



BUDGET NARRATIVE BEST PRACTICES GUIDE

A complete detailed budget along with a corresponding sub-category or total budget narrative must be submitted with all NFWF Full Proposals. Applicants must provide the narrative information requested per the guidelines below in order to prevent delays in the grantmaking process. Narratives must include all assumptions that have been made to estimate costs for each budgeted item. **BUDGETS WITHOUT NARRATIVE DESCRIPTIONS WILL BE RETURNED TO THE APPLICANT FOR FURTHER DETAILS AND CLARIFICATION.**


This **BUDGET NARRATIVE BEST PRACTICES GUIDE** is broken out into four sections. Please refer to the applicable section to review budgeting requirements. Also note that the **DETAILED BUDGET INSTRUCTIONS GUIDE** is also available in a separate document.


- SECTION I.** BUDGET NARRATIVE DEFINITION – Pg. 1
- SECTION II.** ENTERING A BUDGET NARRATIVE – Pg. 1
- SECTION III.** BUDGET NARRATIVE REQUIREMENTS – Pg. 2
- SECTION IV.** OTHER BUDGET RESOURCES – Pg. 3

I. BUDGET NARRATIVE DEFINITION

A budget narrative explains or justifies the estimated costs by line item or category in the budget. Proper budget narratives should explain how the costs associated with each line item or category relate to the implementation of the project as outlined in the proposal being submitted. Sub/recipients should try to anticipate factors that may affect the budget when developing their projections and provide a narrative explanation of those factors. In essence, the budget narrative ties the proposal budget to the proposal deliverables or statement of work. **NARRATIVES SHOULD BE WRITTEN IS SUCH A WAY THAT SOMEONE NOT SPECIFICALLY FAMILIAR WITH THE PROJECT CAN CONCEPTUALLY UNDERSTAND THE RATIONALE, PURPOSE AND CALCULATION OF THE ANTICIPATED COSTS IDENTIFIED.** *Even if budget narrative details are included in the proposal, they must also be included in the appropriate space provided for each budgeted line item or category.*

II. ENTERING A BUDGET NARRATIVE

In order to add a narrative within a budget sub-category, click on the “  ” symbol as shown below.

	\$23,365.38
▼ Personnel	\$23,365.38
▼ Personnel 	

The following box will appear:

Notes	
Line Item Budget	Personnel
Budget	Manage all aspects of the program and provide boots on the ground support.
Save	Save and Close
Cancel	

Narratives relating to each budgeted sub-category should be included in the Notes section shown above. **EVEN IF BUDGET NARRATIVE DETAILS ARE INCLUDED IN THE PROPOSAL, THEY MUST ALSO BE INCLUDED IN THE NOTES BOX.** The narratives must describe the identified costs as well as their purpose and how they will assist with accomplishing project objectives.

III. BUDGET NARRATIVE REQUIREMENTS

For each sub-category, input narrative descriptions that support each line item of cost budgeted.

PERSONNEL: Enter a description of the itemized personnel (staff) costs requested. These costs should only include the labor costs of the organization's staff assigned to the project, and not those of contractors or other third parties. Provide a brief explanation of the work to be completed by each position budgeted for the project and how the work of each budgeted position will support the purpose and goals of the overall project.

- **FRINGE:** Within the Personnel category, document the fringe benefits rate applied to each budgeted staff position assigned to the project. These costs should only include the fringe costs of the organization's staff and **not those of contractors or other third parties.**

TRAVEL: Describe the purpose of the travel and the assumptions used in estimating the cost of all travel that **the applicant is paying for directly.** These costs should not include the travel costs being paid for by subrecipients, contractors or other third parties, which should be included in the Contractual Services budget category and incorporated in the applicable Subgrant or Contract budget item. Each Travel subcategory should include a narrative that addresses the purpose of the travel and how it assists with accomplishing the goals of the project.

EQUIPMENT: Describe and itemize the equipment requested for purchase, the intended purpose of each item, and how the estimated costs were determined. These costs should only include the costs to purchase new equipment needed to complete the project and **not equipment rental costs or costs for equipment already owned by the applicant organization,** which should typically be listed in the Other Direct Costs budget category.

MATERIALS & SUPPLIES: Describe and itemize the materials & supplies requested for purchase, the intended purpose, and how the estimated costs were determined for each item.

CONTRACTUAL SERVICES: Explain the need for each agreement and how their use will support the purpose and goals of the project. For each subgrant or sub/contract, describe the associated activities, scope of work or services to be provided and how the costs were estimated. If budgeting for a procurement action, document if a solicitation process has occurred or if the contract will be a sole source.

OTHER DIRECT COSTS: Enter a description of each budgeted cost item that does not appropriately fit in the above categories. Explain the need for each item, how it will further the objectives of the project, and how the cost estimation was determined.

INDIRECT COSTS: Identify the base/MTDC elements used to calculate the indirect costs for this project and if the costs and base were derived from a valid NICRA, the de minimis rate & base, or a NFWF negotiated rate & base. Refer to NFWF's [INDIRECT COST POLICY](#) for additional guidance on applying indirect costs to your project budgets.

IV. OTHER BUDGET RESOURCES

Refer to NFWF's [DETAILED BUDGET INSTRUCTIONS GUIDE](#) for instructions on preparing NFWF proposal budgets. Refer to NFWF's [INDIRECT COST POLICY](#) for additional guidance on applying indirect costs to your project budgets.

For further questions, contact your program manager or grants administrator.