers, software, training materials); (2) the number of each item to be procured, with the understanding that nominal objects and general office supplies need not be separated into distinct items for budgeting but, instead, may be separated into monthly or quarterly estimates (e.g., office supplies at \$150 per month for 12 months equals \$1,800); (3) the basis for computation (rate or cost); (4) the total cost for each item; and (5) the total cost for all supplies.

A budget narrative is not required for supplies unless the total cost of supplies exceeds the greater of \$5,000 or 5 percent of the grant.

### **F. CONTRACTS**

#### Guidance

For purposes of governmental financial assistance, a contract is a legal instrument by which the Grantee conducts procurement transactions under the grant award. Contractor means an entity that receives a contract. A contract is for the purpose of obtaining goods and services for the Grantee's use and creates a procurement relationship with a contractor.

Characteristics that support a procurement relationship between the Grantee and a contractor include, but are not limited to, when the contractor: (1) provides the goods and services within normal business operations; (2) provides similar goods or services to many different purchasers; (3) normally operates in a competitive environment; (4) provides goods or services that are ancillary to the implementation of a grant program; and (5) is not subject to compliance requirements of a grant program as a result of the agreement.

#### DLIB Worksheet and Narrative

For the Contracts section of the DLIB worksheet, the Grantee shall identify (1) the name of each contractor, if known; (2) a description of the product or service to be procured by contract; (3) an estimate of the cost to include the total time and rate if applicable; (4) the total cost for each contract; and (5) the total cost for all contracts.

Within the budget narrative, the Grantee must explain the need for each contract and how it will contribute to the project.

### **G. SUBAWARDS**

#### Guidance

The federal definition of a subaward is defined in 2 CFR 200.1 (“Definitions”). For purposes of this Grant Agreement, a subaward can be defined as a legal agreement where the Grantee transfers responsibility for a portion of the project’s work to another organization (i.e., a subgrantee). It does not include payments that the Grantee makes to a contractor or to an individual that is a beneficiary or participant of the program.

Characteristics that support the classification of the entity as a subgrantee include, but are not limited to, when the entity: (1) Determines who is eligible to receive what federal assistance; (2) Has its performance measured in relation to whether the objectives of a federal program were met; (3) Has responsibility for programmatic decision-making; (4) Is responsible for adherence to applicable federal program requirements specified in the federal award; and (5) Implements a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.

#### DLIB Worksheet and Narrative

For the Subawards section of the DLIB worksheet, the Grantee shall identify (1) the name of each subgrantee, if known; (2) a description of the activities that the Grantee plans to transfer to the subgrantee via a subaward; (3) the subaward amount; and (4) the total cost for all subawards.

Within the budget narrative, the Grantee must explain the need for each subaward and how it will contribute to the project.

### **H. [CONSTRUCTION]**

Construction encompasses a wide range of activities, including new construction, renovations, and repairs, as well as the installation of fixed equipment. In the context of federal grants, construction typically refers to the building, alteration, or repair of real property, including buildings, structures, and facilities, often with the goal of creating new space or improving existing infrastructure.

Construction costs are generally not allowable under a departmental grant unless program legislation or implementing regulations specifically authorizes them.

If construction costs are approved, upon consulting with other state agencies and offices as may be necessary, the Department will send the Grantee separate instructions outlining the next steps and requirements for project implementation, including any necessary documentation or reporting procedures.

## **I. OTHER**

### Guidance

The Other category should include all other expenses necessary to carry out the objectives of the grant. Examples of items are internet/phones, rent, utilities, insurance, and vehicle leases.

### DLIB Worksheet and Narrative

For the Other section of the DLIB worksheet, the Grantee shall identify (1) each item by major type; (2) the basis of the computation for each item, unit of measure, the quantity, unit cost, etc.; (3) the total cost of each item; and (4) the total cost for Other.

Within the budget narrative, the Grantee must describe each item in sufficient detail to allow the Department to determine the purpose, reasonableness, and allowability of each cost and how the costs will benefit the project.

## **J. INDIRECT COSTS**

### Guidance

J.1. “Indirect costs” are 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. A cost may not be allocated to a grant as an indirect cost if any other cost incurred for the same purpose, in like circumstance, has been assigned to a grant as a direct cost. An “indirect cost rate proposal” refers to the documentation prepared by the Grantee to substantiate its request to establish an indirect cost rate.

J.2. If charging indirect costs to the grant, the Grantee has four different options to substantiate the indirect cost rate:

Option 1: Indirect cost proposal and corresponding negotiated indirect cost rate agreement as issued or otherwise approved by a federal cognizant agency for indirect costs.

Option 2: Indirect cost proposal and corresponding indirect cost rate agreement (or similar script) as issued or otherwise approved by another state grant-awarding agency that has agreed to review the proposal and negotiate a rate.

Option 3: Indirect cost proposal that includes the indirect cost rate; the distribution base; a signed certification from the Grantee using the Certificate of Indirect Costs as set forth in appendices III, IV, or VII of 2 CFR 200 as applicable; and a written attestation (or similar form of assurance) from an independent certified public accountant confirming that the proposal complies with, was prepared in accordance with, and addresses all of the requirements of 2 CFR 200.

Option 4: De minimis rate. A Grantee that does not have a current negotiated indirect cost rate may elect to charge a de minimis rate of up to 15 percent of modified total direct costs as allowed per 2 CFR 200.

J.3. Notes Regarding Options 1, 2 and 3 (indirect cost proposals):

- a. The Grantee cannot use Options 1, 2, or 3 above unless the indirect cost proposal and related rate is [and remains] current, which means a new indirect cost proposal must be developed within six months after the close of each fiscal year.
- b. The indirect cost proposal must be certified by the Grantee using the Certificate of Indirect Costs as set forth in appendices III, IV, VII, or IX of 2 CFR 200, respectively. (The applicable appendix depends on the type of Grantee organization.) The certificate must be signed on behalf of the Grantee by an individual at a level no lower than vice president or chief financial officer.
- c. The Grantee must provide the documentation referenced within Option 1, 2, or 3 above to the Department (i.e., the Grantee must submit the complete indirect cost proposal as approved by a federal cognizant agency, approved by another state grant-awarding agency, or attested to by an independent certified public accountant).

J.4. Notes Regarding Option 4 (de minimis rate):

- a. The 15 percent de minimis rate is based on 15 percent of modified total direct costs (not total direct costs). "Modified total direct costs" 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). Modified total direct costs exclude equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs, and the portion of each subaward in excess of \$50,000.
- b. The Grantee is authorized to determine the appropriate rate up to the 15 percent limit.
- c. The Department may not require the Grantee to use a de minimis rate lower than the negotiated indirect cost rate or the rate elected pursuant to Option 4 unless required by federal statute or regulation.
- d. The Grantee is not required to use the de minimis rate.
- e. When applying the de minimis rate, costs must be consistently charged as either direct or indirect costs and may not be double charged or inconsistently charged as both.
- f. The de minimis rate does not require documentation to justify its use and may be used indefinitely.
- g. Once elected, the Grantee must use the de minimis rate for all federal and state awards unless the Grantee chooses to receive a negotiated rate in accordance with Option 1, 2, or 3 above.
- h. If the Grantee is a government agency that receives more than \$35 million of direct federal funding, the Grantee must submit its indirect cost rate proposal to its cognizant agency for indirect costs and is thus not qualified to utilize the de minimis rate.

DLIB Worksheet and Narrative

For the Indirect Costs section of the DLIB worksheet, the Grantee shall identify (1) the distribution base for calculating the indirect cost rate. The distribution base may be total direct costs (excluding capital expenditures and other distorting items, such as subawards for \$50,000 or more), direct salaries and wages, or another base which results in an equitable distribution. The distribution base must exclude participant support costs as defined in 2 CFR 200.1; (2) the applicable indirect cost rate; and (3) the total indirect costs budgeted for the grant.

Within the budget narrative, the Grantee must affirm that the Grantee either has a current negotiated indirect cost rate or is electing to charge a de minimis rate of up to 15 percent of modified total direct costs.

## **K. COST SHARING OR MATCHING**

### Guidance

The specific requirements for cost sharing are unique to each program and are found in the statutes, regulations, and the terms and conditions of awards pertaining to the program. Cost sharing means the portion of project costs not paid by grant funds or contributions (unless authorized by federal or state statute). This term includes matching, which refers to the required levels of cost sharing that must be provided. Project cost means total allowable costs incurred under a federal or state award and all cost sharing, including third party contributions. The following is a list of the basic criteria for acceptable cost sharing funds:

1. Are verifiable from the non-federal entity's records.
2. Are not included as contributions for any other federal or state award.
3. Are necessary and reasonable for accomplishment of project or program objectives.
4. Are allowed under 2 CFR Part 200, Subpart E ("Cost Principles").
5. Are not paid by the federal government under another award, except where the federal or state statute authorizing a program specifically provides that funds made available for such program can be applied to matching or cost sharing requirements of other federal or state programs.
6. Are provided for in the approved budget when required by the federal or state awarding agency.
7. Conform to other provisions of 2 CFR 200, as applicable.

### DLIB Worksheet and Narrative

For the Cost Sharing or Matching section of the DLIB worksheet, if cost sharing is required for the grant, the Grantee shall (1) account for those funds in accordance with the statutes, regulations, and the terms and conditions of awards pertaining to the program; (2) be aware of any restrictions on the types of costs, such as in-kind contributions, acceptable as cost sharing; (3) provide explanations of the calculations for the required cost sharing, which may be certain percentages or amounts or in the form of contributions of specified items or activities (e.g., a provision of equipment); and (4) provide the total amount for cost sharing.

## **L. OTHER GRANTEE SUPPLIED FUNDS**

### Guidance

Voluntary committed cost sharing means cost sharing specifically pledged voluntarily in the proposal's budget on the part of the Grantee, which becomes a binding requirement of the grant award. (See 2 CFR 200.306.)

### DLIB Worksheet and Narrative

For the Other Grantee Supplied Funds section of the DLIB worksheet, if applicable, the Grantee shall (1) include any cost sharing that the Grantee specifically pledged voluntarily in the proposal's budget; (2) provide an explanation of the calculations for the voluntary committed cost sharing; (3) understand that other grantee-supplied funds (i.e., voluntary committed cost sharing) is part of the budget in Exhibit E of the Grant Agreement and thus becomes a binding requirement of the grant award; and (4) identify the total amount for other grantee-supplied funds.

## **M. PROGRAM INCOME**

### Guidance

As stated in Section 6.5 of the Grant Agreement, the Grantee is encouraged to earn income to defray program costs. Program income means gross income earned by the Grantee that is directly generated by a supported activity or earned as a result of the grant award during the period of performance. Program income includes but is



not limited to income from fees for services performed, the use or rental of real or personal property acquired under grant awards, the sale of commodities or items fabricated under a grant award, license fees and royalties on patents and copyrights, and principal and interest on loans made with grant funds. Interest earned on advances of federal funds is not program income. Except as otherwise provided in statutes, regulations, or the terms and conditions of the federal or state award, the definition of program income does not include rebates, credits, discounts, and interest earned on any of them.

Program income must be used for the original purpose of the federal or state award. Program income earned during the period of performance may only be used for costs incurred during the period of performance or for allowable closeout costs. Program income must be expended prior to requesting additional federal or state funds.

There are three methods of applying program income: deduction, addition, and cost sharing. For the “deduction” method, program income is deducted from the total allowable costs, reducing the overall total amount of the federal or state award. For the “addition” method, program income is added to the total allowable costs, increasing the overall total amount of the award. For the “cost sharing” method, program income is used to meet the award’s cost sharing requirement.

Unless indicated otherwise in Exhibit C or Exhibit F of the Grant Agreement, the Grantee shall use the “deduction” method of applying program income. For awards made to institutions of higher education and nonprofit research institutions, the “addition” method shall be used unless indicated otherwise in Exhibit C or Exhibit F.

#### DLIB Worksheet and Narrative

For the Program Income section of the DLIB worksheet, the Grantee shall (1) identify the total amount of program income expected to be earned; (2) identify the source of program income, to include other relevant details; (3) and understand the requirements for applying the program income (deduction, addition, or cost sharing).

## **6. Budget Summary**

Once the line-item budget has been completed:

- a. Verify that the totals for each budget line-item (A through J) are equal to the corresponding amounts contained in the Budget Summary form.
- b. Verify the Total Direct Costs and Total Indirect Costs.
- c. Verify the Total Grant Award.
- d. If applicable, verify the amounts entered under line-items K and L and the total for Grantee Supplied Funds.
- e. If applicable, verify the projected program income line-item M.
- f. An authorized Grantee representative shall sign and date the Budget Summary form.
- g. Attach all addendums, required justifications, and narratives for submission to the Department.

## **7. Revisions of Budget and Program Plans**

- a. The Grantee must report deviations from the approved budget, project or program scope, or objective(s), and request prior approvals from the Department for budget and program plan revisions.

- b. When requesting approval for budget revisions, the Grantee must use the same format for budget information that was used in their original application.
- c. The Department will review the request for budget or program plan revision and should notify the Grantee whether the revisions have been approved within 30 days of receipt of the request. If more than 30 days are required for a review, the Department will inform the Grantee in writing as to when a decision will be made.
- d. The Grantee must request prior written approval from the Department for the following program and budget-related reasons: (a) change in the scope or the objective of the project or program; (b) change in key personnel; (c) the disengagement from a project for more than three months, or a 25 percent reduction in time and effort devoted to the grant award over the course of the period of performance, by the approved project director or principal investigator; (d) the inclusion of costs that require prior approval in accordance with 2 CFR 200 Subpart E; (e) the transfer of funds budgeted for participant support costs to other budget categories; (f) subaward activities not proposed in the application and approved in the grant award; (g) changes in the total approved cost-sharing requirement; (h) the need arises for additional grant funds to complete the project; (i) transferring funds between the construction and non-construction work under a grant award; and (j) a no-cost extension for the period of performance.
- e. The Department shall not permit a transfer of funds that would cause any federal or state appropriation to be used for purposes other than those consistent with the appropriation. The Department may also, at its option, restrict the transfer of funds among direct cost categories (e.g., personal services, travel, and supplies) or program, functions, and activities when the federal or state share of the grant award exceeds the simplified acquisition threshold and when the cumulative amount of a transfer exceeds or is expected to exceed 10 percent of the total budget, including cost share, as last approved by the Department.