







Building a Budget, Understanding Allowable Expenses and Tying Cost Estimates into Budget Narratives

October 24, 2018
One Judiciary Square

Welcome and Introductions

Please tell us about you:

- Name
- Organization
- One thing you hope to learn or get out of today's session









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Presenters

Melissa Milchman, Esq.

Grant Management Specialist
Department of Youth Rehabilitative Services (DYRS)
melissa.milchman@dc.gov

Michelle M. Garcia

Director
Office for Victim Services and Justice Grants (OVSJG)
michelle.garcia@dc.gov

About DYRS



The Department of Youth Rehabilitation Services (DYRS) is a division of the DC Department of Health and Human Services. It has enacted a number of reforms to advance the District's juvenile justice goals of rehabilitating youth in the least restrictive, most home-like environment consistent with public safety.

DYRS Vision

To provide the nation's best continuum of care for court-involved youth and their families through a wide range of programs that emphasize individual strengths, personal accountability, public safety, skill development, family involvement and community support.

About OVSJG



The Office of Victim Services and Justice Grants (OVSJG) mission is to coordinate and fund programs in the District that serve crime victims, prevent crime, and improve the administration of justice for victims and offenders. OVSJG also provides policy making expertise, advise, and counsel to the Executive on the role of victims and offenders in the criminal justice system, and evidence-based practices to respond to, intervene in, and prevent violence. OVSJG is also responsible for overseeing the programmatic strategies and coordinating grant-making efforts for victim service and justice grants programs as well as the Access Justice Initiative in order to ensure the coordinated programmatic and grant-making efforts of those offices.

Who is in the Room?

New organization

Current DC grantee

Current federal grantee

Plans to apply for funding

Who is in the Room?

Executive Director

Finance / Accounting

Program staff

Grant Writer



Budget Framework

Allowable

Reasonable

Allocable

Allowable

A cost is generally considered allowable if it services the purpose of the grant award. However, funders may follow a specific set of rules or guidelines that more narrowly define what allowable means for a particular grant.

When writing a proposal or managing grant awards received, organizations must conform to any limitations or exclusions stated in the solicitation or award documents for the grant. These documents usually outline regulation language or specific requirements or limitation language mandated by the funder.

A cost must be designated as "allowable" and not specifically defined as "unallowable" by a regulation, request for proposal, or grant/contract-specific award conditions.

When in doubt, ask the funder if a specific cost is allowable!

Reasonable

Costs must also pass the hurdle of being "reasonable."

Reasonable costs are *necessary* for the appropriate and efficient performance and administration of the grant award dollars.

Reasonable costs are typically judged by what a "prudent person" would do given the circumstances when the decision was made.

- Good example: Requesting money to buy books for a proposal to facilitate a book club.
- Bad example: Requesting money to buy spoons for a proposal to facilitate a book club.

Allocable

Allocable means the costs requested are consistent with achieving the benefit intended or received under the grant.

Applicants should request costs that will been incurred solely to support or advance the work of the grant project. Applicants or grantees should not request funds that are outside the scope of what is needed to perform the work for their project.

Determining allocability requires you to think about assigning costs to your project activities and proposal objectives.

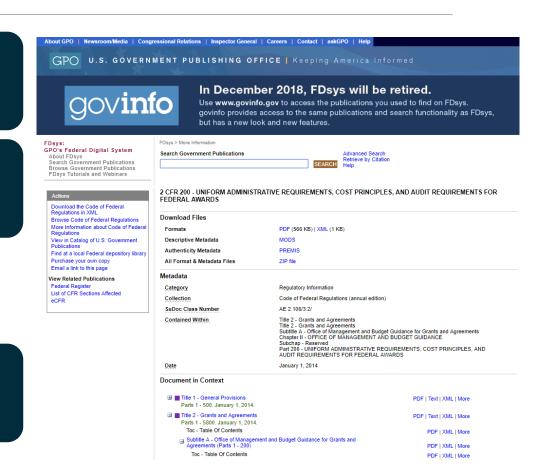
RFA/RFP Requirements

Is what you want to do allowable under the RFA/RFP?

What is the funding source?

- Local
- Federal
- Private

Federal requirements



Relationship Between Project Description & Budget

What are you planning to seek funding for? What do you need to accomplish what you are proposing? Can you assign costs to those identified needs? Are those costs allowable under the funding source? Are you going to ask for all costs in this proposal?

Relationship Between Project Description & Budget

- Potential Funder: Private Foundation with a funding opportunity to support youth entrepreneurship proposals.
- Proposal: A group of neighborhood kids want to start a lemonade stand
- Objective: To sell lemonade to neighbors on Sundays to learn about small business management.
- What costs would be needed for a lemonade stand?
- How will you justify/explain the need for the costs proposed to the funder?
 - Help the funder see that your proposed costs are reasonable, allowable, and allocable.



DYRS Budget and Budget Narrative

Budget Template

A budget template and budget narrative are required for all applicants applying for grant funds. An example of a current DYRS budget template can be found at http://www.progressivelifecenter.org/dyrs-rfp/.

Budget Proposal

A budget proposal and budget narrative are required for any applicant seeking to provide community-based services. The total budget should equal the total amount of programmatic costs estimated to carry out service area functions under the grant.

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4	A	В	С	D	Ł	ŀ	G	Н		↑ D			
1		Budget Template Instructions							Department of Youth Rehabilitation Services				
2									1	R S			
3	1)	The Proposed Budget Template is <i>required</i> .						2	Community Programming Initiative FY 19	Insert Applicant Name Here			
4									3	Expenses	Total Projected Expenses	Amount Requested from Funder	
5	2)	You may insert additional rows as needed on the templates.							5	Salary and Wages			
6									6				
	3)	also where you explain the reasoning behind any items on the budget that are not self explanatory. If you are lumping costs together on the budget template, then please explain						ration of the	$\frac{7}{6}$	Fring Benefits (if applicable)			
	91								$\frac{\circ}{9}$	Travel and Transportation			
								_	10				
									11	Equipment			
								, then please exp					
									$\frac{13}{17}$	13 Supplies			
7				,					15	15 Telecommunications			
8									16	Taras illiminations			
	4)	4)					Indirect Costs						
	7)	The Proposed Budget should be for the period that you are requesting funding (the same						funding (the sam			<u>-</u>		
9		period as listed in the Request for Application document).						19	TOTAL PROPOSED EXPENSES				
10													
11	5)	If a line item on the budget is not applicable, then you may leave it blank.					nk.						
12									20				
-									21				

OVSJG Budget Template

Previous RFAs are on OVSJG website www.ovsjg.dc.gov

OVSJG BUDGET AND NARRATIVE WORKSHEET

INSTRUCTIONS: For each category of expenditures, please provide the computation for arriving at these expenditures as well as a brief narrative explaining how these expenditures relate to the project/program outputs and outcomes. The budget narrative should itemize all costs and provide a detailed narrative explaining and justifying each budget item. All funds listed in the budget may be subject to an audit. Project allocations are required for OVSJG funding. Applicants must provide the percentage or number of hours proposed to fulfill the applicant's proposed goals and objectives.

The following examples are intended to assist you in preparing your application budget. Budgets may be submitted in Word or Excel format as an attachment. Applicants must also enter budget information in the appropriate section in Zoomgrants.

A. PERSONNEL:

List each position by title and name of employee. Show the annual salary rate, percentage of time to be devoted to the project, and related cost to the grant. An explanation of the requested position(s) and their relationship to the proposed project activity must be included in the budget narrative. Compensation paid for employees engaged in grant activities must be consistent with that paid for similar work within the applicant organization. Verification of salary may be requested. Include any projected salary increases for the award period.

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Name/Position	Computation	Cost
Project Manager, Maria Sm	ith \$60,000/year x 50%	\$30,000
Staff Assistant, TBD	\$45,000/year x 25%	\$11,250
Outreach Worker, Aaron Jo	nes \$20/hour x 10-15 hours/week	\$13,000

The Project Manager, Maria Smith, will oversee the daily operations of the project and supervise project staff. Ms. Smith is also responsible for drafting and submitting programmatic and financial reports.

The Staff Assistant, to be hired, will provide administrative support to the project, including responding to client contacts via phone and email, compiling data for programmatic and financial reports, and responding to other requests for information.

The Outreach Worker, Aaron Jones, is a part-time employee who be compensated at \$20 hour for 10-15 hours per week. The number of hours will vary each week depending on need. An average of 12.5 hours per week was used to calculate the cost. Mr. Jones will engage in community outreach activities to increase program participation.

TOTAL PERSONNEL: \$54,250

Resources

Grant Central Station

Writing and Budget Narrative - http://grant-central-station.com/articles/33/

Sample Budget Narratives

- Grantprofessionals.org
 https://www.grantprofessionals.org/rc_files/102/Building%20Better%20Proposal%20Budgets_SAMPLES.pdf
- The Bill and Melinda Gates Foundation https://docs.gatesfoundation.org/Documents/USP_Budget_Narrative_Sample.pdf
- The Greater New Orleans Foundation http://www.gnof.org/wp-content/uploads/2015/06/Budget-Narrative-Sample.pdf

Common Categories

Consultants / Training/Travel Salary Supplies Fringe Contracts Telecommunication Equipment Construction Operating Administration Match • In-kind vs. cash Flex Funds Indirect Match waivers

Salary & Fringe

Calculate FTE percentages

POSITION	CALCULATION		COST
Jane Doe, Program Manager	\$60,000/year x 65%	\$	39,000
John Smith, Case Worker	\$45,000/year x 100%	\$	45,000
		TOTAL \$	84,000

Lump Percentage

- Fringe rate of 21% includes FICA, health, and retirement
- \$84,000 x 21% = \$17,760

Detailed Percentage

- Fringe rate of includes FICA (7.65%), health (6%), and retirement (7%)
- \$84,000 x 21% = \$17,760

Percentage by Staff Person

- Jane Doe \$39,000 x 21% = \$8,190
- John Smith \$45,000 x 15% = \$6,750

Supplies and Equipment

Read RFA/RFP guidelines carefully, funders may outline definitions or terms. In addition, many grants have an amount threshold for defining costs as supplies vs. equipment (typically \$5,000).

Special Rules for Equipment

- Inventoried (keep property records that demonstrate use, maintenance and management of equipment)
- Depreciation schedule (method to account for the cost of an asset over its lifetime of usefulness)
- Available for inspection (must be able to demonstrate the property still exists, is usable, and still needed)

Keep in mind the following themes when providing cost estimates for supplies and equipment

- Is this reasonable? (number of items requested, dollar amount requested, items requested are relevant to the project objectives)
- Did I provide enough detail about my request? (provide why an item is needed, be detailed in your outline of what requested funds will be used for, and whenever possible give detailed numbers, calculations, and descriptions)

Consultants/Contracts

Consultants

- Does the RFA define a maximum allowable rate?
- Can you request an exception to the maximum?
 - Three prior contracts at requested rate?
- Rate should be based on market rate and consultants past performance (i.e., do not just give everyone the maximum)

Contracts

- Items sometimes can fit under multiple categories
 - Printing
 - Copier
 - Rent
- RFA may provide guidance

Indirect Costs

Costs incurred for a common or joint purpose benefiting more than one cost objective

"Administration" is defined as general administration and general expenses such as the director's office, accounting, personnel, and all other types of expenditures not listed specifically in "Facilities"

"Facilities" is defined as depreciation on buildings, equipment and capital improvement, interest on debt associated with certain buildings, equipment and capital improvements, and operations and maintenance expenses

May create tension in agency because reallocates funds from the program

Direct vs. Indirect Costs

"There is no universal rule for classifying certain costs as either direct or indirect."

- 2 CFR 200.412

Direct

- Costs that can be identified specifically with a particular final cost objective
- "Cost objective" means a function, organizational subdivision, contract, grant, or other activity for which cost data are needed and for which costs are incurred
- EX: Compensation of employees for effort on the performance of the award; materials and equipment; travel expenses

Indirect

- Costs incurred for common or joint purposes
- Cost cannot be readily and specifically identified with a particular cost objective without effort disproportionate to theresults achieved
- EX: Accounting; Human Resources; Payroll;
 - 2 CFR 200.56

NICRA & De Minimus

Negotiated Indirect Cost Rate Agreement (NICRA)

- Submit a proposal to cognizant federal agency
 - 2 C.F.R. § 200.414 (e) and Appendices III VII to 2 C.F.R. Part 200.
- Cognizant federal agency is generally the federal agency that provides your organization with the most federal financial assistance

De Minimus

- Have never received a NICRA
- Up to 10% of modified total direct costs (MTDC)
- MTDC can include all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each subaward/contract
- MTDC excludes equipment, capital expenditures, rental costs, tuition remission, scholarships and fellowships, participant support costs, and the portion of each subaward/contract in excess of \$25,000

Other Cost Categories – Flex Funds

Funds more flexible in support of the objectives of the grant and may not need to be as specifically defined with cost calculations in the budget narrative. Funders will describe the allowable use of these funds and how to account for them in the RFA or grant award documents. If they do not, ask the grantor about how these should be reflected or described in the budget template and narrative part of the application!

- Carefully review the RFP to see if Flex funds are allowed and if the funder outlined any special purpose for their use, such as to support participation or engagement.
- Example: a grant that allows for flex funds for the purchase of incentives that reward participants for reaching program goals or promote long-term engagement among program participants (i.e., a grant for youth fitness programs that allows for flex funds to purchase sneakers for youth who don't have appropriate exercise gear or to buy Fitbits for youth who complete the program).

Other Cost Categories - Match

Some grants require that the applicant is able to support a share of the funds used to execute a project or meet a grant objective. This is called match funds or grantee share.

- An expense undertaken by the organization that helps to meet the program goals and objectives.
- Grantees can typically use a combination of in-kind and/or cash to cover match.
- The funder may also have specific requirements or rules for meeting match fund requirements.
- Funders may also have opportunities for requesting a waiver of these requirements.
 - Inquire with the grantor if you are trying to determine eligibility of a cost or funding source for meeting a match requirement or when considering whether your organization may be eligible to request and receive a waiver.



Exercise: How to Improve Budget Proposal

Questions

