BUDGET JUSTIFICATION INSTRUCTIONS FOR FUNDING OPPORTUNITIES

These budget justification instructions are provided to assist those applying for California Tobacco Control Program (CTCP) funding and are intended to supplement instructions 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 each solicitation, as there may be budget limitations or additional 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 at https://otis.catcp.org/

2. Utilizing OTIS, develop a justified budget for each fiscal year (FY) of funding, identifying and justifying the costs associated with the implementation of the proposed 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 annual amount allowed in the solicitation.
   - Budget within the eight 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 clearly captured in the appropriate budget justification category.
   - OTIS provides budget “wizard” templates for completing the narrative portion of line items; 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 and include a brief narrative statement that clearly explains and justifies the cost.
   - Provide an explanation if no funds, in-kind or limited funds are budgeted for a standard cost (i.e., in-kind for Personnel, CTCP Communications Network (Partners), Space Rent/Lease, Educational Materials, etc.)
   - Provide an explanation when costs in any category vary significantly from one FY to the next.
   - Indicate a unit cost and quantify if a number of units are to be purchased (i.e. cessation brochures; fact sheets, signage, behavior modification materials, etc.). Ranges are acceptable.

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

A. PERSONNEL COSTS

- List each position by title that appears as a responsible party in the SOW. Position titles in the budget justification must be consistent with position titles listed in the SOW Responsible Parties section.
- Positions budgeted under Personnel Costs must have a direct role connected to activities in the SOW and costs must have a directly calculable formula, not an allocation total or pro-rated amount.
- Positions providing indirect support to the SOW where costs cannot be directly allocated to the project must be budgeted under Indirect Expenses.
- Designate a lead staff position to provide the minimum required hours per week of oversight for project evaluation. (Refer to the specific solicitation instructions)
- Include all leave time (vacation, sick leave, military leave, etc.) in Personnel Costs.
- For each position, provide a brief but clear summary of the duties, responsibilities, and activities to be performed. Refer to activity numbers as appropriate. Note any Personnel that will not receive Fringe Benefits.
  - If a position is provided “in-kind” by the agency, provide a cost estimate in the narrative for the “in-kind” support and a brief statement regarding the contribution.
  - 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 each Personnel position.
- Salary or salary range X percentage (%) of Full Time Equivalent (FTE) X number of pay periods = FY amount requested.

Salary Range:

- Refer to Comparable Civil Service Classifications posted at TCFOR to determine acceptable salary caps. Provide a "high salary" justification if comparable classification caps are exceeded. Comparable salaries alone are not a sufficient comparison; comparable classifications must be selected based on duties and responsibilities comparable to the budgeted position.
- 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, and 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, include any salary changes, such as: merit increases and/or cost of living adjustments (COLAs) for future years.

Percentage of FTE:

- 100 percent FTE equals 2,080 hours and includes paid leave for an annual or fiscal year position.
- 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/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 of any kind. 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 annual salary cost x 35% fringe benefit rate = $26,250/FY (list fringe benefits and percent amounts)

C. OPERATING EXPENSES

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

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

- Budget for the tobacco program 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 are 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 a 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 = $_____.

Space Rent/Lease (Required 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 rooms, restroom(s), storage, library, etc.
- Separate formulas for office space and common space are acceptable.
- Provide an additional justification if project space exceeds 150 square feet and/or the amount of common 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

Additional items are allowable 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 monthly 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).
    - Mobile phones, cellular phones and other multi-function portable phones are allowed up to $500 per person (including the service) for a maximum of $2,500 annually.
    - Mobile phone purchases and monthly service charges will require prior written approval by CTCP unless the purchase and monthly service charge are agreed upon during the negotiation process and is included in the final approved budget justification.
- Describe the expenses associated with this line item and provide the estimated budget amount for each FY.

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

Sample formula for Communications:
$250 combined monthly charges x 12 months = $3,000/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 monthly budget amount for each FY.

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

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

Printing:

- For each FY identify the estimated budget amount for printing and reproduction completed by **outside** vendors for items such as brochures, leaflets, posters, forms, flyers, announcements, banners, etc.
- CDPH may need to obtain a waiver from the Office of State Publishing prior to any outside vendor printing service purchases.

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

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

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:
  - Project'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 Rental/Lease.)
- Provide the estimated budget needed for each FY.

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

Sample formula for Duplicating:
$75 combined monthly duplicating x 12 months = $900/FY

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 must adhere to this CTCP policy.
- List all lease/rental equipment and percentage of use 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.
  - Mobile phone purchases and monthly service charges will require prior written approval by CTCP.

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

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

Audit:

- All funded projects are required to conduct an annual or fiscal year single, organization-wide financial and compliance audit in accordance with the provisions of their CTCP approved agreement.
- The audit costs shall include only the proportionate amount of the CTCP award in relationship to the project'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 appear as an operating expense, the Audit Expense must be included in the calculation of the effective indirect cost rate, which may not exceed the maximum indirect cost rate allowed in the solicitation.
- 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 project'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:
$1,575audit cost share based on percentage of funding.

D. EQUIPMENT EXPENSES

- Include the purchase of any mobile computing devices.
- Project is required to have at least one computer system that meets California Department of Public Health (CDPH) minimum requirements:
  - Designated for use by this project to: produce agreed upon progress reports, completing evaluation

instruments and reports, participate in online communication systems such as Partners and OTIS.
  - Meet the minimum specifications as listed in the Computer Hardware/Software Minimum Requirements posted on TCFOR.
- Project may request the purchase of computer hardware/software to bring one computer system up to CTCP minimum specifications.
- Allowable equipment expenses include:
  - All approved computer software/hardware purchases.
  - Approved items such as: desks, chairs.
- Provide a 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.
  - Certain equipment expenses such as file cabinets and book cases are prohibited by CDPH. The agency must receive prior CDPH approval for any equipment purchases. .

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.

E. TRAVEL PER DIEM AND TRAINING

- Travel and training expenses are to support the needs of the project and directly support SOW activities.
- Travel expenses will be reimbursed at the current rate identified by the California Department of Human Resources (CalHR/DPA) or county rates (for Local Lead Agencies only).

Project Travel/Training:

- Includes airfare, meals, lodging, mileage and incidental expenses which are essential to complete the SOW activity.
- 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 formulas 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 $.56 per mile (or most updated CalHR/DPA rates) = $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 on various topics.
- Each training/conference is usually one to three days in length and generally offered only once per FY.
- Agencies should budget travel cost according to event location and proximity. If locations are unknown 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 travelers attending the statewide trainings/conferences on SOW activity-related topics, and provide the estimated budget needed for each FY. Travelers may include project staff, evaluator, coalition members and approved community partners.

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

Sample formula for CTCP Travel/Training:
See sample formulas under Project Travel/Training above.

Required 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.
  If attendance at required trainings, conferences, or meetings does not occur, funds may not be reallocated to another line item.

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 requires prior written approval by CTCP unless it is agreed upon 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.

Sample formula for Out of State Travel:
See sample formulas under Project Travel/Training 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 implemented solutions, and/or perform a limited-term service/activity.
- Note: Subcontracts require a budget that includes personnel, fringe benefits, operating expenses, travel and 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 must be commensurate with education, experience and regional or national recognition.
- 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 must 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 OTIS Wizards for sample descriptions for this line item.

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

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 must 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, cessation fact sheets and signage necessary for SOW activities. Agencies may develop their own educational materials, but must first demonstrate the need for the material. Coordination of educational materials through CTCP funded partnerships is strongly encouraged. **Description must include unit cost(s) and estimated number of units to be purchased.**

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

Behavior Modification Materials (BMM):

Non-food Materials:

- 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 TCFOR: CTCP Program Letter 12-01 for more information).
- **The description must include the unit cost or cost range of items and the estimated number of recipients.**
- The budget justification **must** describe the activity required for a participant to receive a 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 require 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 and shall not include*

gift 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 gift cards. The grantee will prepare a log sheet that will track and identify each of the gift cards, value, gift card transfer date, and recipient."

- **Prohibited** items include:
  - Cash
  - Gift cards that can be used to purchase tobacco or alcohol products.
- Provide clear, concise statements regarding how the BMM will be earned, distributed, and the amount budgeted for each FY.

Sample formula for BMM (non-Food/Refreshments):
Gift Cards: 60 participants x $20 gift card = $1,200/FY;
Non-Gift Card Items: 4 participants per month x 12 months x $15 each Music CD and/or Movie DVD = $720/FY.

Food/Refreshment 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 must 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 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 must be budgeted in either Personnel or 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 formulas 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;
Radio Ad Placement: 25 Ad placements July-December, 2014 x $120 per ad = $3,000 July-December 2014

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 formulas 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.

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 required 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. Stipends may only be provided to individuals and not to organizations.

Sample formula for Stipends:
$250 per person x 3 volunteers to collect data for YTPS surveys = $750/FY.

H. INDIRECT EXPENSES

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 include those 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. Direct costs are costs that provide measurable, direct benefits to specific SOW activities and where costs can be directly calculated rather than estimated, such as: salaries and benefits, educational materials, office supplies and travel.

An indirect cost rate is stated as a 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 personnel 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 not directly connected to the SOW.
- If audit costs are not included in Operating Expenses, include estimated total cost of single organization-wide 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, but in no case will the indirect cost rate exceed 25 percent.

Note: Local Health Jurisdiction's (LHJ) are allowed an indirect cost rate up to either a maximum of 25 percent of total Personnel Services or a maximum of 15 percent of total direct costs. CDPH prior approval is required. A single ICR will be approved for each LHJ and used by all CDPH programs. 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 staff salaries total + $20,000 staff fringe benefits total = $70,000 total personnel costs x 25% = $17,500 /FY.