**MxD COST PROPOSAL NARRATIVE**

RFP Number:[*Insert Text*]

Proposal Title:[*Insert Text*]

Proposal Team Lead: [*Insert Text*]

Other Proposal Team members: [*Insert Text*]

**Introduction**

The following narrative is a written explanation of the methodology used to arrive at the cost estimate (basis of estimate) and includes a detailed breakdown of the individual cost elements referencing back to the substantiating documents used. This cost proposal narrative is to be used in conjunction with cost template to properly understand and assess the proposed costs to execute the subject project. The cost proposal narrative references and discusses the sources used to develop the individual costs.

**Cost Elements**

1. **Labor** 
   1. [This is the actual cost of the labor. This cost should be what is paid to the individuals and not the rates charged in a standard commercial transaction. Cost should be presented by individual/position at an hourly rate. If these costs are not normally tracked on an hourly basis and there is a need to calculate the hourly; methodology used should be documented.
   2. Fringe and Overhead: The labor cost must identify and support the percentage that is applicable to fringe benefits and overhead either as a separate percentage to be applied to the base rate or a verifiable percentage that is included in the rate.
   3. The labor costs proposed must be discussed in detail in the cost proposal narrative referencing source documentation used and any methodologies necessary to derive the cost.]
2. **Consultants**
   1. [These are costs associate with an individual or company that is retained to provide professional advice, goods or services on a project for a fee.
   2. Consultant costs should be broken out on a cost-by-cost element (i.e. labor categories, hours, travel and other direct costs) per the cost template. Cost narrative should reference the source of costs.]
3. **Materials**
   1. [This is the cost of the materials that are being proposed for the project. Materials can generally be broken down into two categories:
      1. Prepared/manufactured in-house: These are standard manufacturing costs. Substantiation includes internal pricing documentation such as pricelists, internal chargeback documentation, internal quotes etc. or standard costing data.
      2. Purchased from a commercial vendor: These are items purchased through a commercial vendor. Substantiation includes vendor invoices and quotes. MxD requires direct quotes and proof of bid from a minimum of 3 suppliers for any material, equipment, or applicable other direct costs exceeding a unit price of $5000 or total price of $25,000.
   2. Any methodology used to derive a material cost should be documented and any price list or quote used in the methodology should be referenced in the cost narrative.
   3. The following details should be included when identifying materials required for the projects:
      1. Software:
         1. Length of license
         2. Type of software: single user, multi-user, enterprise
      2. Equipment:
         1. Methodology associated with machine usage fees. Is this an organizational policy, is this a BOE, etc. and the necessary delineation of how the organization arrived at the total cost.]
4. **Travel**
   1. [These are estimated travel costs required to complete the project. Travel costs should be broken down by individual costs and trips (e.g. trip no. 1 airfare, trip no. 1 lodging). Support for estimated travel costs will be vendor quotes for airlines and hotels and Government published rates for mileage, per diem, etc. The cost analysis will look to verify that the costs presented support the number and duration of trips to include destinations and specific travelers. The cost analysis will refer to Government identified per Diem rates for reference and reasonableness. See https://www.gsa.gov/portal/content/104877 ]
5. **Subrecipients**
   1. [Ensure all Proposal Team members prepare a cost proposal narrative and template that is summarized or “rolled-up” in the cost proposal]
6. **Other Direct Costs (ODCs)**
   1. [These are costs that are directly attributable to the project but do not necessarily fit any of the other cost elements. ODC cost should be supported through vendor quotes, price lists, any estimating procedures, policies etc. Any methodologies used to derive costs should be documented and any methodology should be documented in the cost proposal narrative. For universities that will propose tuition remission under this category, it is especially important that the organization delineates how it arrived at the total cost of this expense.]
7. **Indirect Costs**
   1. [These are costs that are not typically attributable to a specific project and can include F&A (Similarly referred to as General and Administrative (G&A) on procurement contracts) and various overhead accounts. It is important that the buildup of the indirect rates and the pools used is clear as well as specific on the base that the rates are applied to. Indirect rates can be referenced through:
      1. Forward Pricing Rate Agreement (FPRA)
      2. Negotiated Indirect Rate Agreement (NICRA)
      3. Forward Pricing Rate recommendation (FPRR)
      4. Indirect cost allocation pool(s) and base and the Partner’s application of the costs]
8. **Certifications:** Within the Cost Proposal Narrative, the Proposal Team Lead will include the following signed and dated certifications:

* **Unallowable costs:**

***[Insert Proposal Team Lead Name]*** *(the “Proposal Team Lead”) has reviewed the cost proposal for proposal* ***[Insert Proposal Title]*** *(the “Proposal”) in accordance with 2 CFR 200 Subpart E and certifies that to the best of its knowledge there are no unallowable costs included with the proposal. Proposal Team Lead acknowledges that if unallowable costs are included, Proposal Team Lead will not be entitled to reimbursement of such costs.”*

* **Profit/fee:**

*“Proposal Team Lead has reviewed the cost proposal for the Proposal and certifies that to the best of its knowledge the cost proposed do not include any profits, fees or proceeds to the Proposal Team Lead. Proposal Team Lead acknowledges that if profits, fees or proceeds to Proposal Team Lead are included, Proposal Team Lead will not be entitled to their reimbursement”*

* **Cost source/substantiating/supporting documentation:**

*“Proposal Team Lead has developed the cost proposal for the Proposal using available readily accessible documentation as referenced in the cost proposal narrative. Proposal Team Lead acknowledges that documentation will be required when invoicing for reimbursement of costs incurred and that a lack of substantiating documentation may cause Proposal Team Lead to be denied reimbursement of costs incurred.”*

* **[For each subrecipient] Subrecipient Cost Analysis:**

*“Proposal Team Lead has reviewed the subrecipient cost proposal for* ***[Insert Subrecipient Organization******Name]*** *and had made the determination that the subrecipient has provided sufficient and complete cost detail. Based on the information made available to Proposal Team Lead, the proposed costs are allowable, verifiable, reasonable and necessary per 2 CFR 200 Subpart E, and the Cost Share to MxD cost allocation is appropriate for the effort. As a result of this analysis, Proposal Team Lead considers this proposal to be adequate as a basis for subaward.”*

* **Authority:**

*“I acknowledge and agree that MxD will be relying on the foregoing certifications and I represent and warrant that I have the authority to make these certifications on behalf of the Proposal Team Lead.”*

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| **Signature  Printed Name:**  **Title:**  **Date:** |