

Detailed Budget and Budget Justification Instructions

General instructions are provided to assist agencies receiving funds, or negotiating grant agreements with the California Oral Health Program (OHP). Please ensure that you follow the specific instructions in the Local Oral Health Program (LOHP) Guidelines, as there may be budget limitations or requirements that apply only to that grant.

The primary steps to complete a budget justification are:

1. Develop a budget, for each fiscal year (FY) of funding, that identifies and justifies the costs associated with the implementation of the Work Plan.
 - Adhere to the instructions and requirements provided in the Guidelines and in this document.
 - Ensure the total dollar amount for each FY does not exceed the stated maximum amount allowed in the grant.
 - Utilize the eight budget categories:
 - A. Personnel Costs
 - B. Fringe Benefits
 - C. Operating Expenses
 - D. Equipment Expenses
 - E. Travel/Per Diem and Training
 - F. Subcontracts and Consultants
 - G. Other Costs
 - H. Indirect Expenses
 - Verify that each activity in the Work Plan that results in an expenditure of funds is adequately reflected in the budget.

2. In the budget justification, clearly describe how the costs identified for each FY were determined:
 - Provide easy-to-follow formulas to substantiate how costs are calculated.
 - Provide an explanation if no funds or limited funds are budgeted for a standard cost (i.e., in-kind personnel, Internet, Space Rent/Lease, Educational Materials, etc.).

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- Provide an explanation when costs vary significantly from one FY to the next.
- If unit costs are stated as a range in the description and formula, use best professional judgment to determine the final value for calculating the requested budget amount.

Detailed instructions for each of the eight required budget categories are provided below.

A. PERSONNEL COSTS

- List each position by title, required to complete the Work Plan activities throughout the term of the agreement.
- Position Titles in the budget justification must be consistent with titles listed in the Work Plan Responsible Parties section.
- Positions budgeted under Personnel Costs must have a direct role connected to activities in the Work Plan.
- Positions providing indirect support to the Work Plan and budgeted at less than 10% full time equivalent (FTE) should typically be budgeted under Indirect Expenses. If budgeted as a Personnel Cost, provide an explanation for the percentage FTE and the description of the direct connection to the Work Plan; these positions are subject to OHP review and approval.
- Designate a lead staff position to provide a minimum required 50% FTE per week and oversight of evaluation activities.
- Include all leave time (vacation, sick leave, military leave, etc.) in Personnel Costs.
- For each position, provide a brief description of the duties, responsibilities, and activities to be performed. Identify and document any Personnel that will not receive Fringe Benefits.
- Provide a formula to substantiate how costs were calculated for Personnel.
- Salary X percentage (%) of FTE X number of pay periods = Amount Requested by FY.

Salary Range:

- If the precise salary is known, apply that salary in the formula; if the position is not currently filled and the precise final salary is unknown, indicate the range for the position classification. Select the low, middle or high end of the salary range

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to include in the formula, based on agency hiring policies, degree of expertise required, or agency budgeting standards.

- If the grant funds more than one FY, include any cost of living adjustments for future years.

Percentage of FTE:

- 100% FTE equals 2,080 hours annually, including paid leave.
- Personnel working 80 hours in a two-week period are 100% FTE.
- Personnel working 20 hours in a 40-hour work week are 50% FTE.
- When the percentage of FTE varies from month to month, enter a range (i.e., 30%-40% FTE). Enter the average percentage into the final calculation.

Number of Pay Periods:

- Monthly = 12 pay periods per year.
- Semi-monthly = 24 pay periods per year.
- Bi-weekly = 26 pay periods per year.
- Weekly = 52 pay periods per year.
- Hourly = "X" number of hours per pay period (do not use FTE percentages if a position is paid hourly).

Sample formulas for Personnel Costs:

Option 1: $\$2,000 \times 50\% \text{ FTE} \times 24 \text{ pay periods} = \$24,000$ (semi-monthly);

Option 2: $\$2,000 \times 100\% \text{ FTE} \times 26 \text{ pay periods} = \$52,000$ (bi-weekly).

Option 3: $\$20/\text{hour} \times 100/\text{hours/monthly} \times 12/\text{months} = \$24,000/\text{hourly FY Total}$.

B. FRINGE BENEFITS

- List each fringe benefit that will be provided to eligible personnel.
- Identify any personnel that will not receive benefits.
- List the fringe benefit percentage and total amount requested for each FY.
- Provide a range if the fringe benefit percentage rate will vary between Personnel or at different times within the FY.

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- If the grant funds more than one fiscal year, anticipate any increases in the fringe benefit rate for future years.
- Fringe Benefits may not include the following:
 - Employee leave (including annual leave, vacation, sick leave, holidays, jury duty, military leave, training leave, and administrative leave).
 - Employee vacation or sick leave accruals earned outside the allocation term.
 - Workers compensation claims. (Budget for Workers' Compensation premiums only).
- Budget at actual costs for each eligible employee.

Sample formula for Fringe Benefits:

$\$75,000/\text{annual salary cost} \times 35\%/\text{fringe benefit rate} = \$26,250/\text{fringe benefit FY Total}$

C. OPERATING EXPENSES

Operating expenses include costs associated with completing the activities in the Work Plan. Two standard cost line items that must appear in every budget justification are Internet, and Space Rent/Lease. Additional operating expense subcategories may be proposed in the budget justification.

Internet (Required):

- Budget for the oral health program share of required monthly Internet access fees during the term of the grant in order to access the OHP webpage.

Sample formula for Internet:

$\# \text{ FTE} \times \$__ \text{ per month} \times \# \text{ months} = \$__.$

Space Rent/Lease (Required):

- Budget project Space Rent/Lease costs at a maximum of 150 square feet per FTE plus reasonable square footage for common space, such as: conference rooms, break room(s), restrooms, storage, library, etc.
- Separate formulas for office space and common space are acceptable.
- Provide a detailed justification if project space exceeds 150 square feet per FTE and/or the amount of shared space is significant.

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- If the grant funds more than one FY, include any space cost increases for future years.

Sample formulas for space rent/lease:

$$1.4 \text{ FTE} \times 150 \text{ sq. ft.} \times \$1.20 \text{ per sq. ft.} \times 12 \text{ months} = \$3,024$$

Common Space Request: 125 sq. ft. of space is requested for project storage and common space (meeting, training, break and restroom areas). This is the portion charged to the oral health program.

$$125 \text{ sq. ft.} \times \$1.20 \text{ per sq. ft.} \times 12 \text{ months} = \$1,800$$

Office Expenses/Supplies:

- Budget for consumable supplies such as: paper, copier toner, pens, pencils, folders, binders, staplers, etc.
- Provide a list of supplies needed for the project and an estimated budget amount.

Communications:

- Budget for the installation cost of telephones and any recurring monthly charges related to the telephone system including: fax line, and costs related to teleconferencing that may be necessary to complete the Work Plan.
- Budget amounts for monthly mobile phone charges (device purchase costs should be budgeted under Equipment).
- Cell phone service fees are limited to five phones and not to exceed \$2,500 annually.
- All mobile computing devices must be encrypted. Unencrypted devices (i.e., Personal Digital Assistants [PDAs], Smartphones, iPhones, Blackberries, etc.) are not allowed.
- Mobile phone service charges will require prior written approval by OHP unless it is approved during the negotiation process and is included in the final approved budget.
- Describe the expenses associated with this line item and provide the estimated budget amount needed for each FY.

Sample formula for Communications:

$$\$250/\text{combined monthly charges} \times 12/\text{months} = \$3,000/\text{FY Total}$$

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Postage:

- Budget for postage to mail project correspondence, other materials and for overnight express mail costs.
- Provide a brief description of the postage expenses and the estimated budget amount for each FY.

Sample formula for Postage:

$\$25/\text{combined monthly postage} \times 12/\text{months} = \$300/\text{FY Total}$

Printing:

- Identify expenses for printing and reproduction completed by outside vendors for items such as brochures, leaflets, posters, forms, flyers, announcements, banners, etc.
- List and explain the types of items that require printing by outside vendors and the estimated budget amount for each FY.
- If required by the grant, proposed outside printing costs will need to be waived by the Office of State Publishing prior to any purchases.

Sample formula for Printing:

$\$85/\text{combined monthly printing} \times 12/\text{months} = \$1,020/\text{FY Total}$ or

$\$100-\$300/\text{per printing job} \times 5 \text{ projects} = \$1,000/\text{FY Total}$

Duplicating:

- Identify expenses for in-house duplicating and reproduction. Duplicating is typically internal and routine, usually for small office jobs.
- Allowable costs in this line item may include:
 - Agency's share of copy machine total usage related to Work Plan activities for this grant.
 - Shared copier maintenance agreements, copier supplies such as paper, toner etc. (Duplicating supplies such as paper and toner may be included either in the Office Expenses/Supplies or in Duplicating, but should not be included in both.)

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- Provide a description of the costs associated with in-house duplicating and the estimated budget amount.
- Indicate whether the budget includes supplies, and maintenance agreements. (Costs associated with renting copiers should be budgeted under Equipment Rental/Lease.)
- Provide the estimated budget needed for each FY.

Sample formula for Duplicating:

$\$75/\text{combined monthly duplicating} \times 12/\text{months} = \$900/\text{FY Total}$

Equipment Lease/Rental:

- Rental Equipment will be authorized by OHP on a case-by-case basis.
- Leasing/renting to own, purchase/leaseback, and lease/purchase of equipment is not permitted.
- Lease/rental agreements entered into prior to receiving funding from OHP must adhere to this OHP policy.
- List all lease/rental equipment that will be charged to this grant and justify in detail.
- Provide the monthly lease/rental rate for each item and the number of the lease/rental months.
- Provide budget totals for each piece of equipment leased/rented. Examples of leased/rental items are desktop work stations that include computers, printers, facsimile machines, scanners, and copiers.
- Provide the estimated budget amount needed for each FY.
 - Mobile phone devices purchases will require prior written approval by OHP unless it is approved during the negotiation process and is included in the final approved budget.

Sample formula for Equipment Lease/Rental:

$\$50/\text{monthly lease/rental for copier} \times 12/\text{months} = \$600/\text{FY Total}$

D. EQUIPMENT EXPENSES

***NOTE:** All equipment purchases that are less than \$5,000 per unit are considered minor equipment and should be listed under Operating Expenses. If an

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equipment purchase is \$5,000 or greater per unit, the item should be shown under the Equipment line item.

- Agency is required to have at least one computer system:
 - Designated for use by this project: for e-mail communication, accessing the internet OHP webpage, and accessing on-line resources needed.
 - Must comply with your local County or City computer security requirements.
- Allowable equipment expenses include:
 - All computer software/hardware purchases
 - Non-computer equipment items such as: desks, chairs
- Provide detailed description including:
 - Itemized list of all equipment
 - Include any software to be purchased
 - Identify the anti-virus software to be purchased
 - Quantify each item of equipment and/or software
 - Provide the estimated purchase price, and the estimated budget amount needed for each FY.
 - Justify the need for the proposed equipment purchases and which staff will utilize it.

E. TRAVEL PER DIEM AND TRAINING

- Travel and training expenses are to be consistent with the needs of the project and connect directly to Work Plan activities.
- Travel expenses will be reimbursed at the current rate identified by the California Department of Human Resources (CalHR/DPA) or county rates.

Project Travel/Training:

- Includes airfare, meals, lodging, mileage and incidental expenses, which are essential to complete the Work Plan.
- Includes registration fees for staff development or any other additional training events for professional, clerical, administrative personnel, etc., necessary for the completion of activities in the Work Plan.

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- Provide a brief explanation for each type of cost connected with the Work Plan travel activity.
- Provide a travel estimate for each event. Estimate the number of project staff attending and the estimated budget amount for each traveler.
- Use mileage formulas to provide additional detail.
- Provide the estimated FY budget amounts.

Sample formula for Project Travel/Training:

Lodging formula: 2 project travelers x \$80/per traveler x 2 nights = \$320/lodging Total;

Per Diem formula: 2 project travelers x \$40/per person per day x 3/days = \$240/per diem total; Mileage formula: 1 project traveler x 400/miles x \$.565/per mile = \$226/mileage Total;

Airfare formula: 2 travelers x \$640/round trip airfare = \$1,280/airfare Total.

OHP Travel/Training:

- OHP statewide contractors may conduct trainings/conferences each year.
- Agencies should budget approximately \$500-\$750 per person (\$350-\$550 for travel/per diem and \$150-\$200 for registration) for one to three staff to attend optional trainings/conferences per year.
- Identify which project staff will attend the statewide trainings/conferences, and provide the estimated budget needed for each FY.
- OHP will have at least one required annual meeting per year.

Out of State Travel (Optional):

- Out-of-State travel requires prior written approval by OHP unless it is approved during the negotiation process and is included in the final approved budget.
- Final approval of out-of-state travel is generally contingent upon the traveler participating in the conference as a presenter, panel member, speaker, etc.
- Identify possible out-of-state trips. Include the purpose of the travel and the role of the attendee, who will attend, the benefits of attending, Work Plan activity, and the expenses associated with the travel for each FY.

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F. SUBCONTRACTS AND CONSULTANTS

A Subcontractor is an individual or agency qualified to:

- Complete a specialized task that is directly related to the project's Work Plan activities.
- Execute/implement/complete a component of the project, carryout implement solutions, and/or perform a limited-term service/activity.
- Requires a multi-category budget, including indirect expenses.

A Consultant is an individual who:

- Possesses a level or area of expertise that extends beyond those held by agency staff.
- Supports the skills and effort of the agency staff but does not duplicate those skills or effort.
- Provides technical advice on programmatic activities and problem solve issues.
- Charges an hourly rate that is inclusive of all expenses.

In the description for this line item:

- Separately list the name of each subcontractor and/or consultant who will provide the specialized effort directly related to activities in the Work Plan.
- Verify each subcontractor and/or consultant listed in this section of the Budget justification is also referenced with the same title in the Work Plan's "Responsible Parties".
- Provide the following details:
 - Name of each subcontractor and/or consultant. Identify subcontractors and/or consultants, who have not been selected at the time of submission, as "To Be Determined".
 - Description of the activities/services to be performed.
 - Amount of service time in increments of hours, days, weeks, months.
 - Salary or hourly rate.
 - Formula that substantiates how the costs were determined and the total cost.
- The salary/hourly rate must be commensurate with education and experience.

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- Provide a detailed justification when the salary/hourly rate is budgeted at a salary/rate that exceeds the amount paid to state personnel for similar position/classifications. OHP must approve the salary/hourly rate requests prior to reimbursement.

Sample formula for Subcontracts and Consultants:

Consultant: $\$65/\text{hourly rate} \times 10/\text{hours monthly} \times 12/\text{months} = \$7,800/\text{FY Total}$;

Subcontractor: $\$1,500/\text{combined salary cost monthly} + \$750/\text{fringe benefits cost monthly} + \$120/\text{travel cost monthly}$

+ $\$338/\text{indirect cost monthly} = \$2,708/\text{monthly total} \times 12/\text{months} = \$32,496/\text{FY Total}$.

G. OTHER COSTS

Other Costs include costs associated with completing the activities in the Work Plan not listed in Operating Expenses. Standard cost line items that are suggested to appear in every budget justification are Educational Materials, Paid Media, and Booth Rental/Facility Fees. Additional other cost subcategories may be proposed in the budget justification.

Educational Materials:

Items such as brochures, pamphlets, posters, curriculum, training guides, videos, slides, flip charts, CD-ROMs and signage necessary for Work Plan activities. Agencies may develop their own educational materials, but must first demonstrate the need for the material. Coordination of educational materials through OHP funded partnerships is strongly encouraged.

Behavior Modification Materials (BMM):

- BMM are allowed to motivate and/or reinforce positive: behavior, participation, and/or involvement and should include healthy or educational items, such as gift cards for books or iTunes, healthy food outlets, etc.
- The use of BMM is limited by the California Department of Public Health. BMM activities are approved on a case- by-case basis.
- The budget justification must: describe the activity required to receive the BMM and contain the following specific language:

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- “BMMs are provided to program participants to motivate and/or reinforce positive behavior, participation, and/or involvement in oral health activities and require action on the part of the recipient to receive the BMM. The cost of the BMM may not exceed \$50 in value, per person, per year and shall not include gift cards that can be used to purchase tobacco or alcohol products. The project is responsible for the possession, security (e.g. will keep under lock and key), and accountability of the gift cards. The grantee will prepare a log sheet that will track and identify each of the gift cards, value, gift card transfer date, and recipient.”
- Toothbrush/toothpaste expenses can be included under this category, but are exempt from BMM requirements and do not require participation by the recipient to receive a toothbrush/toothpaste.
- Prohibited items include:
 - Cash
 - Gift cards that can be used to purchase tobacco, nicotine products, and/or alcohol.
- Provide easy to follow statements regarding how the BMM will be earned, distributed, and the amount budgeted for each FY.

Sample formula for BMM (non-Food/Refreshments):

Gift Cards: 60/gift cards x \$20/per card = \$1,200/FY Total;

Non-Gift Card Items: 100 toothbrushes x \$2/each = \$200/FY Total.

Food/Refreshments BMM:

- Provide a brief description on how food will be used and identify the individuals who will receive food items (e.g. Advisory Committee Members, adult and youth volunteers, etc.).
- Food & refreshments may be made available at meetings that support Work Plan activities.
- Food may not be purchased for budgeted or county staff attending meetings/activities that support the Work Plan.
- Food & refreshments must not exceed \$50 value per person per year.

Sample formula for Food/Refreshments BMM:

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20 servings of refreshments for four (4) quarterly coalition meetings (activity 3-1-1) x \$8/per person = \$640 Total.

Paid Media:

- Expenses may include the cost for the purchase or placement of paid advertisements (ads) on radio, television, newspaper, movie theaters, magazines, billboards, bus shelters, etc. (Development of radio, television, movie theaters and print ads must be budgeted in the Subcontracts and Consultants category.)
- List the types of paid media, public relations, advertising and total budget amount that support activities in the Work Plan.

Sample formula for Paid Media:

Movie Ad Placement: 2 Ads x 6 locations x \$10/per ad x 6 months = \$720/Movie Ad placement total;

Print Ad Placement: 1 Quarter Page Ad x 20 ad placements/per FY x \$75/per ad placement = \$1,500/FY total; Radio Ad Placement: 25 Ad placements July-December, 2017 x \$120/per ad = \$3,000/July-December 2017

Booth Rental/Facility Fees:

- Identify the costs for booth rental/facility fees that are incurred for local events, such as: health fairs, farmer's markets, community outreach activities, or trainings that are identified in the Work Plan.
- The description should include examples of local events, estimated number of events, and the estimated cost per event to substantiate how the total costs were calculated.
- Use ranges if necessary for the anticipated number of events and cost per event.

Sample formula for Booth Rental/Facility Fees:

\$150/booth rental x 1 local health fair (activity 3-2-1) = \$150/event booth rental;

\$250/booth rental x 2 weeks county fair (activity 1-6-2) = \$250/booth rental event.

Other agency-defined subcategories:

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Agencies may propose additional Other Cost items. Provide sufficient details, justification, and formula to substantiate the costs when budgeting for additional agency-defined Other Costs.

H. INDIRECT EXPENSES

An indirect cost rate is simply a device for determining fairly and conveniently within the boundaries of sound administrative principles, what proportion of indirect cost each program should bear. An indirect cost rate is the ratio between the total indirect expenses and direct cost base. Indirect costs are an agency-wide, general management cost that cannot be attributed to a specific Work Plan activity and consists of administrative services necessary for the general operation of the agency, such as: accounting, budgeting, payroll preparation, human resources services, purchasing, maintenance, centralized network and data processing. Conversely, direct costs are costs that provide measurable, direct benefits to specific Work Plan activities and can include costs that relate directly to instructional programs and also support costs that apply to the minor services necessary to maintain the program, such as: salaries and benefits, educational materials, office supplies and travel.

An indirect cost rate is the percentage of an agency's total personnel costs (personnel + fringe benefits) or total direct costs and is a standardized formula charging shared costs for an agency's indirect operation.

Identify:

- The cost basis for calculating indirect expenses, i.e. total personal costs or total direct cost.
- Percentage rate. A range is acceptable when the percentage rate will vary at different times during the FY or between multi-years.
- Include personnel, budgeted at less than 10% FTE and not directly connected to the Work Plan.
- Indirect costs cannot exceed the specified maximum percentage rate stated in the approved CDPH Indirect Cost Rate (ICR) (Appendix 7), but in no case will the indirect cost rate exceed 25%.

Note: LHJs may not exceed the county's 2017-18 CDPH approved ICR, which is in *Appendix 7. State Contracting Manual 3.06* restrictions on subcontract administrative overhead fees will apply – if the county has selected Total Allowable Direct Costs as the ICR basis, only the first \$25,000 for each subcontract may be included in the calculation of Total Allowable Direct Costs. Non-governmental, non-profit agencies Indirect

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Expenses must not exceed a maximum of 25 percent of Total Personnel Services (Personnel Costs plus Fringe Benefits).

Sample formula for Indirect Expenses:

$\$50,000/\text{staff salaries total} + \$20,000/\text{staff fringe benefits total} = \$70,000/\text{total personnel costs} \times 25\% = \$17,500/\text{indirect cost FY Total}.$