A. INTRODUCTION

Public Health Solutions requires the completion of a budget package that must be submitted with all proposals. The purpose of the budget package is to:

- Provide justification for the full amount of your request; and
- Demonstrate that you have a rational methodology for allocating shared costs among your organization’s programs.

The package consists of a budget summary worksheet as well as individual budget category (e.g. Personnel Services and Travel) worksheets that must be completed carefully in accordance with the instructions provided below.

Please be aware that you must provide justification for all proposed budget line items at the level of detail requested in the instructions below.

Also included in these instructions are Guidelines for Determining Types of Costs (C) which you must read and follow carefully.

B. GENERAL PROVISIONS

The following are general guidelines for completing your budget:

1. The budget is comprised of both Budget Categories and Budget Line Items.

   Budget Categories are the major classifications of expense shown on the Budget Summary page: Personnel, Fringe Benefits, Travel, Equipment, Supplies, Other, Consultant/Contractual and Indirect Costs.

   Budget Line Items are the individual cost items within each budget category. For the Personnel category, for example, budget line items are the individual positions to be funded. The “Other” category includes such items as office or facility rent, postage and telephone.

2. The budget Summary Page has been pre-formatted with a budget line item called “Indirect Costs/Program Administration” that must be used when budgeting for administrative costs, both direct and indirect.
3. You must complete sections highlighted yellow. Information in cells highlighted blue is not to be changed. These cells have been pre-formatted with column header information that must not be changed or contain formulas that must not be altered. These formulas either perform various calculations or populate cells with entries from other areas of the budget form.

C. GUIDELINES FOR DETERMINING TYPES OF COSTS

There are two types of costs: program costs and administrative costs. Administrative costs can be direct or indirect, while all program costs are considered to be direct.

1. Program costs are defined as the costs incurred for direct service delivery. These costs are normally only incurred as a direct result of providing a specific service to a client or his or her family members.

Examples of program costs include:

- salaries and related fringe benefits for staff who provide direct services to clients, their clinical supervisors, and other staff who directly support these individuals;
- salaries and related fringe benefits of staff that enter client level data that documents all data needed for the provision of services, client follow-up and health status monitoring;
- consultants who provide direct services to clients, supervise program staff, develop program materials, or perform other program functions;
- program supplies such as educational materials, medical supplies, and other supplies that are used specifically for this program;
- office supplies that directly support program activities such as folders for client charts;
- travel costs for program clients and program staff;
- printing and photocopying of medical forms, program materials, and other materials used by or for program participants;
- equipment used for direct service delivery; and
- professional liability insurance associated with program staff.
2. **Administrative costs** are defined as the costs incurred for usual and recognized overhead, including established indirect rates for agencies; management and oversight of specific programs funded under this title; and other types of program support such as quality assurance, quality control, and related activities.

Examples of administrative costs include:

- salaries and related fringe benefits for accounting, secretarial, and management staff, including those individuals who produce, review and sign monthly program and fiscal reports;
- consultants who perform administrative, non-service delivery functions;
- general office supplies;
- travel costs for administrative and management staff;
- general office printing and photocopying;
- general liability insurance; and
- audit fees.

As mentioned above, administrative costs can be direct or indirect. You must not list administrative costs (direct or indirect) separately on the budget. Instead, the budget Summary Page has been pre-formatted with a budget line item called “Indirect Costs/Program Administration” that must be used when budgeting for administrative costs, both direct and indirect.

Both program and administrative costs, as defined above, can be direct costs if they are directly attributable to the program.

3. **Direct costs** are costs that can be directly charged to the program and which are incurred in the provision of direct services.

Examples of direct costs include:

- salaries and related fringe benefits for staff who charge their time directly, on the basis of actual time worked, to the program or project for which they work;
- expenses related to staff that are direct-charged, including recruitment costs and travel expense;
• telephone expenses related to a unique telephone number or an extension for which expenses can be determined and substantiated on an actual or allocated basis;

• space costs and related expenses for facility space that is used only for funded activities, for which expenses can be determined and substantiated on an actual or allocated basis;

• all program supplies, as defined above; and

• other expenses that is both directly attributable to the program and consistently treated, on an agency-wide basis, as direct costs.

4. **Indirect costs** are defined as the administrative costs that are incurred for common or joint activities that cannot be identified specifically with a particular project or program.

Examples of indirect costs include:

• salaries and related fringe benefits for staff who do not charge their time directly to specific individual programs and/or projects, either because of the nature of the position or because it is not realistic to allocate their salaries, on the basis of actual time worked, to numerous programs or projects funded by multiple sources;

• expenses related to staff who are indirectly-charged, including recruitment costs and travel expense;

• telephone costs and space usage that is not designated solely to the program, for which actual expense cannot be determined and/or substantiated; and

• other administrative expenses that are not specifically identified with the program.

All indirect costs are normally pooled to create an indirect cost rate which is then applied to individual grant and contract-supported projects. The budget Summary Page has been pre-formatted with a budget line item called “Indirect Costs/Program Administration” that must be used when budgeting for administrative costs, both direct and indirect.
D. BUDGET JUSTIFICATION

Justifications must be provided for all proposed budget line items within each budget category. For each line item, provide a clear and complete description that explains:

- the purpose of each budget line item and how it is directly connected to the provision of a given service; and
- the dollar amount requested for the item and the methodology* used to calculate the amount.

For example, the justification for “Personnel” must include a description of each position to be funded. The justification for “Other” should include individual line items such as office rent, postage, telephone, etc.

*Acceptable allocation methodologies include:
- FTEs of the proposal as a percentage of total agency FTEs;
- proposal amount as a percentage of total agency budget;
- total budgeted salaries on the proposal as a percentage of total agency salaries; and
- total services on the proposal as a percentage of total similar services provided by the agency.

The above allocation methodologies may only be applicable to certain budget lines. The allocation methodology used for the proposal must be consistent with your organization’s internal accounting practices and acceptable to your auditors.

Specific instructions for each budget category are as follows:

1. Personnel:

   Use the personnel services worksheet provided in the package to budget program staff who will be responsible for implementation of the program as well as deliver direct services (if applicable).

   For each position to be funded, provide the following:

   - the exact title of each position;
   - the last name of the individual filling the position;
NOTE: If the position is vacant, label it as such and include the date you expect it to be filled.

- the annual salary of the individual;
  NOTE: If a salary increase is scheduled to go into effect during the period covered by the budget, indicate both salary levels and the number of months for each; for example, $25,000 (9 months) / $25,750 (3 months).

- the full-time equivalent (FTE) of the position (the amount of time the individual will devote to the program);
  NOTE: This value should be in decimals. Example: if a 40-hour workweek constitutes full-time employment in your agency, then a full-time employee who works all 40 hours on this program would be 1.00 FTE. An employee who works a total of 20 hours per week on the program would be .50 FTE.

- number of months the employee is expected to work on the program;

- position description; and

- amount of funding requested.

2. Fringe Benefits:

A worksheet has been provided in the budget package to provide an itemization of all components of the fringe benefit rate. Applicable components must be detailed by percent of salary expense, not by dollars expended.

The fringe benefits form must also include a sentence that states that the rate is applied equally to all personnel line items or, if this is not the case, how the rate applies (i.e. “… applies equally to all personnel line items except…”).

3. Travel:

A worksheet to budget program related staff and client travel costs is provided in the budget package.

Client travel should be shown on the form separately from staff travel with the mode of transportation (public transport, taxi/car service, etc.) itemized within each. Each line item justification should include purpose of travel, and the methodology used to calculate each cost. All travel must be directly related to accomplishing the objectives of the program. There should be a direct correlation between client travel costs and the proposed number of service encounters.
The justification must include:

- the amount requested for each line item;
- the mode of transportation (i.e. public transportation, taxi/car service, etc.) itemized separately;
- sufficient information to clearly show how the travel costs were determined or the methodology used; for example 300 round trips via public transportation @ $5.50 = $1,650.00; 10 trips via car service for clients too ill to travel via public transportation @ approximately $5.00 = $50.00;
- where not obvious, the destination and purpose of the travel; and
- the total amount requested for this category.

4. Equipment:

Use the equipment worksheet to budget equipment and furniture purchases necessary to operate the program.

Equipment is defined as any single item with a useful life of more than one year and an acquisition cost that equals or exceeds the lesser of (a) the capitalization level established by your agency for financial statement purposes, or (b) $5,000. The narrative should list each specific item of equipment with purchase price and should indicate the purpose of the equipment and who will use it. A brief purchase vs. lease analysis must also be included for any item with a unit cost of $5,000 or more.

Please note that equipment may only be included in the budget to the extent that it is used by the funded program. If, for example, a proposed photocopier will also be used by other agency programs, only a prorated share of the total cost of the photocopier may be included in the budget.

The equipment form must include:

- a listing of each item and the purchase price;
- the proposed use of the equipment and/or furniture, and by whom;
- the percentage of use in support of the proposed program; and
- the total amount requested for this category.
Please note the purchase of any equipment valued at $25,000 or more per unit (not aggregate purchases) must be submitted to DOHMH for pre-approval before a purchase can be made. This provision applies regardless if the DOHMH program funding will cover the full purchase price or a portion of the cost.

You may include the cost of the equipment in your budget proposal as if approved. If your proposal is funded, Public Health Solutions will provide you with instructions for requesting approval.

5. Supplies:

A worksheet to budget program and office supplies to be used by the program is provided in the budget package.

Supplies should be grouped into two main categories: those that relate to the number of clients being served, such as educational and medical supplies, and those that do not, such as computer software and office supplies. In this budget justification you will need to itemize the cost of all supplies.

The justification must include:

- the amount requested for each budget category;
- a direct correlation between direct client-related supply costs and the proposed number of units of service;
- sufficient information to clearly show how the supply costs were determined; and
- the total amount requested for this category.

6. Other:

All other programmatic costs that do not fall under the above budget categories should be included in the “other” worksheet.

This category should include items such as office/facility rent, space cost, utilities, postage, telephone, etc. A description and amount must be included for each line item identified in this category.

The justification must include:
• the total amount requested for each budget line item;

• sufficient information to clearly show how the costs were determined; and

• the total amount requested for this budget category.

7. Consultant:

If consultant/contractual services will be utilized by the program, budget these costs in the consultant worksheet.

You will need to include brief scopes of work for all consultants and state how each consultancy assists the agency in meeting the program’s service delivery objectives. The following must also be included for each consultancy:

• the generic type of service to be provided by the consultant (i.e. direct client service delivery, staff training, etc.);

• the name of the individual or organization (if known);
  NOTE: Individuals employed by your agency can not serve as consultants to this program.

• the rate to be paid for the services to be provided;

• the time frame for the consultancy;

• amount requested; and
  NOTE: This should be calculated by multiplying the consultant’s pay rate by the time dedicated to the program. If you use some other methodology, you must indicate what it is and why you used it.

• the total amount requested for this budget category.

8. Contractual:

If you intend to enter into subcontracts, you must state the name of the proposed subcontractor and the purpose of the subcontract on the consultant page. (Subcontracts are subject to Public Health Solutions and New York City Department of Health and Mental Hygiene approval.)
9. **Budget Summary:**

Once you have completed the individual budget category worksheets, the bottom line total of each budget category (i.e. Personnel Services, Fringe Benefits, Travel, Supplies, etc.) will automatically be transferred to the Budget Summary page. The only manual entry required on the Summary Page is “Indirect Costs/Program Administration”. The budget Summary Page has been pre-formatted with a budget line item called “Indirect Costs/Program Administration” that must be used when budgeting for administrative costs, both direct and indirect.