



We received the following question:

Q: Our proposed project includes a strong emphasis on simulation-based and VR-enabled training. Is a grantee allowed to **purchase a license of existing software** with Federal funds for the proposed training program? That is, software will not be created or owned under a grant.

A: To use grant funds to purchase or renew existing software licenses, the following conditions generally need to be met under the Uniform Guidance:

1. Necessity & Allocability

- The software must be necessary for carrying out the work described in the proposal.
- The cost must be allocable: meaning the grant project must derive benefit from the software, and the cost can be assigned to the grant in a proportionate way.

2. Reasonableness

- The price paid must be reasonable (i.e. comparable market-rate, not excessive).

3. Timing of Cost Incurred

- The cost must be incurred during the grant period (or during an allowable pre- or post-period if the grant agreement specifies).
- If the license term covers periods outside the grant, only the portion that falls within the grant period is typically allowable.

4. No Double Billing

- You can't use funds to pay for something already paid for with other federal funds for the same purpose / time period.

5. Budget Approval / Compliance

- The costs should be budgeted in the proposal.
- If a software license is expensive / capital asset threshold, there may be rules about how to treat or depreciate it.

U.S. Department of Labor

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A handwritten signature in black ink, appearing to read "SMR" with a stylized flourish extending to the right.

Shundreka (Shaun) Mims-Randolph

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