

2017 Diabetes in Indian Country Conference



DGM Writing the Budget

John Hoffman, Senior Grants Management Specialist

IHS Division of Grant Management

September 20, 2017

Objectives

- 1. Budget Narrative and Justification Purpose**
- 2. OMB Cost Principles**
- 3. Budget Narrative Sample**
- 4. Budget Justification Sample**

Budget Narrative/Justification Purpose

Determination of the allowability of costs to the federal program.

- Applicants are required to prepare a detailed budget as part of the application consistent with instructions in the funding opportunity announcement and/or continuation application instructions.
- During pre-award administration, the Grants Management Specialist (GMS) performs a thorough cost analysis with the appropriate cost principles and polices. Cost analysis involves obtaining cost breakdowns, validating cost data, evaluating specific elements of cost, and examining data to determine the allowability of the costs included in the budget narrative and justification.

OMB Cost Principles, 2 CFR, Part 225

- Costs Principles establish general standards for Federal Agencies to provide a uniform approach for determining the allowability of costs.
- The cost principles address four tests in determining the allowability of costs:

Costs must be *Reasonable*

Costs must be *Allocable*

Costs must be given *Consistent* treatment

Costs must *Conform* to any limitations or exclusions

OMB Cost Principles, 2 CFR, Part 225

- Costs are considered reasonable to a grant project when the costs requested does not exceed the market price for comparable goods or services.
- A cost is allocable to the grant if it is incurred solely in order to advance work under the grant; it benefits both the grant and other work of the organization, including other grant-supported projects or programs; or it is necessary to the overall operation of the organization and is deemed to be assignable to the grant.
- Costs must be treated consistently for all work of the organization under similar circumstances, regardless of the source of funding, so as to avoid duplicate charges.
- Costs must conform to any limitations and exclusions contained in the terms and conditions of award, including those in costs principles.

OMB Cost Principles, 2 CFR, Part 225

Direct and Indirect costs

- Direct costs are costs that can be identified specifically with a particular award, project or program, service, or other organizational activity or that can be directly assigned to such an activity with a high degree of accuracy. Direct costs include, but are not limited to, salaries, travel, equipment, and supplies directly benefiting the grant-supported project or program.
- Indirect costs are costs incurred for common or joint objectives that cannot be identified specifically with a particular project, program, or organizational activity. Facilities operation and maintenance costs, depreciation, and administrative expenses are examples of costs that usually are treated as indirect costs.

Allowable Costs

- Accounting – Cost of establishing and maintaining accounting and other information systems.
- Advertising – Cost allowable only when incurred to recruit personnel and any other specific purpose necessary to meet the requirements of the project.
- Audit costs – The costs of audits required by and performed in accordance with, the Single Audit Act, as implemented by Circular A-133.
- Cultural-related activities – Allowed only when incurred to specifically promote wide-spread participation from the tribal population in all activities that will carry out the grant program.
- Incentives – Allowed, up to the agency specific requirement threshold of \$30, per item.

Unallowable Costs

- Advertising – Costs of displays, demonstrations and exhibits; promotional items and memorabilia, including models, gifts, and souvenirs; costs of advertising and public relations designed solely to promote the grant program.
- Contingency costs – Events which cannot be foretold with certainty as to time, or with assurance that the events will happen.
- Contributions and Donations – Cash, property, and services regardless of the recipient.
- Entertainment costs – Amusement, diversion and social activities and any costs directly associated with such costs as tickets to shows or sports events, meals, lodging, rentals, transportation and gratuities.

Budget Narrative Sample

Personnel **\$148,187**

Program Coordinator	\$104,000
Administrative Assistant	\$31,866
CAN/Transporter	\$6,552
Mental Health Counselor	\$5,769

Fringe Benefits **\$49,846**

Program Coordinator	\$36,400
Administrative Assistant	\$11,153
CNA/Transporter	\$2,293
Mental Health Counselor	\$2,019

Training and Travel **\$2,000**

Staff Training	\$2,000
----------------	---------

Equipment (Items greater than \$5,000) **\$30,200**

Desk Top Computers	\$10,000
Exercise Equipment	\$20,200

Budget Narrative Sample

Supplies

\$9,600

Educational/Outreach	\$3,000
Office Supplies	\$1,200
Nutrition Events	\$2,400
Medical Supplies	\$3,000

Contractual

\$83,050

Fiscal Officer	\$16,640
Consulting Medical Doctor	\$14,440
Registered Dietitian	\$18,720
Exercise Therapist	\$33,250

Other Direct Costs

\$45,613

Rent	\$20,805	Office Cleaning	\$1,680
Utility	\$4,000	Storage Fees	\$240
Postage	\$500	Biohazard Disposal	\$154
Telephone	\$2,611	Advertising	\$2,010
Audit Fees	\$2,500	Local Mileage	\$1,350
Professional Fees	\$2,400	Exercise supplies	\$2,570
Insurance Liability	\$1,593	Laptop/LCD Projector	\$3,200

Total Costs

\$368,496

Budget Justification Sample

Personnel

\$148,187

Program Coordinator – Dr. Tom Smith

A full-time employee, working for the Diabetes program 40 hours per week, responsible for the implementation of the Program goals as well as overseeing financial and grant aspects of the agency. ($\$100 \times 1040 \text{ hours} = \$104,000$)

Administrative Assistant – Minnie Mouse

A full time employee responsible for human resources management and providing assistance to the Executive Director. ($\$15.32 \times 2080 \text{ hours} = \$31,866$)

CNA/Transporter/Homemaker: TBA

A part time employee working 12 hours per week on the grant program providing transportation services and in-home health care to clients. ($\$15.75 \times 416 \text{ hours} = \$6,552$)

Mental Health Counselor: TBA

A part time employee working six hours per week on the grant program providing counseling and workshops to clients. ($\$18.49 \times 312 \text{ hours} = \$5,769$).

Fringe Benefits

\$49,846

Fringe benefits are calculated at 35% for both salaried and hourly employees. Fringe is composed of health, dental, life and vision insurance (20%), FICA/Medicare (7.65%), worker's compensation (1.10%), state unemployment insurance (1.25%) and retirement (5%).

Budget Justification Sample

Travel/Training

\$2,000

Staff Training – Expenses in this category are associated with attending diabetes conference and seminar for 2 staff: Lodging ($\$175/\text{night} \times 2 \text{ people} \times 2 \text{ days} = \700), Airfare ($\$450 \times 2 \text{ people} = \900), Per diem ($\$50 \times 2 \text{ people} \times 3 \text{ days} = \300) and Ground transportation ($\$25 \times 2 \text{ people} \times 2 \text{ trips} = \100). A total of \$2,000.

Equipment

\$30,200

Computers - Desk Top Computers for personnel to access and update information on client's records ($\$5,000 \times 2 = \$10,000$)

Exercise Equipment - Elliptical cross trainer equipment creates less impact on the knees ($\$7,000$), body fat analyzer to be used for assessments ($\$5,200$), Treadmill to offer another form of physical activity ($\$8,000$). Total for exercise equipment ($\$20,200$).

Supplies

\$9,600

Education/Outreach: Various printed literature, books, videos, pamphlets, pens, bottled water, incentives to hand out at various health fairs, events, and to groups to educate and promote health. Funds allocated are \$3,000.

Budget Justification Sample

General office supplies are essential in order to properly maintain client records, financial records, and all reporting requirements. General office supplies include file folders, labels, writing pads, pens, paper, toner, etc. ($\$100 \times 12 \text{ months} = \$1,200$).

Nutrition Events – Food will be provided by the Diabetes Educator during nutrition events, providing examples of proper food preparation and education. ($\$200 \times 12 \text{ months} = \$2,400$).

Medical supplies for our clinic such as alcohol wipes, strips for glucometers, paper sheets, gloves, gowns, etc. Funds allocated are \$3,000.

Contractual

\$83,050

Fiscal Officer – An independent contractor to perform payroll, accounts payable, financial and grant reporting and budgetary duties. ($\$40.00 \times 416 \text{ hours} = \$16,640$).

Medical Doctor - Contracted to provide medical care to our clients with diabetes ($100 \times 12 \text{ hours per month} \times 12 \text{ months} = \$14,400$)

Registered Dietitian/Diabetes Educator – Contracted to provide diabetes related meal planning and instruction and facilitate one-on-one consultation with clients. ($\$45 \times 416 \text{ hours} = \$18,720$)

Exercise Specialist – Contracted to conduct and monitor the exercise program necessary for each client. ($\$35 \times 950 \text{ hours} = \$33,250$)

Budget Justification Sample

Other

\$45,613

Rent – This program rents two office locations for a total cost \$83,220 per year, SDPI grant program will provide 25% of the rent cost. ($\$83,220 \times 25\% = \$20,805$).

Utility – This program will cover 25% of the total utility costs of \$16,000 per year. ($\$16,000 \times 25\% = \$4,000$)

Postage – The diabetes program postage is estimated at \$500 annually.

Telephone – This program currently has eight telephone lines at two separate offices, pager service and a toll-free number for clients. ($\$10,445 \times 25\% = \$2,611$)

Audit Fees – An annual audit is conducted for this program's financial statements. This program will cover 25% of the \$10,000 audit expenses ($\$10,000 \times 25\% = \$2,500$).

Professional fees – Consultant to fix computer problems ($\$200 \times 12 \text{ months} = \$2,400$).

Insurance – General liability insurance coverage for fire/property damage. (\$1,593).

Budget Justification Sample

Office cleaning – Cleaning contract cost of \$8,400, SDPI will cover 25%. (\$1,680).

Storage fees – SDPI stores its records in a storage facility (\$20 x 12 months = \$240).

Biohazard disposal – A special handling fee for biohazard disposal. (\$154)

Advertising – Newspaper advertising for Personnel recruitment (\$2,010)

Local Mileage – Mileage for transportation of clients and outreach services (300 miles/month x 12 months x \$0.375 = \$1,350).

Exercise supplies – Dumbbell weights, exercise balls, exercise mats, adjustable weight bench, bow flex plates kit, dance pads and exercise videos. (\$2,570).

Laptop computer/LCD projector – Compute and projector used by Diabetes educator for presentations (\$3,200).

Total Costs

\$368,496



Questions?



Thank you!