BUDGET JUSTIFICATION INSTRUCTIONS FOR FUNDING OPPORTUNITIES

General instructions are provided to assist agencies applying for funds, or negotiating agreements with the California Tobacco Control Program (CTCP) and are a supplement to each solicitation posted on the Tobacco Control Funding Opportunities and Resources (TCFOR) website (www.tcfor.catcp.org). Please ensure that you follow the specific instructions posted on TCFOR for your solicitation, as there may be budget limitations or requirements that apply only to that solicitation.

The primary steps to complete a budget justification are:

1. Access and review the Online Tobacco Information System (OTIS) web based training on developing a budget justification.

2. Utilizing OTIS, develop a budget, for each fiscal year (FY) of funding, that identifies and justifies the costs associated with the implementation of the Scope of Work (SOW).
   - Adhere to the instructions and requirements provided in the solicitation and in this document.
   - Ensure the total dollar amount for each FY does not exceed the stated maximum amount allowed in the solicitation.
   - Utilize the eight budget categories provided in the OTIS budget justification index:
     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

   - Verify that each activity in the SOW that results in an expenditure of funds is adequately reflected in the budget.
   - OTIS provides budget “wizards” templates; suggestions are provided below where use of OTIS Wizards may be helpful.

3. In the budget justification, clearly describe how the costs identified for each FY were determined:
   - Provide easy-to-follow formulas to substantiate how costs are calculated.
   - Provide an explanation if no funds or limited funds are budgeted for a standard cost (i.e., in-kind personnel, CTCP Communications Network (Partners), Space Rent/Lease, Educational Materials, etc.).
   - Provide an explanation when costs vary significantly from one FY to the next.
   - If unit costs are stated as a range in the description and formula, use best professional judgment to determine the final value for calculating the requested budget amount.

Detailed instructions for each of the eight budget categories are provided below.

A. PERSONNEL COSTS

- List each position by title, that will be needed to complete the SOW activities throughout the term of the agreement.
- Position titles in the budget justification should be consistent with titles listed in the SOW Responsible Parties section.
- Positions budgeted under Personnel Costs should have a direct role connected to activities in the SOW.
- Positions providing indirect support to the SOW and budgeted at less than 10% full time equivalent (FTE) should typically be budgeted under Indirect Expenses. If budgeted as a Personnel Cost, provide an explanation for the percentage FTE and the description of the direct connection to the SOW; these positions are subject to CTCP review and approval.
- Designate a lead staff position to provide 10% of 1 full time equivalent position (4 hours per week) for the oversight of the project evaluation. (Refer to the specific solicitation.)
- Include all leave time (vacation, sick leave, military leave, etc.) in Personnel Costs.
- 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.

- Provide a formula to substantiate how costs were calculated for Personnel:

- Salary X percentage (%) of Full Time Equivalent (FTE) X number of pay periods = Amount Requested by Fiscal Year

Salary Range:

- Refer to Comparable Civil Service Classifications (Appendix 14) posted in TCFOR (or County salary pay scales, if applicable) to determine acceptable salary caps. Provide justification if comparable classification caps are exceeded.
- If the precise salary is known, apply that salary in the formula; if the position is not currently filled and the precise final salary is unknown, indicate the range for the position classification. Select the low, middle or high end of the salary range to include in the formula, based on agency hiring policies, degree of expertise needed, or agency budgeting standards.
- If the solicitation funds more than one fiscal year, include any 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). Enter the average percentage into the final calculation.

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).

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 per month x 12 months = $24,000 (hourly) FY total.

B. FRINGE BENEFITS

- List each fringe benefit that will be provided to eligible personnel.
- Identify any personnel that will not receive benefits.
- List the fringe benefit percentage and total amount requested for each FY.
- Provide a range if the fringe benefit percentage rate will vary between Personnel or at different times within the FY.
- If the solicitation funds more than one fiscal year, anticipate any 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. (Budget for workers compensation premiums only).
- Budget at actual costs for each eligible employee.

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

Sample formula for Fringe Benefits:
$75,000 total personnel costs x 35% fringe benefit rate = $26,250 FY total

C. OPERATING EXPENSES

Operating expenses include costs associated with completing the activities in the SOW. Two standard cost line items that appear in every budget justification are CTCP Communications Network (Partners), and Space Rent/Lease. Additional operating expense subcategories may be proposed in the budget justification.

CTCP Communications Network (Partners) (Standard Line Item):

- Budget for the tobacco program share of monthly Internet access fees during the term of the solicitation in order to access OTIS and Partners.
- All CTCP-funded projects should:
  - Utilize OTIS for contract management and reporting.
  - Obtain and maintain an active Partners account. (Partners is a web-based communication system.)

- 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 by the County.")

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 = $_____.

Space Rent/Lease (Standard Line Item):

- 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 formulas for space rent/lease:
1.4 FTE X 150 sq. ft. X $1.20 per sq. ft. X 12 months = $3,024

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.

125 sq. ft. X $1.20 per sq. ft. X 12 months = $1,800

Applicants may propose additional items under Operating Expenses. Some examples include:

Office Expenses/Supplies:

- 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.

Communications:

- Budget for the installation cost of telephones and any recurring monthly charges related to the telephone system including: fax line, and costs related to teleconferencing that may be necessary to complete the SOW.
- Budget amounts for monthly mobile phone charges (device purchase costs should be budgeted under Equipment).
  - Cell phone service fees are limited to five phones and not to exceed $2,500 annually.
  - All mobile computing devices should be encrypted. Unencrypted devices (i.e., Personal Digital Assistants [PDAs], Smartphones, iPhones, Blackberries, etc.) are not allowed.
  - Mobile phone service charges will require prior written approval by CTCP unless it is approved during the negotiation process and is included in the final approved budget.
- Describe the expenses associated with this line item and provide the estimated budget needed for each FY.

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

Sample formula for Communications:
$250/month x 12 months = $3,000 FY total

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/month 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, etc.
- List and explain the types of items that require printing by outside vendors and the estimated budget amount for each FY.
- Proposed outside printing costs will need to be waived by the Office of State Publishing (through CTCP) prior to any purchases.

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

Sample formula for Printing:
$85/month 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 internal and routine, usually for small office jobs.
- Allowable costs in this line item may include:
  - Agency's share of copy machine total usage related to SOW activities.
  - 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 Rental/Lease.)

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

Sample formula for Duplicating:
$75/month 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/leaseback, and lease/purchase of equipment is **not** permitted.
- Lease/rental agreements entered into prior to receiving funding from CTCP should adhere to this CTCP policy.
- List all lease/rental equipment that will be charged to this project 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.

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

Sample formula for Equipment Lease/Rental:
$50/month for copier x 12 months = $600 FY total

Audit:

- All funded agencies should 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 costs for an audit are included as an operating expense, the Audit Expense should be included in the calculation of the indirect cost rate (audit expense + indirect costs = total indirect costs), which may not exceed the maximum indirect cost rate allowed in the solicitation.
- Funded agencies choosing not to budget funds for audit purposes should provide a statement in the Indirect Expenses line item indicating how the agency intends 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 agency's total audit cost x 10% tobacco program's cost share (based on percent of funding) = $157.50 FY total

D. EQUIPMENT EXPENSES

- Agency is recommended to have at least one computer system that meets CDPH minimum requirements:
  - Designated for use by this project to: produce progress reports, completing evaluation instruments and reports, participate in online communication system such as Partners and OTIS.
  - Meet the minimum specifications as listed in the Computer Hardware/Software Minimum Requirements posted on TCFOR.

- Agency may request the purchase of computer hardware/software to bring one computer system up to CTCP minimum specifications.
- Allowable equipment expenses include:
  - All computer software/hardware purchases
  - Non-computer equipment items such as: desks, chairs
- Prohibited equipment expenses include:
  - File cabinet and storage cabinet purchases.
- Provide detailed description including:
  - Itemized list of all equipment to be purchased
  - 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 the equipment.

Refer to OTIS Wizards for minimum requirements and sample descriptions for this line item.

Sample formula for Equipment:
$1,200 for one (1) (insert type of computer) for Project Director = $1,200 in Year 1

E. TRAVEL PER DIEM AND TRAINING

- Travel and training expenses are to be consistent with the needs of the project and connect directly to SOW activities.
- Travel expenses will be reimbursed at the current rate identified by the California Department of Human Resources (CalHR) (Appendi~~x~~**ces** ~~17~~**13A, 13B, and 13C**) or county rates (for LLAs only).

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.

- Provide a travel estimate for each event. Estimate the number of project staff attending and the estimated budget amount for each traveler.
- Use mileage formulas to provide additional detail.
- Provide the estimated FY budget amounts.

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

Sample formula for Project Travel/Training:
Lodging formula: 2 project travelers x $80 per traveler x 2 nights = $320 lodging total;
Per diem formula: 2 project travelers x $40 per person per day x 3 days = $240 per diem total;
Mileage formula: 1 project traveler x 400 miles x $.565 per mile = $226 mileage total;
Airfare formula: 2 travelers x $640 round trip airfare = $1,280 airfare total.

CTCP Travel/Training:

- CTCP statewide contractors may conduct two to four trainings/conferences each year.
- 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 two to four optional trainings/conferences per year.
- 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.

See sample formulas above.

Recommended CTCP Travel/Training

- Refer to the solicitation for specific information on recommended Travel/Training.
- Identify which project staff will attend Travel/Training and provide the budget amounts needed for each FY.

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

See sample formulas above.

Out of State Travel (Optional):

- Out-of-State travel should have prior written approval by CTCP unless it is approved during the negotiation process and is included in the final approved budget.
- Final approval of out-of-state travel is generally contingent upon the traveler participating in the conference as a presenter, panel member, speaker, etc.
- Identify possible out-of-state trips. Include the purpose of the travel and the role of the attendee, who will attend, the benefits of attending, SOW activity, and the expenses associated with the travel for each FY.

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

See sample formulas above.

F. 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.
- Recommended to use a multi-category budget, including indirect expenses.

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:

- Separately list the name of each subcontractor and/or consultant who will provide the specialized effort directly related to activities in the SOW.
- 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 the following details:

  - Name of each subcontractor and/or consultant. 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.
- The salary/hourly rate should be commensurate with education and experience.
- Provide a detailed justification when the salary/hourly rate is budgeted at a salary/rate that exceeds the amount paid to state personnel for similar position/classifications. (See TCFOR: “Comparable Civil Service Classifications” or county salary pay scales). CTCP will approve the salary/hourly rate requests prior to reimbursement.
- Budget the indirect cost rate at no more than the approved primary agreement rate.
- Refer to Solicitation for any limitations on subcontracts/consultants.

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

Sample formula for Subcontracts and Consultants:
Consultant: $65/hour x 10 hours/month x 12 months = $7,800 FY total;
Subcontractor: $1,500 salaries/month + $750 fringe benefits/month + $120 travel/month + $338 indirect/monthly = $2,708/month total x 12 months = $32,496 FY total.

G. 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 appear in every budget justification are Educational Materials, Behavior Modification Materials, Paid Media, and Booth Rental/Facility Fees. Additional other cost subcategories may be proposed in the budget justification.

Educational Materials:
Items such as brochures, pamphlets, posters, curriculum, training guides, videos, slides, flip charts, CD-ROMs and signage necessary for SOW activities. Agencies may develop their own educational materials, but should first demonstrate the need for the material. Coordination of educational materials through CTCP funded partnerships is strongly encouraged.

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

Sample formula for Educational Materials:
15 Cessation training binders (activity 3-5-1) x $15 each = $225 FY total
25 Tobacco control fact sheets x $2 each = $50 FY total

Behavior Modification Materials (BMM):

- BMM are allowed to motivate and/or reinforce positive: behavior, participation, and/or involvement and should include healthy or educational items, such as gift cards for books or iTunes, healthy food outlets, etc.
- The use of BMM is limited by the California Department of Public Health. BMM activities are approved on a case-by-case basis. (See Appendix 12: CTCP Program Letter 12-01 for more information)
- The budget justification **should**: describe the activity participated in to receive the BMM and contain the following specific language:
  "*BMMs 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 BMM. The cost of the BMM may not exceed $50 in value, per person, per year.*"
- **Prohibited** items include:
  - Cash
  - Gift cards that can be used to purchase tobacco, nicotine products, and/or alcohol.
- Provide easy to follow statements regarding how the BMM will be earned, distributed, and the amount budgeted for each FY.

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

Sample formula for BMM (non-Food/Refreshments):
Gift Cards: 60/gift cards x $20 per card = $1,200 FY total;
Non-Gift Card Items: 48 Music CD and/or Movie DVD/month x $15 each = $720 FY total.

Food/Refreshments BMM:

- Provide a brief description on how food will be used and identify the individuals who will receive food items (e.g. coalition members, adult and youth volunteers, etc.).
- Food & refreshments may be made available at meetings that support SOW activities.
- Food **may not** be purchased for budgeted or county staff attending meetings/activities that support the SOW.

- Food & refreshments should not exceed $50 value per person per year.

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

Sample formula for Food/Refreshments BMM:
20 servings of refreshments x four (4) quarterly coalition meetings (activity 3-1-1) x $8 per person = $640 FY total.

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. (Development of radio, television, movie theaters and print ads should be budgeted in the Subcontracts and Consultants category.)
- List the types of paid 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, 2014 x $120 per ad = $3,000 FY 14/15 total

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 line item.

Sample formula for Booth Rental/Facility Fees:
$150 booth rental x 1 local health fair (activity 3-2-1) = $150 event booth rental;
$250 booth rental x 2 weeks county fair (activity 1-6-2) = $250 booth rental event.

Other agency-defined subcategories:
Agencies may propose additional Other Cost items. Provide sufficient details, justification, and formula to substantiate the costs when budgeting for additional agency-defined Other Costs. One example is provided below:

Stipends:
A stipend is a sum of money, not a wage, paid to an individual serving as a non-employee of the agency. A stipend is paid to cover out-of-pocket expenses for individuals volunteering general help to the agency. IRS and Department of Labor limitations apply. Stipends can be cash or gift cards and both require strict agency controls. If using this subcategory, include an activity in the SOW that describes the payment control and confirms each recipient participated in the activity recommended for receipt. A log should be kept that includes, at a minimum, the recipient's name, cash or gift card amount, dates of service and how the cash or gift card was dispensed.

Sample formula for Stipends:
$250 per person x 3 volunteers to collect data for intercept & YTPS surveys in FY 2014/15 = $750 FY 14/15 total.

H. 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 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 should 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, but in no case will the indirect cost rate exceed 25%.

Note: CDPH is finalizing negotiated changes in the indirect cost rate (ICR) methodology that will apply to all CDPH funded programs in all local health jurisdictions (LHJ); LHJ cities will follow a comparable methodology. Generally, an indirect cost rate of either a maximum of 25% of total Personnel Services or a maximum of 15% of total direct costs will be allowed. A single ICR will be approved for each LHJ and used by all CDPH programs. An addendum to these budget justification instructions will be issued by CTCP prior to LLA Allocation Agreement approval. SCM 3.06 restrictions on subcontract administrative overhead fees will apply; if the indirect cost rate basis is total direct costs, only the first $25,000 of each subcontract will be included in the calculation of total direct costs.

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

Sample formula for Indirect Expenses:
$50,000 personnel costs total + $20,000 fringe benefits total = $70,000 total personnel costs x 25% = $17,500 FY total.