

GENERAL BUDGET INFORMATION

Please use this document to complete the Line-Item Budgets and Unit Cost/Fee-for-Service Budgets. Remember that the numbers of both budgets should be the same. The projected clients and units should also align.

- **MULTI-YEAR CONTRACTS**

When applicable, an updated budget and work plan will be required for each subsequent funding year of the contract period.

- **LOCAL MATCH REQUIREMENTS**

Non-Federal local match is the contribution of local share required to match Federal and/or State funds.

Federal and State Funds

- The minimum required percentage of local match for Federal or State fund is 10% for the first year of funding; 15% for the second year and maintenance of effort, thereafter.

Maintenance of Effort

- Federal policy requires maintenance of effort for local match established that was previously generated and above the minimum local match required.

Pursuant to *Office of Management and Budget – Super Circular 2 CFR part 200 §200.306 - Cost Sharing or Matching* states:

“All contributions, including cash and third party in-kind, shall be accepted as part of the recipient's cost sharing or matching when such contributions meet all of the following criteria:

- Are verifiable from the recipient's records.
- Are not included as contributions for any other federally-assisted project or program.
- Are necessary and reasonable for proper and efficient accomplishment of project or program objectives.
- Are allowable under the applicable cost principles.
- Are not paid by the Federal Government under another award, except where authorized by Federal statute to be used for cost sharing or matching.
- Are provided for in the approved budget when required by the Federal awarding agency.
- Conform to other provisions of this Circular, as applicable.”

An example of how to compute the amount of local match required is as follows (Note that the example used represents a 10% minimum match):

Step A

Grant Request divided (/) by 0.90 equals (=) Factor (in dollars)

$$\$54,387 / 0.90 = \$60,430$$

Step B

Factor minus (-) Grant Request equals (=) Minimum Local Match (in dollars)

$$\$60,430 - \$54,387 = \$6,043$$

Minimum Match (10%) = \$6,043

- **ELIGIBLE AND INELIGIBLE EXPENSES**

1. Eligible Expenses

The following list indicates generally allowable cost categories for which Title III funds may be expended:

Accounting	Exhibits
Advertising	Insurance and Indemnification
Audit Services	Maintenance and Repair Costs
Budgeting	Material Costs
Building Lease	Meetings and Conferences
Communications	Memberships
Compensations for Personnel Services (such as wages, salaries, and employee fringe benefits)	Volunteer Reimbursement Expenses
Data Processing	Professional Services
Disbursing Services	Training and Education
Equipment Cost (limited)	Travel
	Printing and Reproduction

2. Ineligible Expenses

Ineligible costs are generally the following:

Bad Debts	Labor Relations Costs
Construction	Losses
Contingencies and Miscellaneous Expenses	Organization Costs
Contributions and Donations	Purchase of Vehicles
Fines and Penalties	Relocation Costs
Interest and Other Financial Costs	Severance Pay

INDIRECT COSTS

Indirect costs are also ineligible. While it is recognized that DHHS does permit such costs, with regard to the administration of Title III programs, DHHS policy also permits individual state discretion on determining the eligibility of claiming such costs.

For the State of Michigan, the Commission on Services to the Aging has adopted a policy that does not permit an applicant agency to claim indirect costs to carry out the operation of a Title III funded project. Examples may include, but are not limited to, executive salaries, accounting, auditing, and budgeting salaries, clerical, receptionist, switchboard, and other clerical service salaries.

If an applicant agency is awarded a grant but does not keep adequate and detailed time records of these expenses, DAAA will declare such expenses as indirect costs and will disallow them.

PROGRAM INCOME

- Program income is that income which is dependent upon earnings or contributions provided for a service rendered and proceeds from program fund-raising activities. These earnings or contributions or proceeds from project-supported activities furnished in whole or in part with Federal grant funds must be used to expand the program as approved by the Prime Contractor.

Program income cannot be used as local match by the Subcontractor.

- Program income must be used in accordance with the additive alternative and expended in the year in which it is generated. Agencies must report program income generated on a monthly basis.

Under the additive alternative, program income must be used for allowable costs under the program through which it is generated. It can be used to increase or expand the services offered.

- Older persons may not be denied service because of their unwillingness or inability to contribute to the cost of service.

Agencies may not use a means test to determine eligibility for service.

- Agencies must inform clients receiving service that they may donate to the specific service.
- Agencies must establish procedures to ensure safe collection and handling of program income.

LINE ITEM BUDGET INSTRUCTIONS

READ THE FOLLOWING INSTRUCTIONS IN THEIR ENTIRETY BEFORE COMPLETING THE BUDGET FORMS.

Complete the Supporting Budget Schedules BEFORE completing the Budget Summary.

The Supporting Budget Schedules are designed to relate line-item costs (listed under Budget Category) with the activities to be undertaken by the project during the proposed budget year.

Enter *all* estimated costs to be met from DAAA Grant Funds, local non-federal participation (cash or in-kind), or Other Resources.

If a cost item listed under any Budget Category (see pages 2-5) is to be used in support of more than one program, the costs related to the item must be allocated across the number of programs for which the item is used or involved.

Example: If any individual staff member's time is spent on more than one activity, the related salary and fringe benefits costs must be distributed among the appropriate programs based on the percentage of time spent for each program activity.

BUDGET CATEGORIES (BY LINE ITEMS)

- **SALARY (Page 2 of 5)**

This category is to include the compensation paid to all permanent and part-time employees. *This does not include professional fees, contractual services, or personnel hired on a personal contract basis.*

Enter the total salary costs for each position in the appropriate section (administrative staff or program staff). If there is more than one source of funds for an employee, enter each amount in the appropriate column. Where volunteers are to be used as in-kind, list the number of volunteers and their service value. Enter the total cost in Column D. Enter the percentage of each salary that will be charged to the DAAA in the last column.

The Total Salaries from Columns A-D should be carried to the Budget Summary Page 1 of 5 and entered into Line 1 *Salary*, Columns A-D.

In determining budget categories 1 and 2, the term **administrative staff** describes those persons who direct, plan, and/or supervise agency operations, and the administrative support staff, such as the executive secretary. **Program staff** describes those persons who carry out program functions: for example, program aides, chore workers, clerks, typists, custodians, volunteers.

- **FRINGE BENEFITS (Page 3 of 5)**

This category is to include the employer's contributions for insurance, retirement, FICA, unemployment insurance, and other similar benefits for all permanent and part-time employees. For each position listed on Page 2 of 5, enter the total dollar amount of fringe benefits paid by the project on behalf of that position(s) in the appropriate column provided, and in the appropriate section (administrative staff or program staff.) Enter the total value of fringe benefits in Column D.

Enter the percentage of fringe benefits the agency pays to total salaries in the appropriate column (total fringe benefits paid by the agency divided by actual total salary paid by the agency). Enter the percentage of fringe benefits that will be charged to the DAAA in the appropriate column (total DAAA fringe divided by total DAAA salary.) Note: the percent of fringe benefits charged to DAAA should be the same as the percent of salary charged to DAAA.

Enter the amount of Administrative Staff costs (salary and fringe) paid by the DAAA as a percentage of the DAAA funding plus Local Match on Page 1 of 5, Column A, Line 16. **No more than 10% of the grant award should be used for Administrative costs.**

The Total Fringe from Columns A-D should be carried to the Budget Summary Page 1 of 5 and entered into Line 2 *Fringe*, Columns A-D.

- **CAPITAL EXPENDITURES/EQUIPMENT (Page 1 of 5, Line 3)**

This category is to be used for all stationary or moveable equipment. An item is defined as equipment if the cost of a single unit or piece of equipment, including the necessary accessories and installation costs, is five thousand dollars (\$5,000) or more and the item has a life expectancy of one year or more (Federal Regulations, Title 45, Part 74).

Enter the dollar amount of such costs under the appropriate Source of Funds and enter the total cost in Column D. Columns A, B, and C should equal D.

- **UTILITIES/RENT (Page 1 of 5, Line 4)**

This category is to include the cost of utilities such as heat, electricity, or gas, or for space utilized by the program, including donated space used as in-kind.

Distribute the costs across the appropriate Source of Funds. Enter the total cost in Column D.

- **SUPPLIES (Page 1 of 5, Line 5)**

This category is to be used for all consumable and short-term items (less than two years) or small equipment items consisting of less than five thousand dollars (\$5,000) per item.

Distribute the costs across the appropriate Source of Funds columns, and enter the total in Column D.

- **TRAVEL (Page 1 of 5, Line 6)**

This category is to include the travel costs of all full-time and part-time employees, as well as volunteer reimbursements for travel. This includes costs for mileage, per diem, lodging, registration fees for approved seminars and conferences, and other travel costs incurred by employees.

Total the travel and conference costs and distribute the total to the appropriate Source of Funds columns, and enter the total cost in Column D.

Conferences

This includes the costs of mileage, per diem, lodging, and registration fees.

- **COMMUNICATIONS (Page 1 of 5, Line 7)**

This category is to include the costs of telephone, postage, photocopying, newsletters, etc.

Printing is the cost for composition, type-setting, folding, and production of newsletters, brochures, and so forth.

Reproduction includes the costs of rental of photocopy machines, as well as the cost of supplies such as paper, ink, etc.

Total the cost and enter the amounts in the appropriate Source of Funds columns. Enter the total of A, B, and C in Column D.

- **CONSULTANTS (Page 4 of 5, Line 8)**

This category is to include the cost of independent contractors (as defined by the Internal Revenue Service), consultant fees, travel related to services provided by the consultant, per diem, etc.

Distribute the costs for each consultant/activity to the appropriate Source of Funds, and enter the total in Column D. The Totals from Columns A-D should be carried to the Budget Summary Page 1 of 5 and entered into Line 8 *Consultants*, Columns A-D.

2. **OTHER COSTS (Page 4 of 5)**

This category is to include miscellaneous items such as training, insurance, audit expenses, etc.

Describe the type of Other Cost. Distribute the costs for each item listed to the appropriate Source of Funds, and enter the total in Column D.

The Totals from Columns A-D should be carried to the Budget Summary Page 1 of 5 and entered into Line 9 *Other Costs*, Columns A-D.

- **PROGRAM INCOME**

Enter this amount in Columns C and D on line 11, page 1 of 5.

- **LOCAL MATCH NON-FEDERAL PARTICIPATION (Page 5 of 5)**

See the previous General Budget Information section for the minimum local match requirements.

- **Cash Resources** - Identify the Funding Source, purpose of allocation (line item), and amount of all non-Federal cash resources used as local shares.
- **Non-Cash Resources** - Identify by category the source, purpose of allocation (line item), and amount of all non-Federal, non-cash resources used as local share. This includes the services of volunteers as described in Note 2.

NOTE 1: Budget Categories identified in the Local Match Section of Page 5 of 5 should appear in the appropriate Line Items throughout Pages 1-5 of the Supporting Budget Pages.

- Identify and record the local funding resources (other than Federal funds) necessary to support each service category. For both cash and non-cash resources, indicate source and purpose of the allocation (line item). The total Local Match must agree to the Local Match reported on Page 1 of 5 Column B.

NOTE 2: If the services of volunteers have been included as in-kind and as part of non-Federal participation for the proposed service, the applicant agency must identify the rate of pay and schedule used to compute their contributed participation.

The value of anything donated in the performance of the service (office space, equipment, etc.) must be verified by supporting documentation (submittal of a statement from the agency's accountant, etc.). If other activities are occurring at the agency, all Federal costs must be prorated to the actual space, utilities, etc., used to operate the service.

Attach statements from other groups which are contributing cash to support the proposed service (e.g., financial institutions, community block grant agency, etc.)

- **OTHER RESOURCES (Page 5 of 5)**

Identify and record OTHER RESOURCES (other than the local match money) which are necessary to support the service for which the contract award was made. For both cash and non-cash resources, indicate the Budget Category, Funding Source, and the dollar amount on Page 5 of 5. The total Other Resources must agree to the Other Resources reported on Page 1 of 5 Column C.

NOTE: Examples of such resources could be RSVP positions or other Federal money which has been awarded to the agency such as in the field of education, law enforcement, mental health, social service, etc. In the case where the agency's local match commitment exceeds the required minimum, but is necessary for the operation of the service, this overage can be reported as OTHER RESOURCES.

- **BUDGET SUMMARY (Page 1 of 5)**

Complete the following steps:

- Enter legal name of the applicant agency.
- Enter appropriate service category.

NOTE: Budget period will generally not extend past September 30th of any calendar year.

- Enter the budget period for which application is being made.

- Line 10: Subtotal amounts in Columns A-D.
- Line 12: Total amounts in Columns A-D.
- Line 13: Enter the percentage of local match (as a percentage of DAAA funds plus Local Match).
- Line 14: Number of Clients.
- Line 15: Number of Units.
- Line 17: DAAA Cost per Client (DAAA funds divided by clients).
- Line 18: DAAA Cost per Unit (DAAA funds divided by units).
- Line 19: Total Cost per Client (Total budget divided by clients).
- Line 20: Total Cost per Unit (Total budget divided by units).
- Certification: Budget must be signed by an authorized representative of the applicant agency. Enter the title of the authorized representative and the date signed.

A careful review of the budget is encouraged to ensure accuracy and completeness.

FEE FOR SERVICE: COST PER UNIT ANALYSIS INSTRUCTIONS

A. AGENCY NAME AND SERVICE

Indicate the agency name and the proposed service(s).

B. SERVICE LEVELS

1. Indicate the funding requested for each service category (i.e., capitation). The capitation for each service category is listed beginning on page I - 2.
2. Indicate the proposed number of (unduplicated) clients to be served for each service category.
3. Indicate the proposed number of units to be provided for each service category.

C. UNIT COST ANALYSIS

Provide detail on the components of the cost per unit.

1. **Wages** – Includes wages paid to all permanent and part-time employees. Program staff describes those persons who carry out program functions: for example, program aides, chore workers, clerks, typists, custodians.
2. **Fringes** – Includes the employer's contributions for insurance, retirement, FICA, unemployment insurance, and other similar benefits for all permanent and part-time employees.
3. **Operating Costs** – Includes the direct expenses incurred in operating the program, such as supplies, mileage, etc.
4. **Administrative Costs** – Includes expenses incurred in directing an organization, but not directly involved in program operations, such as salaries of executives, costs of general services (accounting, human resources), etc. Administrative staff describes those persons who direct, plan, and/or supervise agency operations, and the administrative support staff, such as the executive secretary. **No more than 10% of the grant award should be used for Administrative costs.**

The **sum** of the costs of wages per unit, fringes per unit, operating costs per unit, and administrative costs per unit should equal the **total cost per unit**.

D. LOCAL MATCH

See the previous General Budget Information section for the minimum local match requirements.

1. **Amount** – Indicate the amount of non-Federal, cash or non-cash, resources to be provided by the agency as local match to support each service category.
2. **Item** – Indicate the purpose of allocation (i.e., line item).
3. **Source** – Identify the source of local match.

NOTE:

If the services of volunteers have been included as in-kind and as part of non-Federal participation for the proposed service, the applicant agency must identify the rate of pay and schedule used to compute their contributed participation.

The value of anything donated in the performance of the service (office space, equipment, etc.) must be verified by supporting documentation (submittal of a statement from the agency's accountant, etc.). If other activities are occurring at the agency, all Federal costs must be prorated to the actual space, utilities, etc., used to operate the service.

Attach statements from other groups which are contributing cash to support the proposed service (e.g., financial institutions, community block grant agency, etc.)