



**Summit and Medina
Workforce Area**
Council of Governments



Summit & Medina Counties

A proud partner of the
American Job Center network

EXHIBIT D

PROGRAM BUDGET INSTRUCTIONS AND CONSIDERATIONS

INSTRUCTIONS FOR PREPARATION OF THE BUDGET

The budget should be the actual costs of the proposed program. The budget for the program of services offered by the bidder must reflect efficient administration and good management practices. Anticipated expenditures shown on the budget must be reasonably in line with those of similar service bidders providing comparable services. The funding for One-Stop Operator Services is provided through the shared budget that the partners agree to contribute under a Memorandum of Understanding following a negotiation process lead by the Area 2 Workforce Development Board.

The budget is to be completed for a period of one year. Before preparing the program budget, some bidders will find it necessary to prepare a total budget, including both the purchased services and other services which are offered by the bidder. This will ensure proper allocation of indirect cost, such as overhead and administrative expenses, to the specific program of purchased services. Only bidders offering services other than those to be purchased or responsible to a parent agency or organization which operates other programs will incur indirect costs.

BUDGET FORMS

1. Budget Form A – This is the total requested budget for the proposed program.
2. Budget Form B – List all staff positions subject to reimbursement. Direct Service Cost is the cost for staff providing direct service to program participants and/or staff devoting 100% of their time to this program. If the position is vacant, the annual salary must be prorated to reflect the date the position is expected to be filled. If an individual functions in more than one capacity, segregate the position titles, and properly allocate the salary to the specific functions. Include the number of hours per week the individual works to earn the listed salary. Indicate the employer share of benefits relevant to the salary of listed staff. These costs are to reflect actual established rates less any cost subsidy by state or federal monies.
3. Budget Form C – List all operating, materials, and supplies expenses requested to provide direct services.
4. Budget Form D – List all support services and subcontracted service expenses of this program. Please note a budget or cost analysis is required to determine the rate of pay to subcontractors.
5. Budget Form E – Show indirect cost calculation that applies to the program. Attach detailed calculation of indirect cost. Note: Indirect cost rate cannot exceed 10% of the Total Direct Program costs unless your agency has a federally approved rate (attach a copy).
6. Budget Narrative – Describe how the specific requested funding will be used in the program operations. Include how the amounts are calculated.

INSTRUCTIONS FOR BUDGET NARRATIVE

Provide a narrative for each funding source identified on the proposed project budget form.

Line Item Budget: Provide documentation on how each line item was calculated for each section identified in the proposed budget.

Example:

Staff Costs	Amount of Request	Other Funds	Total
Project Director: This full-time position was computed by the rate of pay (\$14.00) x the number of hours per year (2,080) = \$29,120. Salary paid with 50% MOU funds and 50% with Apple Foundation funds. The Project Director will provide administrative oversight of the project.	\$14,560	\$14,560	\$29,120
Payroll Related Expenses			
Fringe benefits include FICA at 7.5% (2184), Medicare at 1.45% (422.24), unemployment insurance at 2.825% (257.64) and Workers Compensation at 7% (\$2038.40). These percentages are calculated on total cost of salaries (\$29,120). Approximately 50% of each benefit is paid by MOU funds and 50% by Apple Foundation funds.	\$2,451.14	\$2,451.14	\$4,902.28
Material Costs			
"Assessment Tools"	\$800.00	\$0	\$800.00

ALLOWABLE STAFF COSTS:

Salaries

Includes all remuneration, paid currently or accrued, for services rendered during the period of the contract. Salaries are allowable to the extent that the costs are reasonable for the services rendered, and are supported by documented payroll vouchers or a generally accepted method of documentation. Payroll must be further supported by time and attendance or equivalent records for individual employees. Salaries of employees chargeable to more than one program or cost center will be supported by appropriate time distribution records. The method used should produce an equitable distribution of time and effort. Compensation for owners is allowable provided the service performed is a necessary function.

Payroll Related Expenses

Employee benefits in the form of employer contributions to social security, state and municipal retirement systems, life and health insurance plans, unemployment insurance coverage, workers' compensation insurance and pension plans are allowable if equitably distributed. Severance pay is allowable when payment is consistent with standard or approved policy.

Incentive Compensation

Such payments to employees based on cost reduction, or efficient performance, suggestion awards, etc., are allowable to the extent that overall compensation is determined to be reasonable and such costs are paid or accrued pursuant to an established plan followed by the institution so consistently as to imply, in effect, an agreement to make such payment.

Deferred Compensation

Such cost is allowable to the extent that except for past service pension and retirement costs: (1) it is for services rendered during the period of the projected budget; (2) it is, together with all other compensation paid to the employee, reasonable in amount; (3) it is paid pursuant to an agreement entered into in good faith between the institution and its employees before the services are rendered, or pursuant to an established plan followed by the institution so consistently as to imply, in effect, an agreement to make such payments; (4) the benefits of the plan are vested in the employees or their designated beneficiaries and no part of the deferred compensation reverts to the employer institution; (5) for a plan which is subject to approval by the Internal Revenue Service, and falls within the criteria and standards of the Internal Revenue Service Code and the regulations of the Internal Revenue Service.

Severance Pay

Commonly referred to as dismissal wages, it is payment in addition to regular salaries and wages, by institutions to workers whose employment is being terminated. Costs of severance pay are allowable only to the extent that, in each case, it is required by law; employer/employee agreement; or established policy that constitutes, in effect, an implied agreement on the institution's part. Only severance benefits that accrue during the period of the contract are allowable.

ALLOWABLE OPERATIONAL COSTS:

Travel

Includes the costs of operation, maintenance, and repairs of agency vehicles when relevant to the delivery of contract services; expenses for transportation incurred by employees who are on a travel status on official business incident to delivery of contract services either on an actual basis or a per diem and mileage basis; expenses for meetings and conferences, if the primary purpose is the dissemination of technical information relating to contract services. Purchased transportation is allowable if required for the delivery of contract services. Reimbursement for travel shall not exceed maximum federal reimbursement rates. Out of state travel is not reimbursable.

Consumable Supplies/Materials

The cost of program-related materials and supplies are allowable. Direct charges to services should be based upon the actual price less cash discounts, trade discounts, rebates, and allowances. Supplies may include but are not limited to, mailings, postage and printing.

Occupancy Costs/Building Lease

Rental cost for space is an allowable charge and should not exceed the cost of comparable space and facilities in the same locality. The lease agreement must stipulate the extent of the lessee's responsibility for renovations. Utilities should be prorated or included in indirect costs calculation.

Consultation Fees

The cost of consultation fees, charges for the use of personal services of outside agencies; or functions related to contract services, i.e., audit service, legal counseling, and specialized consultation.

Indirect Costs

Indirect costs are those costs incurred for a common or joint purpose benefiting more than one service area or cost center. The allocation of indirect costs may be determined by any method, assuring that the distribution is equitable. A suggested method of allocating indirect cost is to divide the direct delivery staff costs of the specific service area by the total direct delivery staff costs of the entire agency. This percentage is then applied to the indirect cost pool. Allowable indirect costs for the indirect cost pool include, but are not limited to, the accounting and budgeting functions, disbursing services, personnel administration and payroll preparation, procurement services and general administrator's office. **Note: Indirect costs cannot exceed 10% of the Total Direct Program costs unless your agency has a federally approved rate. Please attach documentation of rate approval.**

UNALLOWABLE COSTS:

Bad Debt

Losses arising from UNCOLLECTIBLE accounts and other claims and related costs are unallowable.

Contributions and Donations

Outlays of cash with no prospective benefit to the contracting agency or program are unallowable.

Entertainment

Costs of amusements, social activities, and related costs are unallowable.

Advertising

Advertising costs are unallowable with the exception of contract related recruitment needs.

Fines and Penalties

Costs resulting from violations of, or failure to comply with, laws and regulations are unallowable.

Interest and Other Financial Costs

Interest on borrowings, bond discounts, or any cost of financing or refinancing operations are unallowable.

Costs Borne by Other Federal or State Programs

Any costs specifically subsidized by other state or federal dollars are unallowable and must be deducted from the applicable line items.

Clothing

Clothing for eligible individuals or employees is unallowable.

Sabbatical Leave

Payment of any sabbatical leave is unallowable.

Fundraising

Cost of activities to raise monies to support the bidder program is unallowable.

Education

Cost of activities provided by the public schools that are free of charge to the general public is unallowable.

While this list provides helpful examples of Allowable and Unallowable Costs, it is not meant to be exhaustive. Any questions regarding Allowable or Unallowable Costs should be directed to SAMWA COG.