



Applicant Supplemental Budget and Cost Information

This document assists applicants when developing their budget by providing information on costs and other miscellaneous items. Applicants should refer to the NOFO for any specific requirements.

What is an Allowable Cost?

An allowable cost is an expenditure compliant with Federal principles dictating what types of project costs incurred by the recipient are eligible to be paid with project funds. All estimated expenditures must be allowable, allocable, and reasonable in accordance with the applicable Federal cost principles.

Pursuant to [2 CFR 910.352](#), the cost principles in the Federal Acquisition Regulations ([48 CFR 31.2](#)) apply to for-profit entities. The cost principles contained in [2 CFR Part 200, Subpart E](#) apply to all entities other than for-profits.

Can I Incur Pre-Award Costs?

OCED does not generally approve pre-award costs. Pre-award expenditures are made at the selectee's risk. In the infrequent case where OCED considers pre-award costs, the applicant selected for award negotiations must request and receive prior written approval to charge pre-award costs. Pre-award costs cannot be incurred prior to the Selection Official signing the Selection Statement and Analysis. DOE is not obligated to reimburse costs: (1) in the absence of appropriations; (2) if an award is not made; or (3) if an award is made for a lesser amount than the selectee anticipated. This includes any action related to the proposed project that would have an adverse effect on the environment or limit the choice of reasonable alternatives prior to DOE completing the National Environmental Policy Act (NEPA) review process.

Can I Incur Construction Costs?

For the purpose of budgeting, construction is defined as all types of work done on a particular structure, including erecting, altering, or remodeling. Recipients are required to obtain written authorization from the cognizant OCED Grants and Agreements Officer before incurring any major construction costs.

This guidance document does not supersede Federal laws and regulations. This OCED guidance document is for informational purposes only and is not a requirements document. If there are inconsistencies between this OCED guidance document and any specific program or project document, the specific OCED program or project document should be relied upon as it is the controlling document.

Is Foreign Travel Allowable?

Foreign travel costs are allowable only with the written prior approval of the OCED Grants and Agreements Officer assigned to the award. If international travel is proposed for your project, please note that your organization must comply with the International Air Transportation Fair Competitive Practices Act of 1974 ([49 U.S.C. § 40118](#)), commonly referred to as the "Fly America Act," and implementing regulations at [41 CFR 301-10.131 through 301-10.143](#). The law and regulations require air transport of people or property to, from, between, or within a country other than the United States, the cost of which is supported under this award, to be performed by or under a cost-sharing arrangement with a United States flag carrier, if service is available.

Can I Expend Funds for Conferences?

Recipients and subrecipients must not expend funds on conferences where:

- The conference is not directly and programmatically related to the purpose of the award; and
- The conference would defray the cost to the United States Government of a conference held by any Executive branch department, agency, board, commission, or office for which the cost would otherwise exceed \$20,000, thereby circumventing the required notification by the head of any such Executive Branch department, agency, board, commission, or office to the Inspector General (or senior ethics official for any entity without an Inspector General), of the date, location, and number of its employees attending such conference.

What is Considered Equipment vs. Supplies

Equipment means tangible property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the recipient or subrecipient for financial statement purposes, or \$10,000.

Supplies are generally defined as an item with an acquisition cost of \$10,000 or less and a useful life of less than one year. Supplies are generally consumed during the project performance. Refer to the applicable Federal regulations in [2 CFR § 200.313](#) and [2 CFR § 200.314](#) for specific equipment and supplies definitions and treatment.

What is Program Income?

Program Income means gross income earned by the recipient or subrecipient that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance except as provided in [2 CFR § 200.307\(c\)](#).

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 Federal awards, the sale of commodities or items fabricated under a Federal award, license fees and royalties on patents and copyrights, and principal and interest on loans made with Federal award funds.

Interest earned on advances of Federal funds is not Program Income. Except as otherwise provided in Federal statutes, regulations, or the terms and conditions of the Federal award, Program Income does not include rebates, credits, discounts, and interest earned on any of them. See [2 CFR § 200.407](#). See also [35 U.S.C. 200-212](#), Disposition of Rights in Educational Awards, which applies to inventions made under Federal awards.

Recipients are encouraged to review the regulations regarding Program Income and be aware of the ways in which Program Income can be treated during the award. The default use of Program Income is 'Addition' for OCED NOFOs. Any other treatment of Program Income must be negotiated and approved by DOE. Program Income should not be included as cost share in the applicant's budget but can be proposed during negotiations.

What are the Federal procurement standards I need to follow?

OCED allows recipients to acquire a variety of available goods or services in connection with their award. Procurement transactions occur when recipients or subrecipients purchase property or services needed to carry out the federally funded project. To learn more about Federal procurement standards, see *OCED Procurement Standards Guidance* and *OCED Procurement Standards Diagram* (energy.gov) located on OCED's [General Negotiation Guidance](#) page.

What is the difference between a Subaward and a Contract?

Recipients often rely on services provided by outside experts or other entities to accomplish tasks under their awards. A third party working under a contract is commonly known as a contractor, while a party performing under a subaward is a subrecipient. In accordance with [2 CFR § 200.331](#), the pass-through entity is responsible for making case-by-case determinations to determine whether the entity receiving Federal funds is a subrecipient or a contractor. OCED applicants, selectees, and recipients may use the *Subaward and Contract Review Guidance*, posted on OCED's [General Negotiation Guidance](#) page, for help in making this determination.

What Federal cost principles apply to my award?

Federal cost principles are regulations that help recipients and subrecipients determine eligible costs for specific activities identified in grant and cooperative agreements, and contracts. Cost principles also outline financial management requirements, including audits. The Uniform Guidance cost principles [2 CFR part 200 Subpart E](#) apply to recipients and subrecipients of federal funding. Even though DOE includes for-profit organizations as recipients and subrecipients, [2 CFR § 910.352](#) requires that for-profit organizations follow the cost principles contained in [FAR 31.2](#) instead of the Uniform Guidance.

The one exception is that patent prosecution costs are not allowable unless specifically authorized in the award document. This applies to for-profit organizations whether they are the award recipient or a subrecipient.

OCED applicants, selectees, and recipients may use *Understanding Federal Cost Principles for Financial Assistance Awards*, located on OCED's [Budget and Financial Management Related Guidance](#) page, for further clarification on the cost principle regulations.