BUDGET JUSTIFICATION INSTRUCTIONS FOR FUNDING OPPORTUNITIES

The budget justification supports the budget by providing a comprehensive justification for the expense/cost and a detailed explanation on how costs were calculated/determined. When applying for funds and/or modifying an agreement with the California Tobacco Control Program (CTCP), agencies are reminded these general instructions are intended to supplement the instructions that are specific to the solicitation posted on CTCP's Tobacco Control Funding Opportunities and Resources (TCFOR) website (www.tcfor.catcp.org). Following the specific instructions identified in the solicitation is vital, as there may be budget limitations and/or requirements that apply only to that solicitation.

Instructions:

1. Review the Online Tobacco Information System (OTIS) web based training on developing a budget justification.
2. Login to OTIS --> Help --> Training Course --> Creating Your Application/Plan --> Budget.
3. Follow the instructions in this appendix and the solicitation (as applicable).
4. Utilize OTIS to develop a budget for each state fiscal year (FY) (July 1 – June 30) of the term. Whenever possible, utilize the OTIS wizards which reflect CTCP's pre-approved budget language.

Overall Budget/Budget Justification Guidance:

1. Verify the proposed budget/budget justification identifies all of the costs (expenditure of funds) associated with the implementation of the proposed Scope of Work (SOW) for each FY.
2. Provide accurate calculations for each of the eight line items and the corresponding sub-line items.
3. Provide easy to follow formulas that substantiate how the costs were calculated.
4. Provide an explanation if no funds or limited funds are budgeted for a standard cost (e.g., In-kind or Master Settlement Agreement (MSA) funds will be utilized for personnel, CTCP Communications Network (Partners), Space Rent/Lease, or Educational Materials, etc.).
5. Provide an explanation when costs vary significantly from one FY to the next.
6. If unit costs are stated as a range in the description and formula, ensure the budgeted amount is within the minimum/maximum of the range.
7. Avoid typos.
8. Budget using whole dollars only to avoid "rounding" errors.
9. Ensure the total dollar amount for each FY does not exceed the stated maximum amount allowed in the solicitation.

10. Verify the budget adheres to the instructions provided in this document, the solicitation, OTIS Wizards, and OTIS Applicant Training Course: Creating Your Application/Plan
11. Utilize the eight budget line items provided in the OTIS budget justification index which are:
    a. Personnel Costs
    b. Fringe Benefits
    c. Operating Expenses
    d. Equipment Expenses
    e. Travel/Per Diem and Training
    f. Subcontracts and Consultants
    g. Other Costs
    h. Indirect Expenses

Detailed instructions for the eight budget categories are provided below.

1. PERSONNEL COSTS

- Each position, that is responsible for completing SOW activities, must be identified in the budget justification under Personnel Costs with the same title that appears in the SOW Responsible Party section.
- Positions that do not have a direct role connected to specific SOW activities are "typically" budgeted under Indirect Expenses. However, positions that provide indirect support to the SOW and budgeted at less than 10% full time equivalent (FTE) may also be budgeted under Personnel Cost when a description of the services to be performed and an explanation for the FTE percentage is provided. Indirect positions, listed under Personnel Costs, should not appear in the Responsible Party section and are subject to CTCP review and approval.
- The proposed salary/wages/rates for in-house personnel must be:
    - Budgeted according to formal education, professional experience, level of responsibility, and/or percentage of time in relationship to the overall budget.
    - Consistent with comparable state classifications and salaries. Salaries that are not consistent with state rates (or County rates as applicable) must be substantiated with a detailed justification. (Refer to the appendix, titled "Comparable State Civil Service Classifications")
    - Reasonable, directly support the SOW, and consistent with the needs of the SOW.
- For each position, provide a brief description of the duties, responsibilities, and activities to be performed. Identify and document any Personnel that will not receive Fringe Benefits.

- Refer to the OTIS Wizards sample duty descriptions for commonly used position titles and associated descriptions.
- Designate at least ten (10) percent of a lead person's time to provide the minimum required hours per week of oversight for the project evaluation. (Refer to the solicitation for any exceptions to this general guidance)
- Include all leave time (vacation, sick leave, military leave, etc.) in Personnel Costs.
- Provide a formula to substantiate how costs were calculated for Personnel.

A typical sample formula for personnel costs is:

Salary X percentage (%) of Full Time Equivalent (FTE) X number of pay periods = Amount Requested by FY.

Salary:

- Refer to the appendix titled "Comparable Civil Service Classifications" posted in TCFOR (or County salary pay scales, as applicable) to determine acceptable salary caps. Provide justification if comparable classification caps are exceeded.
- If the precise salary is known, apply that salary amount in the formula. When the position is vacant and the precise salary is unknown, utilize a "salary range" to provide the flexibility needed to accommodate varying levels of education and/or experience of the new personnel. Select the low, middle or high end of the salary range to include in the formula, based on agency hiring policies, degree of expertise required, or agency budgeting standards.
- If the solicitation funds more than one fiscal year, consider budgeting cost of living adjustments (COLAs) for future years.

Percentage of FTE:

- 100 percent FTE equals 2,080 hours annually, including paid leave.
- Personnel working 80 hours in a two-week period are 100 percent FTE.
- Personnel working 20 hours in a 40-hour work week are 50 percent FTE.
- When the percentage of FTE varies from month to month, enter a range (i.e., 30%-40% FTE).

Number of Pay Periods:

- Monthly = 12 pay periods per year.
- Semi-monthly = 24 pay periods per year.
- Bi-weekly = 26 pay periods per year.
- Weekly = 52 pay periods per year.
- Hourly = "X" number of hours per pay period (do not use FTE percentages if a position is paid hourly).

Additional Sample formulas for Personnel Costs:

Option 1: $2,000 x 50% FTE x 24 pay periods = $24,000 (semi-monthly); Option 2: $2,000 x 100% FTE x 26 pay periods = $52,000 (bi-weekly).
Option 3: $20/hour x 100/hours/monthly x 12/months = $24,000 (hourly).
Option 4: $2,500-$3,500 x 30-45% FTE x 26 pay periods = $19,500 to $40,950

2. FRINGE BENEFITS

- Provide an overall range if the fringe benefit percentage rate will vary between Personnel or at different times within the FY.
- In the description list each fringe benefit that will be provided to eligible personnel.
- Budget at actual costs for each eligible employee.
- Identify personnel that will not receive benefits.
- If the solicitation funds more than one fiscal year, anticipate increases in the fringe benefit rate for future years.
- Fringe Benefits may not include the following:
  - Employee leave (including: annual leave, vacation, sick leave, holidays, jury duty, military leave, training leave, and administrative leave).
  - Employee vacation or sick leave accruals earned outside the allocation term.
  - Workers compensation claims. (Only budget for workers compensation premiums).

Refer to the OTIS Wizards for a sample description of Fringe Benefits.

Optional sample formula for Fringe Benefits:
$75,000/annual salary cost x 35%/fringe benefit rate = $26,250/fringe benefit FY total

3. OPERATING EXPENSES

The costs (or an explanation when no funds are budgeted) for the operating expenses associated with completing the activities in the SOW, must be justified for the sub-line items listed below:

CTCP Communications Network (Partners):

- Budget for the share of required monthly Internet access fees during the term of the solicitation in order to access OTIS and Partners. All CTCP-funded projects are required to:
  - Utilize OTIS for contract management and reporting.
  - Obtain and maintain an active Partners account. (Partners is a web-based communication system.)
  - Log onto Partners at least once a week.
- If no funds are budgeted, explain how your agency will access OTIS and Partners. (For example: "Agency has local area network with Internet access that will be provided in-kind.")

Refer to OTIS Wizards for a sample description for this line item.

Sample formula for CTCP Communications Network (Partners):
FTE x $____per month x # months = $_____/FY total

Space Rent/Lease:

- Budget project Space Rent/Lease costs at a maximum of 150 square feet per Full Time Equivalent (FTE) plus reasonable square footage for common space, such as: conference rooms, break room(s), restrooms, storage, library, etc.
- Separate formulas for office space and common space are acceptable.
- Provide a detailed justification if project space exceeds 150 square feet per (FTE) and/or the amount of shared space is significant.
- If the solicitation funds more than one fiscal year, anticipate any space cost increases for future years.

Refer to OTIS Wizards for sample descriptions for this line item. Sample formula for space rent/lease:
1.4 FTE X 150 sq. ft. X $1.20 per sq. ft. X 12 months = $3,024/FY total

Common Space Request: 125 sq. ft. of space is requested for project storage and common space (meeting, training, break and restroom areas). This is the portion charged to the tobacco control program.

Sample formula for common space:
125 sq. ft. X $1.20 per sq. ft. X 12 months = $1,800/FY total

Additional "Operating Expenses" subcategories may be proposed in this category. Examples are:

Office Supplies/Expenses:

- Budget for consumable supplies such as: paper, copier toner, pens, pencils, folders, binders, staplers, etc.
- Provide a list of supplies needed for the project and an estimated budget amount.

Refer to OTIS Wizards for sample descriptions for this line item.

Sample formula for Office Supplies:
$25/monthly cost for supplies x 12/months = $300/FY total

Communications:

- Describe the expenses associated with this line item and budget for the estimated amount needed for costs such as:
  - Installation cost of telephones and any recurring monthly charges related to the telephone system (e.g., land line, fax line, and costs related to teleconferencing necessary to complete the SOW).
  - The purchase of a cell phone **must** be budgeted under the Equipment line item.
  - Cell phone purchases require a detailed justification and prior written approval by CTCP unless it is approved during the modification process and is included in the final approved budget.
  - Monthly cell phone charges.
  - Cell phone service fees are limited to five devices and may not exceed $3,900 annually. Exceptions, with a detailed justification, are considered on a case-by-case basis.
  - Requests for cell phone service charges require prior written approval by CTCP unless the cost was approved during the modification process and included in the final approved budget.

Note: All cell phones must be encrypted

Refer to OTIS Wizards for sample descriptions for this line item. Sample formula for Communications:
4 FTE x $81.25 per month = $325/combined monthly charges x 12/months = $3,900/FY

Postage:

- Budget for postage to mail project correspondence, other materials and for overnight express mail costs.
- Provide a brief description of the postage expenses and the estimated budget amount for each FY. Refer to OTIS Wizards for sample descriptions for this line item.

Sample formula for Postage:
$25/monthly cost for postage x 12/months = $300/FY total

Printing:

- Identify expenses for printing and reproduction completed by **outside** vendors for items such as brochures, leaflets, posters, forms, flyers, announcements, banners, signage, etc.
- List and explain the types of items that require printing by outside vendors and the estimated budget amount for each FY.
- The Tobacco Education Clearinghouse of California (TECC) statewide project funded by CTCP can be utilized to develop educational materials with pre-approved messages and clip art at no cost. Once the material is developed, agencies can utilize a variety of options to print the material (e.g., duplicate in-house or use an outside vendor).
- If outside printing is required by the solicitation, the proposed outside printing costs must be approved by the Office of State Publishing prior to any expenditure of funds.

Refer to OTIS Wizards for sample descriptions for this line item.

Sample formula for Printing:
$85/monthly cost for printing x 12/months = $1,020/FY total or
$100-$300/per printing job x 5 projects = $1,000/FY total

Duplicating:

- Identify expenses for **in-house** duplicating and reproduction.
  - Duplicating is typically used for internal, routine, small office jobs.
- Allowable costs in this line item may include:
  - Agency's share of copy machine total usage related to SOW activities for this solicitation.
  - Shared copier maintenance agreements, copier supplies such as paper, toner etc. (Duplicating supplies such as paper and toner may be included in either the Office Expenses/Supplies or in Duplicating, but

should not be included in both.)

- Provide a description of the costs associated with in-house duplicating and the estimated budget amount.
- Indicate whether the budget includes supplies, and maintenance agreements. (Costs associated with renting copiers should be budgeted under Equipment Lease/Rental.)
- Provide the estimated budget needed for each FY.

Refer to OTIS Wizards for sample descriptions for this line item. Sample formula for Duplicating:
$75/monthly cost for duplicating x 12/months = $900/FY total

Equipment Lease/Rental:

- Rental Equipment will be authorized by CTCP on a case-by-case basis.
- Leasing/renting to own, purchase/lease back, and lease/purchase of equipment is **not** permitted.
- Lease/rental agreements entered into prior to receiving funding from CTCP must adhere to this CTCP policy.
- List all lease/rental equipment that will be charged to this solicitation and justify in detail.
- Provide the monthly lease/rental rate for each item and the number of the lease/rental months.
- Provide budget totals for each piece of equipment leased/rented. Examples of leased/rental items are desk-top work stations that include computers, printers, facsimile machines, scanners, and copiers.
- Provide the estimated budget amount needed for each FY.

Refer to OTIS Wizards for sample descriptions for this line item. Sample formula for Equipment Lease/Rental:
$50/monthly lease/rental for copier x 12/months = $600/FY total

Audit:

- All CTCP funded agencies are required to conduct an annual single, organization-wide financial and compliance audit in accordance with the provisions of their CTCP agreement.
- The audit costs shall include only the proportionate amount of the CTCP award in relationship to the Agency's total revenue eligible for the audit.
- Audit expenses may be budgeted in the Operating Expenses category or in the Indirect Costs category, but not both.
- When the cost for an audit is included in the indirect cost line item, the indirect cost rate cannot exceed the amount allowed in the solicitation (or as applicable, the county's indirect cost rate approved by CDPH).
- Funded agencies choosing not to budget funds for audit purposes must provide a statement in the Budget Justification Indirect Expenses line item indicating how they intend to comply with the audit requirement.
- Describe when the audit will be conducted, the total estimated cost of the Agency's audit, and the estimated proportionate share to be charged to CTCP for each applicable FY.

Refer to OTIS Wizards for sample descriptions for this line item. Sample formula for Audit:
$1,575/audit cost share based on percentage of funding per year

4. EQUIPMENT EXPENSES

- Agency is required to have at least one computer system:
  - Designated for use by this project to: produce state-mandated progress reports, completing evaluation instruments and reports, participate in online communication system such as Partners and OTIS.
- Allowable equipment expenses/purchases include:
  - Computer software/hardware
  - Items such as: desks, chairs, cell phones
- Provide detailed description including:
  - Itemized list of all equipment
  - Include any software to be purchased
  - Identify the anti-virus software to be purchased
  - Quantify each item of equipment and/or software
  - Provide the estimated purchase price, and the estimated budget amount needed for each FY.
  - Justify the need for the proposed equipment purchases and which staff will utilize it.

Refer to OTIS Wizards for minimum requirements and sample descriptions for this line item. Sample formula for Equipment: $1,100 for one (1) (insert type of computer) plus power cord $25.00 x1 carrying case $56.99 x1 mouse $19.99 x 1 Total (make sure to include who will be primary user) for Project Director's laptop=$1,202

5. TRAVEL PER DIEM AND TRAINING

- Travel and training expenses are to be consistent with the needs of the project and directly supports SOW activities.
- Volunteers are eligible for travel reimbursement for SOW-related travel such as attending project advisory meetings or participating in educational and data collection activities.
- Travel expenses will be reimbursed at the current rate identified by the California Department of Human Resources (CalHR/DPA).

Project Travel/Training:

- Includes airfare, meals, lodging, mileage and incidental expenses which are essential to complete the SOW.
- Includes registration fees for staff development or any other additional training events for professional, clerical, administrative personnel, etc., necessary for the completion of activities in the SOW.
- Provide a brief explanation for each type of cost connected with the SOW travel activity.
- Use mileage formulas to provide additional detail.
- Travel costs may be based on a formula that identifies estimates for: the number of events; length of travel; number of project staff attending; and type of costs for each event or traveler (e.g., flight, lodging, car rental, etc).

Refer to OTIS Wizards for sample descriptions for this line item. Sample formula for Project Travel/Training:

Lodging formula: 2 project travelers x $95/per traveler x 2 nights = $380/lodging total;
Per diem formula: 2 project travelers x $46/per person per day x 3/days = $276/per diem total; Mileage formula: 1 project traveler x 400/miles x $.535*/per mile = $214/mileage total;
Airfare formula: 2 travelers x $640/round trip airfare = $1,280/airfare total.
*Use latest rates per solicitation

CTCP Travel/Training:

- CTCP statewide contractors may attend a range of trainings/conferences each year per solicitation instructions.
- Each training/conference is usually one to three days in length and generally offered only once per FY.
- Agencies should budget approximately $500-$750 per person ($350-$550 for travel/per diem and $150-$200 for registration) for one to three staff to attend optional trainings/conferences per year. These amounts may vary depending on where agency resides in relation to training/conference location.
- Identify which project staff will attend the statewide trainings/conferences, and provide the estimated budget needed for each FY.

Refer to OTIS Wizards for sample descriptions for this line item. Sample formula for CTCP Travel/Training: See sample formulas above.

<u>Required</u> CTCP Travel/Training

- Refer to the solicitation for specific information on required Travel/Training.
- Identify which project staff will attend required Travel/Training and provide the budget amounts needed for each FY. Agencies are encouraged to budget required travel/training costs carefully and reasonably because unspent funds may not be reallocated to another line-item. During the close-out of the agreement, the unspent funds, for required travel/training, must be returned to CTCP.

Refer to OTIS Wizards for sample descriptions for this line item. Sample formula for Required CTCP Travel/Training:

See sample formulas above.

Out of State Travel (Optional):

- Out-of- State Travel (OST) costs may be based on a formula that identifies estimates for: the number of events; length of travel, number of project staff attending, and type of costs required for the event or traveler (e.g., flight, lodging, car rental, etc).
- OST requires prior written approval by CTCP unless it is approved during the modification process and is included in the final approved budget. The OST request must include details such as: description of the trip; location; reason for travel; role of the attendee, if applicable, (e.g., presenter, panel member, trainee, etc.),

benefit to State and/or Agency, description of costs associated to the OST; and SOW activity number(s) that justify the OST.
Refer to OTIS Wizards for sample descriptions for this line item. Sample formula for Out of State Travel: See sample formulas above.

6. SUBCONTRACTS AND CONSULTANTS

- A Subcontractor is an individual or agency qualified to:
  - Complete a specialized task that is directly related to the project's SOW activities.
  - Execute/implement/complete a component of the project, carryout/implement solutions, and/or perform a limited- term service/activity.
- A Consultant is an individual who:
  - Possesses a level or area of expertise that extends beyond those held by agency staff.
  - Supports the skills and effort of the agency staff but does not duplicate those skills or effort.
  - Provides technical advice on programmatic activities and problem solves issues.
  - Charges an hourly rate that is inclusive of all expenses.
- In the description for this line item provide the following details:
  - Separately list the title or agency name of each subcontractor and/or consultant who will provide the specialized effort directly related to activities in the SOW.
  - Identify subcontractors and/or consultants, who have not been selected at the time of submission, as "To Be Determined".
  - Description of the activities/services to be performed.
  - Amount of service time in increments of hours, days, weeks, months.
  - Salary or hourly rate.
  - Formula that substantiates how the costs were determined and the total cost.
- Verify each subcontractor and/or consultant listed in this section of the budget justification is also referenced with the same title in the SOW's "Responsible Parties".
- Provide a multi-category budget, including indirect expenses.
- Budget the indirect cost rate at no more than the approved primary agency agreement rate.
- The salary/hourly rate must be:
  - Commensurate with their formal education and professional experience.
  - Justified when budgeted at a salary/rate that exceeds the amount paid to state personnel for similar position/classifications (or county salary pay scales, as applicable). (Refer to the appendix titled

"Comparable Civil Service Classifications" posted in TCFOR)
- Approved by CTCP prior to reimbursement.

Refer to OTIS Wizards for sample descriptions for this line item. Sample formula for Subcontracts and Consultants:

Consultant: $65/hourly rate x 10/hours monthly x 12/months = $7,800/FY total;
Subcontractor: $1,500/combined salary cost monthly + $750/fringe benefits cost monthly + $120/travel cost monthly
+ $338/indirect cost monthly = $2,708/monthly total x 12/months = $32,496/FY total.

Community Engagement:
Funding of less than $5,000 is allowed to support and facilitate community engagement which may be needed to support and promote the SOW. The Agency's SOW and Budget Justification must clearly identify the services or activities to be conducted.

Competitive Bid Process Requirements:
When the amount of the subcontract agreement is $5,000 or more, the prime agency must submit their competitive bid process to CTCP for approval before making an award. Once CTCP approves the bid process and the subcontractor selection, the prime agency is responsible for submitting a "Subcontract Agreement Transmittal Form" through OTIS for each subcontract agreement.

7. OTHER COSTS

Other Costs include costs associated with completing the activities in the SOW not listed in Operating Expenses. Four standard cost line items that must appear in every budget justification are Educational Materials, Incentives, Paid Media, and Booth Rental/Facility Fees. Additional Other Cost subcategories may be proposed in this category.

Educational Materials:
- Items include: brochures, pamphlets, quit kits, posters, curriculum, training guides, videos, slides, flip charts, CD-ROMs, and signage necessary for SOW activities.
- Agencies may develop their own educational materials after demonstrating the need for the material.

Coordination of educational materials through CTCP funded partnerships is strongly encouraged to ensure materials do not currently exist.

- List the type of material, estimated number, and total. These materials are typically budgeted per order and not on a monthly basis.
- Signage that is produced by TECC, the statewide project funded by CTCP, should be listed in "Educational Materials" sub-line item and all other signage should be listed under the "Printing" sub-line item.

Refer to OTIS Wizards for sample descriptions for this line item.

Sample formula for Educational Materials:
One page brochure, tri-fold with several colors; $1 per brochure X 500 = $500 Total

Incentives:

- Incentives are allowed to motivate and/or reinforce positive: behavior, participation, and/or involvement and should include healthy or educational items, such as merchandise cards for books or iTunes, healthy food outlets, etc.
- To receive the incentive, an activity or action is required by the recipient.
- The use of incentives are limited by the California Department of Public Health, and incentive activities are approved on a case- by-case basis by CTCP.
- Each incentive sub-line item (non-consumable and consumable food/refreshments) has a separate $50 per person per year maximum. As a result, the incentives must be tracked separately per individual to ensure adherence to these maximums.

Non-Consumable (Non-Food/Refreshments) Incentives:

- The manner in which an item is utilized is the significant factor that determines if an item may be distributed. For example, if a t-shirt is presented to an individual to reinforce positive involvement and required action on the part of the recipient (e.g., hand-out educational materials at a health fair) the t-shirt is considered an incentive and is allowed.
- The cost of the incentive may not exceed $50 in value, per person, per year.
- A log must be kept that includes, at a minimum, the recipient's name, item, dates of service, and how/where the incentive was distributed.
- The use of incentives must be tied to an activity in the SOW that describes the payment control and confirms each recipient participated in the activity recommended for receipt. Merchandise cards that can be used to

purchase tobacco, nicotine products, and/or alcohol are prohibited.

- The budget justification **must**: describe the activity required to receive the incentive and contain the following specific language:

"*Incentives are provided to program participants to motivate and/or reinforce positive behavior, participation, and/or involvement in tobacco control activities and requires action on the part of the recipient to receive the incentive. The cost of the incentive may not exceed $50 in value, per person, per year and shall not include merchandise cards that can be used to purchase tobacco or alcohol products. The project is responsible for the possession, security (e.g. will keep under lock and key), and accountability of the merchandise cards. The project will prepare a log sheet that will track and identify each of the merchandise cards, value, merchandise card transfer date, and recipient."*

- **Prohibited** items include:
  - Cash
  - Merchandise cards that can be used to purchase tobacco, nicotine products, and/or alcohol.
- Describe how the incentive will be earned and distributed
- Provide easy to follow formulas to substantiate how the costs were calculated.
- Ranges can be utilized to identify the quantity of the incentives and the dollar value of each incentive.

Refer to OTIS Wizards for sample descriptions for this line item.

Sample formula for Incentive(non-Consumable):
Merchandise Cards: 60/merchandise cards x $20/per card = $1,200/FY total;
Non-Merchandise Card Items: 48/Music CDs and/or Movie DVDs monthly x $15/each = $720/FY total.

<u>Consumable (Food/Refreshments) Incentives:</u>

- Food/refreshments Incentives are allowed to be purchased and made available at coalition/advisory committee meetings or to volunteers who have participated in tobacco control related events and activities such as youth tobacco purchase surveys or beach litter clean-ups. Food is recognized as an appropriate item that acknowledges appreciation of the participation of people in meetings, events, and activities. Moreover, it is recognized that providing food/refreshments is a cultural expectation in many of the communities that tobacco control projects work with and providing food/refreshments at planning meetings with these communities will facilitate the development of positive relationships and community engagement.

- Food/refreshments must not exceed $50 in value, per person, per year.
- Provide: a brief description on how the food/refreshments will be used; identify the individuals who will receive food items (e.g. Coalition members, adult and youth volunteers, etc.); activity number from the SOW; and a formula to substantiate how the costs were calculated.
- Food/refreshments may be used to support SOW activities; however, food may not be purchased for budgeted staff that attend meetings or participate in SOW activities as state requirements related to per diem apply to budgeted staff.

Refer to OTIS Wizards for sample descriptions for this line item. Sample formula for Food/Refreshments incentives:

20 servings of refreshments for four (4) quarterly coalition meetings (activity 3-1-1) x $8/per person per event = $640 total. (Note, in the above example, each participant at the coalition meetings receives $32 in refreshments per year that is below the $50 maximum.)

Paid Media:

- Expenses may include the cost for the purchase or placement of paid advertisements (ads) on radio, television, newspaper, movie theaters, magazines, billboards, bus shelters, etc. to promote tobacco control messages that are aligned with the SOW.
- The purchase or placement of ads in non-traditional media such as high school yearbooks, the county fair program, and event brochures is allowed.
- The costs for the development of radio, television, movie theaters and print ads must be budgeted in the Subcontracts and Consultants category.
- List the types of paid media, social media, public relations, advertising and total budget amount that support activities in the SOW.

Refer to OTIS Wizards for sample descriptions for this line item.

Sample formula for Paid Media:
Movie Ad Placement: 2 Ads x 6 locations x $10/per ad x 6 months = $720/Movie Ad placement total;
Print Ad Placement: 1 Quarter Page Ad x 20 ad placements/per FY x $75/per ad placement = $1,500/FY total;
Radio Ad Placement: 25 Ad placements July-December, 2017 x $120/per ad = $3,000/July-December 2017

Booth Rental/Facility Fees:

- Identify the costs for booth rental/facility fees that are incurred for local events, such as: health fairs, community outreach activities, or trainings that are identified in the SOW.
- The description should include examples of local events, estimated number of events, and the estimated cost per event to substantiate how the total costs were calculated.
- Use ranges if necessary for the anticipated number of events and cost per event.

Refer to OTIS Wizards for sample descriptions for this sub-line item.

Sample formula for Booth Rental/Facility Fees:
$100/booth rental x 1 local health fair (activity 3-2-1) = $100/event booth rental;
$250/booth rental x 2 weeks county fair (activity 1-6-2) = $250/booth rental event.

Additional agency-defined sub-line items:
Within "Other Costs", agencies may propose additional sub-line items. The budget justification must include sufficient details, justifications, and formulas to substantiate the costs and tie to a specific activity within the SOW.

To promote, increase, and/or sustain community engagement, agencies may wish to consider the following sub-line items:

Stipends:

- A stipend is:
  - A sum of money, not a wage, paid to an individual serving as a non-employee of the agency.
  - Paid to cover out-of-pocket expenses for individuals volunteering* general help to the agency.
  - Cash or merchandise cards. Both "payment" types require strict management, controls, and a log that, at a minimum, includes: the recipient's name; payment type/cash or gift card; dates of service; and amount of the cash or merchandise card.
  - The SOW activity must describe the payment controls and confirms each recipient participated in the activity recommended for "payment".
  - Gift cards that can be used to purchase tobacco, nicotine products, and/or alcohol are prohibited.
  - Reported to the Internal Revenue Service as 1099 income when the stipend exceeds $600 in a calendar year.

- A stipend is <u>not</u>:
  - A substitute for compensation or tied to productivity, (e.g., paying someone for each store surveyed).
  - Tied to an employee time sheet for number of hours worked
- Department of Labor regulations allow nonprofits to pay volunteers* a nominal fee.
  - The "nominal fee", typically referred to as a "stipend", cannot exceed 20% of what an employee/worker would be paid to perform the same service.

Volunteer:

- A Volunteer* is generally defined as:
  - An individual who performs hours of service for religious, charitable or similar non-profit organizations or government agencies without promise, expectation, or receipt of compensation;
  - The volunteer does not expect to be compensated.
- The work of the Volunteer is:
  - Less than full time;
  - Not offered as a result of coercion;
  - Typically associated with volunteer work and not a commercial enterprise;
  - Not allowed to displace regular employees and the volunteer is not otherwise an employee of the organization providing the same type of service.

Example: A young adult volunteer collects data for a public opinion poll in FY 17/18. The volunteer is eligible for a cash or gift card stipend.

Sample formula for Stipends:
$250 per person x 1 volunteer to collect data for a public opinion poll in FY 2017/18 = $250 FY 17/18 total.

8. INDIRECT EXPENSES

An indirect cost rate is simply a device for determining fairly and conveniently within the boundaries of sound administrative principles, what proportion of indirect cost each program should bear. An indirect cost rate is the ratio between the total indirect expenses and direct cost base. Indirect costs are an agency-wide, general management cost that cannot be attributed to a specific SOW activity and consists of administrative services necessary for the general operation of the agency, such as: accounting, budgeting, payroll preparation, human resources services, purchasing, maintenance, centralized network and data processing. Conversely, direct

costs are costs that provide measurable, direct benefits to specific SOW activities and can include costs that relate directly to instructional programs and also support costs that apply to the minor services necessary to maintain the program, such as: salaries and benefits, educational materials, office supplies and travel.

An indirect cost rate is the percentage of an agency's total personnel costs (personnel + fringe benefits) or total direct costs and is a standardized formula charging shared costs for an agency's indirect operation.

Identify:

- The cost basis for calculating indirect expenses, i.e. total personal costs or total allowable direct cost.
- Percentage rate. A range is acceptable when the percentage rate will vary at different times during the FY or between multi-years.
- Include personnel, budgeted at less than 10% FTE and not directly connected to the SOW.
- If audit costs are not included in Operating Expenses, include estimated total cost of single organization audit and estimated proportionate share to be charged to CTCP in each FY. Provide a justification when no funds are budgeted for an annual audit and explain how compliance will be met.
- If audit expenses are budgeted in Operating Expenses, the cost of the audit must be included in the calculation of total indirect expenses to determine that indirect costs do not exceed the specified maximum percentage rate in the solicitation.
- Indirect costs cannot exceed the specified maximum percentage rate stated in the solicitation.
- State Contracting Manual 3.06 restrictions on subcontract administrative overhead fees will apply – if the grantee is a federal, state, or local governmental entity and has selected Total Allowable Direct Costs as the ICR basis, only the first $25,000 for each subcontract may be included in the calculation of Total Allowable Direct Costs.

Refer to the OTIS Wizards for sample descriptions for this line item. Sample formula for Indirect Expenses:

$50,000/staff salaries total + $20,000/staff fringe benefits total = $70,000/total personnel costs x 25% = $17,500/indirect cost FY total.

Budget Tools to Help Promote Community Engagement

To increase and sustain community engagement in the project, consider using the following budget tools:

- **Stipends**:
  Stipends are a sum of money, not a wage, paid to an individual serving as a non-employee of the agency.

- **Volunteers:**
  Individuals who perform hours of service with no expectation of receiving compensation.

- **Incentives:**
  The incentive motivates and/or reinforces positive behavior, participation, and/or involvement. The recipient must complete an activity or action to receive the incentive which can be light refreshments or non-consumable items such as a merchandise card.

- **Training**
  Budget staff time to train volunteers to: educate community leaders, decision-makers and the public about the burden of tobacco use and evidence-based policy and other strategies to reduce this burden; to be media spokespersons; and to participate in data collection activities. You may also budget training registration fees for key volunteers to participate in trainings that are relevant to your SOW.

- **Travel Reimbursement:**
  Volunteers are eligible for travel reimbursement for SOW-related travel such as attending project advisory meetings or participating in educational and data collection activities.

- **Advertising**
  Traditional paid media may be placed in newspapers, radio, theaters, and outdoors to promote tobacco control messages that are aligned with your SOW. Additionally, non-traditional media such as high school yearbooks, the county fair program, and event brochures are allowed.