Creating a Budget for Federal Subrecipients-Long Island Sound Community Impact Fund Application

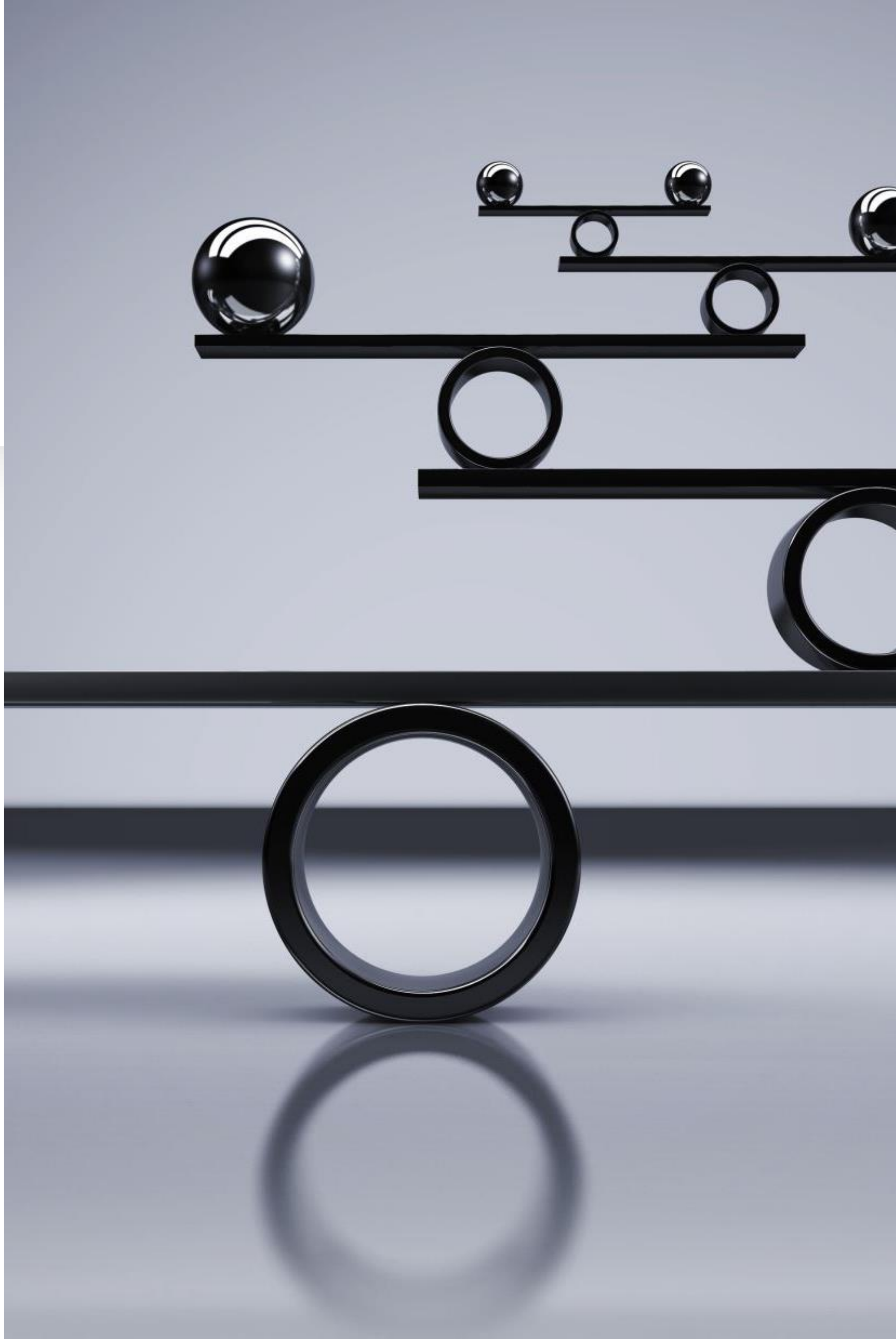
Modules Covered:

- General Principles and Considerations
- Direct Costs
- Other Direct Costs
- Indirect Costs

BUDGETS: PRINCIPLES AND STANDARDS

General Principles and Standards

- Cost Allowability
- General Principles for Cost Allowability
- Pre-Award Costs



Cost Allowability

Costs must be necessary, reasonable, allocable, and allowable under 2 CFR 200 Subpart E.

Allowable Costs Include: Salaries, fringe benefits, supplies, travel, and contractual services directly tied to project goals.

Unallowable Costs Include: Alcoholic beverages, interest on borrowed funds, lobbying, and entertainment.

General Principles of Cost Allowability

Allowable costs are those that are necessary, reasonable, allocable, and permitted under the terms of the LISCIF award and 2 CFR 200 Subpart E.

Necessary: The cost is essential to achieving the objectives of the LISCIF-funded project or program.

Reasonable: The cost reflects what a prudent person would pay under similar circumstances.

Allocable: The cost directly benefits the project and is charged in proportion to the benefit received.

Consistently Treated: Costs must be treated the same way across all federal and non-federal activities.

Allowable vs. Unallowable: Allowable: salaries, travel, supplies.

Unallowable: alcohol, lobbying, fines, or entertainment expenses.

Pre-Award Costs

Pre-award costs are expenses incurred in anticipation of an award before the official grant start date.

Allowability: Must be necessary for timely project start-up, allocable to the approved work plan, and incurred at the applicant's own risk.

Allocable — the costs directly benefit the LISCIF-funded project.

Timing: Allowable if incurred within 90 days prior to the award date

Requirements: Must be included in the grant application and budget narrative.

Cannot be charged if the award is not made or the costs are disallowed.

Incurred at the applicant's own risk — if the award is not made or costs are later deemed unallowable, RAE is **not obligated to reimburse** them.

Key Reference: 2 CFR 1500.9 – Pre-Award Costs: Consult your Project Director or Grants Administrator for guidance.

BUDGETS: DIRECT COSTS

Direct Costs Overview

Costs that can be directly assigned to a specific project or program.

Examples:

- Personnel
- Fringe Benefits
- Travel
- Equipment
- Supplies
- Contractual
- Other

Direct Costs

Personnel

Personnel Costs Include:

- Salaries and wages of employees performing project work.
- Excludes contractors, consultants, and subrecipients.
- Breakdown costs for project time
- Narrative for all staff – describe project activities

<u>Name/Position Computation Cost</u>

Project Coordinator $75,000 X 25% X 12 months $18,750

Narrative: The Project Coordinator (Taylor Smith) will dedicate 25% of his/her time to the project by coordinating and organizing regular council meetings between all partner organizations, ensuring compliance with program requirements and serving as the central point of contact for all project activities.

Direct Costs

Fringe Benefits

- Associated with staff in Personnel – show calculations
- Follow organizational policy
- Consistent for Federal and non-Federal funded positions
- COLA and Merit increases consistent for all staff

Name/Position	**Computation**	**Cost**
Program Coordinator		
Employer's FICA	$18,500 X 7.65%	$1,434,38
Health Insurance	$4,800/year x 25% x 12 months	$2,000.00
Workers Compensation	$18,500 x 1.00%	$ 1.87
Unemployment Compensation	$18,500 x 0.50%	$ 353.00
Retirement	$18.750 x 5%	$ 937.50

Narrative: The applicant is requesting fringe benefits for the Program Coordinator. Cost for Health Insurance reflects prorated cost for each employee based on percentage of time projects on the project.

Travel Costs

Examples: Airfare, lodging, per diem, rental vehicles, taxes.

Key Notes:

- Must be necessary and integral to the project.
- Partner/Consultant travel (non-employee) → "Other" category.

Instate/Local Travel	Location	# Trips	# People	Computation	Cost
Travel to community events and listening sessions	TBD	9	2	475 miles x $.55	$261.25

Out of State Travel	Location	# Trips	# People	Computation	Cost
Off-Site Visit	San Diego, CA	1	2	(see attachment)	$2,154.00

Direct Costs
Equipment

- Items are not consumed during use and retain their original identity during the period of use
  - Furniture, television, tables [2 CFR §200.33]
- Useful life of more than one year
- Fair market value of $5,000 or as defined by organizational capitalization policy
- Rented or leased equipment should be included with Contracts
- Break down all costs and provide narrative

Item	Computation	Cost
Video Cameras	$1,500/camera x 2 cameras	$3,000

Narrative: The portable video cameras and tripod package will be used during the interviews of local influencers, as well as to record testimonies in preparation for social media story telling. Our capitalization threshold is $1,000; therefore, these items are classified as Equipment

Direct Costs

Supplies

Expendable/consumable materials

Ex: office supplies, copy paper, training materials, postage

Break down all costs and provide narrative

Costs estimated and allocated

Examples include but are not limited to: office supplies (paper, pens), cell phones, software, and laptops. [2 CFR §200.94].

Item	Computation	Cost
Office Supplies (paper, toner, pens, etc)	$250/month x 53% x 12 months	$1,590
Printer HP Laserjet Pro M255dw	$365 x 1	$ 365

Narrative: General office supplies are required to support the day-to-day activities of the project. The organization's monthly budget averages $10 per month per employee and four employees will be supporting this project.

Printer will be used to print flyers to be handed out at events and educational materials to be used a community listening session. The printer will be used exclusively for this project.

Direct Costs

Consultant/Contractual

Characteristics

- Normally operates in a competitive environment
- Provides goods and services within normal business operations and ancillary to the operation of the Federal program
- Purpose is to obtain goods and services
- Not subject to compliance requirements of the Federal program as a result of the agreement
- Micro-purchase threshold: $10,000.
- Competition required unless sole source justified.

Note: See section 2 CFR Part 200.330

Contractual Costs

Consultant Example

Name of Consultant	Service Provided	Computation	Cost
Consultant/Trainer	Spanish Translation	$75/hour x 120 hours	$9,000.00

Contract Example

Item	Computation	Cost
Therapist	$50/hr x 20 hours/mo x 7 months	$7,000.00
Copier and Printer Lease	$262/month x 53% x 12 months	$ 1,666.32
Cell Phone Service	$75/month x 53% x 12 months	$ 477.00

Direct Costs

Other

Ex. – rent, registration fees, subawards, participant support costs, etc

Costs estimated and allocated

Break down all costs and provide narrative

Property owned by grantee can charge proportionate amount of cost of ownership in some cases (insurance, maintenance, depreciation, etc)

Item	Computation	Cost
Bus Vouchers	$15/participant x 10 months x 36 vouchers	$ 5,400
Communication – cell phone plans	$ 60/month x 12 months x 2 Staff	$ 720
Volunteer Allowance	$ 50/month x 8 months x 9 Volunteers	$ 3,600

Narrative: Volunteers will support the project activities by assisting with recruitment of target population, hand out flyers, help setup and dismantle stations at events, and help direct target population to event stations. Payment will compensate volunteers for incidentals such as travel costs.

Bus vouchers will support participants who are referred from partners and need transportation when attending a vaccine event or receiving other direct services and are estimated at $15 per voucher. Vouchers are maintained in a secured area and the Cashier tracks the details and both parties sign distribution list.

Subrecipient Award Example

Subrecipient Name	Computation	Cost
XYZ Organization		
Advocate	$40,000 per year x .25 FTE x 1 years	$10,000.00
Advocate	Benefits x 28% of FTE Salary	$ 2,800.00
Mandated Training and Technical Assistance	Location and cost TBD	$ 4,000.00

BUDGETS: INDIRECT COSTS

Indirect Costs

Indirect costs are expenses incurred for a common or joint purpose benefiting more than one cost objective.

- Can ONLY charge Indirect by using:
  - ✓ Federally Negotiated Indirect Cost Rate Agreement
  - ✓ De minimis Rate: 10% Modified Total Direct Costs

Key Points:
- Support both LISCIF-funded and non-federally funded activities
- Are allowable, allocable, and reasonable when properly documented
- Indirect costs ensure fair recovery of shared organizational expenses that support project implementation.

Examples:
- Space and utilities
- Accounting and HR services
- General administrative support

Indirect Costs

Federally Negotiated Indirect Cost Rate Agreement Example:

Description	Computation	Cost
32% of Direct Salaries (Excluding Fringe Benefits)	$212,700 x 32%	$68,064

Narrative: The Indirect Cost Rate Agreement was approved by the Department of Health and Human Services, the applicant's cognizant federal agency on January 1, 2020. (A copy of the fully executed, negotiated agreement that covers the current period is attached)

De Minimus Rate Example:

Description	Computation	Cost
10% of Modified Total Direct Costs	$467,009 x 10%	$46,701

Narrative: We have elected to use the de minimus rate of 10% of Modified Total Direct Costs. Our organization has never received a Federally Negotiated Indirect Cost Rate Agreement.

Final Reminders

General Highlights

- Break down all costs
- Shared costs are allocated – show computation
- Provide a **detailed** narrative for **all** costs
- Use only the Federal Cost Categories
- Total project time complies with Program Solicitation
- **Triple Check** your calculations

Supporting Documents & Guidance to Follow

- Subrecipient vs Contractor Guidelines
- Participant Support Cost Form
- Property Management Guide

Thank You

Questions? Please feel free to contact:

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