

# ATTACHMENT D

## Budget Details and Restrictions

### **Allowable Expenses**

Allowable expenses shall meet the following criteria:

- Not prohibited under state laws, regulations, or employment grant program requirements;
- Reasonable costs for project activities;
- Related to the goal of the project; and
- Be adequately documented

The project costs and planned use of resources must be appropriate to support the proposed activities and achieve the project outcomes. The following provides descriptions and examples of allowable items under each project category.

### **Direct Costs**

Direct costs are incurred for activities or services that benefit the employment grant funds project. Direct costs are separated into personnel and operating expenses.

### **Personnel: Salary/Wages and Benefits**

Personnel costs are direct operating costs for project staff time devoted to fulfilling the goals of the project.

- Salary/Wages
  - Employee costs must be directly related to the activities of the project.
  - Full-time equivalent (FTE) means an employee who works full time (e.g., 40 hours per week).
  - Total hours worked on all grants or contract funding sources cannot exceed 1 FTE for each employee.
    - If an employee is performing project activities for two (or more) different line item positions, the budget must clearly document the time spent performing the activities for each separate line item position.
    - For each employee, the total hours worked for all the line item positions on the project and/or all other funding sources cannot exceed 1 FTE.
    - If an employee is working on multiple projects, include the project name, funding source, and FTE for each of these projects in the budget narrative.
- Benefits
  - Benefits include payroll taxes, workers compensation, health and welfare and all other required employee benefits.
  - Benefits for each line item position should be included as a separate line item directly below each position on the budget sheet.
  - Benefits should include the percentage that will be charged to the grant.
- Subcontractors are included under operating expenses.

### **Operating Expenses**

Operating expenses are costs incurred as a result of activities performed as a service to the target population. Examples of operating expense line items include the following:

- Advertising and engagement/outreach
  - Costs associated with creating flyers, documents, advertisement, etc.
  - Other specific purposes necessary to meet the requirements of the grant-supported project or activity to connect the community with services.
- Food and beverages for training/workshop attendees
  - Applicants must demonstrate that food and beverage costs for consumers, potential consumers, and their families are necessary to meet the goals and objectives of the project.
  - Food and beverage line item can be used for meetings/training/workshops for the target population.
- Instructional Items
  - Instructional materials (e.g., pens, paper, curricular materials, manuals, books, DVDs) must be purchased only in amounts reasonably expected to be utilized during the term, and in performance of the grant agreement for workshops and/or trainings for grant participants.
- Office Supplies
  - Office supplies for use during the project by project staff in performance of project activities (e.g., paper, pens, folders, binders).
- Transportation
  - Cost of transportation, including public transportation, for training/workshop participants, and consumers and their families to participate in grant-related events/activities.
- In-state travel
  - Per diem and travel costs for grantee staff to travel to grant-related meetings/training within the State of California (e.g., airfare, bus, train, rental cars, personal vehicle mileage, lodging, and food costs).
  - Projects may utilize this travel line item to meet with other employment grant projects if there is a project need.
  - Actual costs are not to exceed the CalHR designated rates as stated on the website <https://www.calhr.ca.gov/employees/Pages/travel-reimbursements.aspx>.
- Facility costs, such as rent and utilities for project activities
  - Costs must be proportionate to the usage of the space dedicated to project activities, not space already funded by other programs.
  - If facility costs are included as in-direct costs, they cannot also be included under operating expenses.
- Subcontractor costs
  - Subcontractor costs are project activities performed by another organization that is not an employee of the grantee.
  - Examples of subcontractor costs include but are not limited to:
    - Interpretation and/or translation costs.
    - Speakers/trainers who are not employees.
    - Costs associated with rental space for a training or workshop for participants (e.g., consumers, family, and community members).

- A budget sheet and budget narrative needs to be completed for each subcontractor, if subcontractor is known.
  - If a subcontracted employee is performing project activities for two (or more) different line item positions, the budget sheet and budget narrative must clearly document the FTE and corresponding salary and benefits performing the activities for each separate line item position.
  - For each subcontracted employee, the total hours worked for all the line item positions on the project and/or all other funding sources cannot exceed 1 full time equivalent (FTE). FTE means an employee who works full time (e.g., 40 hours per week).
  - If a subcontracted employee is working on multiple projects, include the project name, funding source, and FTE for each of these projects in the budget narrative.
- For applicants utilizing a financial management service (FMS), the FMS costs should be included in the budget operating expenses as a subcontractor line item.

### **Administrative Expenses/Indirect Costs**

- Administrative expenses/indirect costs are organization-wide, general management costs (i.e., activities for the direction and control of the organization as a whole) that benefit more than one program/project.
- If expenses are included under personnel or operating, those costs cannot also be included under administrative expenses/indirect costs.
- Administrative expenses/indirect costs must be supported by actual costs incurred and paid by the organization.
- There is a 15% cap for administrative expenses/indirect costs of personnel and operating expenses.
- Each administrative expense/indirect cost item needs to be listed in the budget worksheet and budget narrative as a separate line item along with the corresponding cost and description.
- The administrative expense/indirect cost allocation method utilized must be explained in the budget narrative.

### **Non-Allowable Budget Items**

Funds shall not be used for:

- Out-of-state travel
- In-state travel and per diem that is not in accordance with or exceeds the CalHR designated rates
- Food and beverages for meetings that do not include target population participants
- Entertainment purposes including, but not limited to, raffles, games, contest prizes, gambling, bingo
- Alcohol
- Constructing or renovating facilities
- Purchasing equipment with a cost of \$5,000 or more
- Supplementing the salaries of existing full-time staff
- Promotional items such as: souvenirs, wearables, gifts, gift cards, “stuff we all get” (also known as “S.W.A.G.”), giveaways, etc.

- Conferences, defined as events solely focused on information dissemination that are not tied to the project goal
- Lobbying
- Fundraising
- Bad debts
- Commute mileage
- Expenses described as “miscellaneous”, “other” or “etc.”
- Fines and penalties
- Costs budgeted as a direct line item expense, if an administrative expense/indirect cost rate is already used
- Interest
- Professional Liability Insurance
- Security services