

**COUNTY OF LOS ANGELES – DEPARTMENT OF PUBLIC HEALTH
DIVISION OF HIV AND STD PROGRAMS**

Budget Preparation Instructions

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A. INTRODUCTION

Completion of the budget summary and justification forms is a contractual requirement of all agreements with the Division of HIV and STD Programs (DHSP). All documents must be completed in accordance with the instructions below, and submitted electronically to DHSP in Excel and PDF formats along with a hard copy submission. The instructions and guidelines are in part based on required federal monitoring standards and new Ryan White Program (RWP) guidance.

For agencies receiving RWP Part funding other than for Parts A or B (i.e. Parts C, D, or F), you are now required to submit copies of your Health Resources and Services Administration (HRSA) approved Parts C, D, or F budget(s) concurrent with your budget submission to DHSP.

For your DHSP-funded budgets, you must provide justification for all proposed costs at the level of detail requested in these instructions or the budget(s) will be returned to your agency for corrections and resubmission.

The summary and justification forms include new columns titled “Other Funding” and “Total.” The “Other Funding” column should be completed only if the line item for DHSP funding does not cover 100% of the costs associated with the line item and the remaining costs are covered by HRSA approved Parts C, D, or F budgets or any other funding source. For example, if the DHSP budget request supports 50% of a Case Manager’s salary, identify the funding that supports the remaining 50% of his or her time. Use the “Other Funding” column to identify the amount of funding supported with non-DHSP funds (e.g. Ryan White Parts C, D or F, General Funds, other Federal or State grants, other County funds, or other third-party revenues such as Medicare, Medi-Cal, or private insurance). **Use the narrative description section on each line to identify each funding source used.**

Included below are *Guidelines for Determining Types of Costs* (Section C) and a *Summary of Unallowable Costs* (Section D), which you must read and follow carefully. If you encounter any difficulty completing your budget(s), please contact your DHSP Program Manager for assistance or further clarification.

B. GENERAL PROVISIONS

The following are general guidelines for completing your budget:

1. **Budget Categories and Budget Line Items:** Your budget is comprised of both *Budget Categories* and *Budget Line Items*. *Budget Categories* are the eight major classifications of expense shown on the Budget Summary page (Salaries, Employee Benefits, Travel, Equipment, Supplies, Other, Consultant/Contractual and Indirect Costs). *Budget Line Items* are the individual cost items within each budget category. For example, in the “Salaries” category, the budget line items are the individual positions listed to be funded. In the “Other” category, the budget line items can include such items as office or facility rent/lease, postage, and telephone. Budget Line Item requests should clearly explain or describe the methodology used to allocate and derive at the RWP costs, including direct service costs and administrative costs subject to the 10% administrative limit. Allocations must be consistent with DHSP’s Budget Instructions. (See section E. below)
2. **Administrative Cap:** Your contract is subject to an administrative cap of 10% for each of the contract budget amounts. You are asked to certify compliance with this requirement by having your Agency Head sign the *Certification of Maximum Administrative Cost* form. The budget narrative sections must include an estimate

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of the administrative cost contained in each budget line item (expressed as a percentage of no more than two decimal places, along with the associated dollar amount). If the administrative percentage is zero, please indicate this by inserting 0.00% and \$0.00 in the columns provided. Further guidance is provided in the *Guidelines for Determining Types of Costs* (Section C). To calculate the 10% limit, multiply the total contract schedule amount, including all direct and indirect costs, by 10% (or .10). Then make sure that direct and indirect costs that are subject to the 10% administrative limit do not exceed that limit.

3. **Indirect Costs:** The line item for “Indirect Costs” may only be included in the budget as an overall percentage rate along with the associated cost if your agency has a current approved Negotiated Indirect Cost Rate Agreement (NICRA) with a federal agency or a recent auditor-certified indirect cost rate (within the past two years). If you are requesting funding for “Indirect Costs,” a copy of the NICRA or auditor certification must be submitted with the budget. Please note that although your federally negotiated indirect cost rate or auditor certified rate may be much greater, indirect cost is limited to 15% of total salaries and employee benefits. In addition, the sum of all administrative costs in your budget, both direct and indirect, may not exceed 10% of the total contract schedule budget. Please also note that the recently issued federal Super Circular on a de minimus cost rate of 10% on non-federal entities does not apply to federal programs with legislated limitations as is the case with the RWP. Therefore, that Super Circular does not apply to RWP-funded programs.

Agencies that do not have a federally negotiated indirect cost rate may identify shared or overhead expenses as individual line item budget requests.

4. The following are some key points to remember when completing your budget(s):

1. The annual salary limit for staff listed on the budget is \$183,300 as of January 2015; this is based on the Executive Level II salary of the Federal Executive Pay Scale (please also refer to DHSP Program Guidance 2015:04).
2. A Cost Allocation Plan (CAP) **must** accompany your budget submission if your agency has shared or allocated costs. The CAP describes how an agency will allocate common or shared costs that support more than one program, and how those costs will be distributed to the different programs and payer sources in a consistent and uniform manner. If the budget request does not include any shared or allocated costs, DHSP may require the submission of additional documentation that supports the costs requested.
3. Based on recently revised federal guidelines/Program Notice Clarification (PNC) 2015-01, the portion of clinic rent/lease related expenses and utility costs can be considered as direct program expenses, including a portion of the costs of supervisory salaries, medical billing and other costs. These costs can be allocated as direct services according to the amounts used for direct RWP client service. Rent/lease and utility costs for Residential Care Facilities for the Chronically Ill; Transitional Residential Care Facilities; Substance Abuse Treatment, Residential Detoxification; Substance Abuse Treatment, Residential Rehabilitation; Substance Abuse Treatment, Transitional Housing; and Nutrition Support, Food Bank are considered direct service costs.
4. The revisions and clarifications provided in the PCN 2015-01 are effective for RWP Parts A, B, C, and D awards issued on or after January 1, 2015. This includes competing continuations, new awards, and non-competing continuations issued on or after January 1, 2015. The revisions cannot be applied to a portion of

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costs from a contract term awarded prior to January 1, 2015. Changes may not be retroactively applied to a previous budget period. This PCN does not prevent a recipient (grantee) from adhering to current practice after the effective date. It is up to the recipient to determine how best to meet the needs of eligible RWP clients in compliance with RWP authorizing legislation, the requirements set forth in 45 CFR part 75, and all terms and conditions of the award. Agencies may not apply changes outlined in this PCN to costs incurred prior to January 1, 2015. Any findings from comprehensive site visits and/or audits related to administrative cost caps before January 1, 2015 remain in effect and will require resolution as documented.

5. Title XXVI of the Public Health Service (PHS) Act includes a cap that limits the costs of administering the RWP award to 10%. In an effort to provide increased flexibility for recipients, within the boundaries of the statute, the HRSA's HIV/AIDS Bureau (HAB) has re-examined the classification of costs subject to the 10% administrative cost cap.

[RWHAP Parts A and B Sub-recipients]

The portion of direct facilities expenses such as rent, maintenance, and utilities for areas primarily utilized to provide core medical and support services for eligible RWHAP clients (e.g., clinic, pharmacy, food bank, substance abuse treatment facilities) are not required to be included in the 10% administrative cost cap. Note: by legislation, all indirect expenses must be considered administrative expenses subject to the 10% cap.

C. GUIDELINES FOR DETERMINING TYPES OF COSTS

There are two types of costs: *program costs* and *administrative costs*. Within both the program and administrative costs categories, there are two classifications: *direct costs* and *indirect costs*. All program costs are considered to be direct, while administrative costs can be considered either direct or indirect.

Ask these questions when assigning a cost to the budgets:

- Is it allowed under federal and DHSP guidelines?
 - Is it reasonable? Would a prudent person spend this amount on this item?
 - Is it a program or an administrative cost?
 - Can it be assigned to the program relatively easily and with a high degree of accuracy?
 - Is it treated consistently as direct charges under similar circumstances across agency budgets?
1. Program costs are defined as the costs incurred for direct service delivery. These costs are normally only incurred as a direct result of providing a specific service for a client, including his or her family members. Some examples include:
 - Salaries and related employee benefits costs for staff who provide direct services to clients, funded under the contract budget;
 - Consultants funded under the contract budget who provide direct services to clients or perform direct program related functions;
 - Program supplies, such as educational materials, medical supplies, and other supplies that are used specifically for this DHSP-funded program;

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- Office supplies that directly support program activities and client care, such as paper and folders for client charts or binders used for client-related information;
 - Travel/mileage costs for direct program staff identified on the budget whose travel is for the purposes of providing direct services, such as traveling to meet a client at their home;
 - Printing and photocopying of medical forms, program materials, and other materials used by or for DHSP-funded program participants;
 - Equipment used for direct client service delivery, such as a dental chair, x-ray machine, EKG machine, etc. Computers, printers, etc. are not considered **equipment** used for direct client service delivery;
 - General liability insurance associated with DHSP-funded program staff or space;
 - Maintenance of DHSP-funded client records, as required by the contract.
2. Administrative cost is defined as the sum of Administrative Personnel, some Operating costs, Capital, and Indirect Costs. This includes the costs incurred for usual and recognized overhead, including established and approved indirect rates for agencies; management and oversight of specific DHSP-funded programs; and other types of program support such as quality assurance, quality control, and related activities. Administrative costs must not exceed 10% of your total contract schedule budget.

For all sub-recipients funded by RWP Parts A, B, C, or D, costs subject to the 10% administrative cap include, but are not limited to:

- Routine grant administration and monitoring activities, including the development of applications and the receipt and disbursement of program funds;
- Development and establishment of reimbursement and accounting systems;
- Preparation of routine programmatic and financial reports;
- Compliance with audit requirements;
- Related payroll, audit and general legal services;
- Direct and/or indirect costs associated with the agency's information technology infrastructures, such as electronic health records that interface with other providers (for example, clinics or labs);
- Any data entry for reporting purposes under the grant counts towards the 10% administrative limit, including Ryan White HIV/AIDS Program Services Report (RSR) data;
- Malpractice insurance for the clinic or facility that is related to non RWP clinical care;
- On a case by case basis, necessary and reasonable expenses incurred for protection and security of facilities and personnel are allowable. Such costs include, but are not limited to, wages and uniforms of personnel engaged in security activities; equipment; barriers; protective (non-military) gear, devices, and equipment; contractual security services; and consultants security expenses for the facility;
- Membership dues to national HIV/AIDS service organizations;
- Salaries and the related employee benefits for accounting, secretarial, administrative and management staff, including those individuals who produce, review, and sign monthly reports and invoices;
- Space costs and related expenses for non-direct client services facility space that is used only for DHSP-funded activities, for which expenses can be determined and substantiated on an actual or allocated basis consistent with the CAP;
- Consultants who perform administrative, non-direct service delivery functions;
- General office supplies that are for activities or services that benefit more than one program;

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- Travel/mileage costs for program staff to travel to sites that are not directly related to providing services to clients, such as traveling to meetings, conferences, and other agencies; also, travel for administrative and management staff identified on the DHSP contact budget;
- General office printing and photocopying related to the DHSP contract;
- General liability insurance associated with administrative staff or space identified on the budget;
- Basic household items, such as sheets, towels, blankets, and kitchen utensils [see HRSA letter, 04/09/1998];
- Personal hygiene items, such as deodorant, razors, soap, etc. and;

- Audit fees related to the DHSP-funded contract.

For all sub-recipients funded by RWP Parts A, B, C, or D, the following programmatic costs are not required to be included in the 10% limit on administrative costs; they may be charged to the relevant service category directly associated with such activities:

- Biannual RWP client re-certification;
- The portion of malpractice insurance related to RWP clinical care;
- The portion of malpractice insurance for all licensed practitioners related to RWP clinical care that may be charged to the relevant service category;
- The portion of fees and services for electronic medical records maintenance, licensure, and annual updates;
- The portion of the clinic receptionist's time providing direct RWP patient services (e.g., scheduling appointments and other intake activities);
- The portion of medical waste removal and linen services related to the provision of RWP services;
- The portion of medical billing staff related to RWP services;
- The portion of a supervisor's time devoted to providing professional oversight and direction regarding RWP funded core medical or support service activities, sufficient to assure the delivery of appropriate and high-quality HIV care, to clinicians, case managers, and other individuals providing services to RWP clients (would not include general administrative supervision of these individuals);
- RWP clinical quality management (CQM) (See §§ 2604(h)(5)(B)(ii), 2618(b)(3)(E)(ii)(II), and 2664(g)(3) of the PHS Act, which indicate that although CQM is considered an administrative cost, expenses for this activity do not count towards the administrative cost cap. Similarly, § 2671(h)(3)(B) of the PHS Act defines as "services" those services that contribute to or help improve primary care and referral services, and include CQM.) However, expenses which are clearly administrative in nature cannot be included as CQM costs;
- The costs of client level data entry in the relevant electronic health record directly related to the individual's ongoing care and treatment are allocable to the relevant core medical or support service. If the client is eligible for RWP services, the costs of registration and client intake activities may be charged to the relevant service category;
- Mortgage is an unallowable expense. However, agencies may be compensated for the use of their building capitalized in accordance with Generally Accepted Accounting Principles (GAAP) through depreciation or use allowance. (See 45 CFR §75.436 Depreciation. Use allowances are the means of allowing compensation when depreciation or other equivalent costs are not considered.);
- For Parts A and B sub-recipients, the portion of direct depreciation or use allowance costs for space primarily utilized to provide core medical and support services for eligible RWP clients (e.g., clinic, pharmacy, food bank, substance abuse treatment facilities) are not required to be included in the 10% administrative cost limit. They may be charged to the relevant service category. As a reminder, all indirect expenses must be considered administrative expenses subject to the 10% limit for Parts A and B sub-recipients;

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- Security costs necessary to ensure the safe and effective delivery of core medical or support services are not subject to the 10% administrative limit and can be allocated to the appropriate direct service category (example: security that may be necessary to accompany home health staff when making home visits), and;
- The portion of the expense allocable to providing case management services to eligible RWP clients may be charged to the applicable service category. If cell phones, tablets, or computers are used for other purposes unrelated to case management, that portion of the expense is subject to the 10% administrative limit.

As mentioned above, administrative costs can be direct or indirect. Direct and indirect administrative costs combined must not exceed 10% of the contract schedule budget.

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

3. Direct costs are costs that can be directly charged to the program and which are incurred in the provision of direct services. Direct costs can be either administrative or program costs. Direct costs are “those costs that can be identified specifically with a particular sponsored project or that can be directly assigned to activities relatively easily with a high degree of accuracy” (*OMB Circular A-21, Section D.1*). Some examples include:

- Salaries and the related employee benefits for staff who charge their time directly, on the basis of actual time worked, to the program or project for which they work. There may be staff that provide direct program services for a specific program, but who are considered an administrative staff person. For example, a staff person that provides direct management for a specific program but whose duties are administrative in nature is considered a direct administrative staff person and administrative percentage should be allocated to that person’s line item. The staff persons who are dedicated solely to the provision of RWP services can charge 100% of their salary and fringe benefits to the applicable service category. (Example: Suppose there is a staff person who works 100% delivering RWHAP services. They earn two weeks of leave per year. The pay is allocable to the direct service category). Reminder: Per the General Provisions of the annual Health and Human Services appropriation laws, award funds may not be used to pay the salary of an individual at a rate in excess of the Executive Level II salary of the Federal Executive Pay Scale;
- Expenses related to staff that are directly charged, including mileage, travel expenses, and recruitment costs;
- Telephone expenses related to unique telephone numbers or extensions for directly charged staff for which these expenses can be determined and substantiated on an actual or allocated basis consistent with the CAP;
- All program or medical supplies, as defined above, and;
- Other expenses that are both directly attributable to the program and consistently treated, on an agency-wide basis, as direct costs.

4. Indirect costs are defined as the administrative costs that are incurred for common or joint activities that cannot be identified specifically with a particular project or program (*OMB Circular A-21, Section E.1*). Indirect costs are generally administrative in nature. Some examples include:

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

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- Expenses related to staff who are indirectly charged, including mileage, travel expense and recruitment costs
- Space usage, telephone, and utility costs that are not designated solely to the program, for which actual expense cannot be determined and/or substantiated, and;
- Other administrative expenses that are not specifically identified with the DHSP-funded program.

Indirect costs are normally pooled to create an *indirect cost rate* which is then applied to individual grant and contract-supported projects. An Indirect Cost rate may only be included in the budget if your agency has a current NICRA with a federal agency or a recent auditor-certified indirect cost rate (within the past two years).

Indirect costs are calculated in a number of ways. In some cases, an agency's rate is determined without consideration of the costs of equipment and capital improvements. If your indirect rate has been determined using this method, it must be applied in a consistent manner – that is, by applying it to your proposed program costs less equipment and capital improvements. Other methodologies are also used, but in all cases you must apply your indirect cost rate to your DHSP-funded program costs in a manner that is consistent with the way it was calculated on your NICRA or auditor-certified rate.

The indirect cost percentage rate and dollar amount to be included in your budget should be manually entered on the Budget Summary Form.

D. SUMMARY OF UNALLOWABLE COSTS

Below is a summary of unallowable costs; please note that this is not intended to be a complete or exhaustive listing. Agencies are responsible for referring to the documents referenced below for complete guidelines. All references are to the RWP, and to policies issued by HRSA and the Division of Service Systems (DSS) clarifying certain provisions of the RWP. The following costs are not permitted under the RWP:

- Items or services covered by other third party funding sources are not reimbursable under the contract budgets. Reimbursement for any item or service where payment has been made, or can reasonably be expected to be made, for that item or service (a) under any state compensation program, under an insurance policy, or under any federal or state health benefits program; or (b) by an entity that provides health services on a prepaid basis [HRSA section 2605(a) (6)];
- Administrative costs that exceed 10% of your total contract schedule budget [HRSA section 2604(f)(1)];
- Purchase and/or improvement of land [HRSA section 2604(g)];
- Purchase, construction or permanent improvement of any building or other facility [HRSA section 2604(g)];
- Property taxes [DSS policy No.2.12];
- Cash payments to intended recipients of services [HRSA section 2604(g)];
- Clinical trials [DSS policy No. 2.3];
- Participation in general HIV/AIDS-related conferences or conferences with agendas that address issues other than the provision of contract-funded services provided to individuals infected by HIV;
- Funeral and burial expenses [DSS policy No. 2.7];

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- For no targeted marketing promotions or advertising about HIV services that target the general public (poster campaigns for display on public transit, TV or radio public service announcements, etc.) (HCP/MAI budget instructions);
- Syringe exchange [DSS policy No. 2.15(a)];
- Vocational, employment or employment-readiness services [DSS policy No. 2.17];
- Clothing [DSS policy No. 2.18];
- Gift certificates for clients [HRSA letter, 04/09/1998];
- Off-premises recreational and social activities [DSS policy No. 2.14];
- Costs associated with obtaining professional licensure or meeting program licensure requirements related to staff training [DSS policy No. 8];
- Legal services for criminal defense, or class action suits unrelated to access to services eligible for funding [DSS policy No. 2.9], and;
- Maintenance of privately owned vehicles for eligible individuals [DSS policy No. 2.8].

The following costs are not permitted under the *Public Health Service Grants Policy Statement* and *OMB Circular A-122*:

- Bad debts;
- Capital improvements;
- Contingency provisions;
- Contributions and/or donations to others;
- Depreciation expenses as related to federally-funded equipment;
- Entertainment costs;
- Fines and penalties;
- Fund raising and investment management costs;
- Interest expense, unless the expense meets the specific criteria outlined in the regulations;
- Land or building acquisition;
- Lobbying costs;
- Refreshments;
- Alcoholic beverages;
- Stipends, and;
- Taxes for which exemptions are available to the organization.

In addition, DHSP has provided the following clarification concerning the purchase of condoms:

- Funds may be used to purchase condoms for clients of care programs to be used for secondary prevention. Before using funds for the purchase of condoms, agencies should exhaust all other resources, including other funding sources and free condom distribution options and any other contracts held with DHSP specific to condom distribution.

E. BUDGET JUSTIFICATION SECTION

In the budget line item justification sections, provide clear and complete descriptions that explain:

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- The purpose of each budget line item and how it is directly connected to the provision of a given service;
- The dollar amount requested for the item and the details showing the methodology and calculations used to determine how the amount requested was derived, including a listing of specific items and costs if appropriate;
- The *Methodology used* section should contain the methodology that the entity uses to allocate costs. For example, *Methodology used* would document that salaries are allocated based on a time study, billable hours, or some other methodology; facilities expenses are based on square footage or percent of full time equivalents (FTE); etc. The *Methodology used* section should contain written procedures that are easy to follow and can be “re-performed” by an auditor;
- The administrative percentage associated with each budget line item, and;
- The administrative dollars, if any, supporting each budget line item.

Several forms have been provided that include sections for a short but detailed descriptive justification for each budget category. A justification must be included for all proposed budget line items within that budget category. For example, the justification for “Salaries” must include a clear and complete description of each position to be funded under the contract schedule. The justification for “Other” should include individual budget line items such as space/lease rent costs, utilities, maintenance, postage, telephone, etc., along with a clear description of how the costs relate to the contract schedule and the methodology and calculations used to determine the dollar amount requested. Use the same budget category names from the budget summary page when writing the narrative (i.e. Salaries, Employee Benefits, Travel, Equipment, Supplies, Other and Consultant/Contractual). If indirect costs are being requested as a pooled rate, the dollar amount and percentage rate should be manually entered on the budget summary page. **Please round all annual salaries and line item amounts requested to the nearest dollar.**

Specific instructions for each budget category are as follows:

1. SALARIES

Separate budget category forms are provided for full-time and part-time staff salaries. If your agency has multiple employee benefit rates, please group staff according to the benefits rate received, and prepare a separate salary form for each group.

The following must be included on the budget form for each position:

- Current and exact title of each position (reflective of their function as it relates to the reimbursed budgeted services)
- First and last name of the individual filling the position

NOTE: If the position is vacant, label it as TBH (“To Be Hired”), and include the date you expect the position to be filled.

- Annual salary of the individual rounded to the nearest dollar

NOTE: The current annual federal salary limit for staff listed on any DHSP-funded budget is \$183,300 (As of January 11, 2015; this is based on the Executive Level II salary of the Federal Executive Pay

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Scale). Budget requests submitted with an annual salary that exceeds this amount will be returned. If a salary increase is scheduled to go into effect during the period covered by the contract schedule budget, indicate both salary levels and the number of months for each using the two salary lines available [for example: first line - Annual Salary \$25,000 (9 months); second line - Annual Salary \$25,750 (3 months)]. A staff person's salary should be consistent throughout all DHSP budgets that agency is seeking reimbursement for.

- Full-Time Equivalent (FTE) of the position (i.e. the amount of time the individual will devote to the DHSP-funded program)

NOTE: The FTE value should be listed in decimals. For example, if a 40-hour workweek constitutes full-time employment in your agency, then a full-time employee who works all 40 hours on this program would be 1.00 FTE; an employee who works a total of 20 hours per week on the program would be .50 FTE; and an employee who works a total of 30 hours per week on the program would be .75 FTE. FTE's may be calculated up to a maximum of three decimal places (example: .505 FTE)

- **Please note that the FTE percentages identified on the budget should not be used as the basis for billing salary expenses to DHSP. Reimbursement requests for salary costs must be based on actual time worked on the DHSP contract and supported by your agency's time allocation or time summary documentation. The time allocation or summary support document should be completed no less than monthly and must be signed by both the staff for who reimbursement is being requested and by their supervisor, acknowledging the actual time worked. This documentation should be made available for review during any audit or to DHSP staff upon request.**
- Number of months the employee is expected to work on the DHSP-funded program
- Amount of expenses requested to be funded by the DHSP contract schedule (rounded to the nearest dollar)

NOTE: Generally this should be the annual salary multiplied by the FTE, adjusted if needed for number of months of work. If you utilize another methodology to derive these costs, please describe it in detail and explain why it is being used.

- Percentage of time the position will spend on administrative duties. Administrative percentage time allocation should be reflective of the staff person's duties noted in the budget justification. For example, for staff who provide primarily administrative functions, such as administrative managers, it is expected that the administrative percentage allocation would be 100% administrative costs.
- Administrative dollar amount (calculated as the contract amount requested multiplied by the administrative percentage). Formulas have been entered on the forms to automatically calculate these amounts.

Describe the specific duties and responsibilities for each position being requested as it relates to the DHSP-funded contract services. If the position duties and responsibilities include both direct and administrative functions, clearly differentiate the direct service responsibilities of the position and the administrative functions of the position.

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The employee benefits percentage should also be entered on this form. Formulas have been entered to automatically calculate the salary subtotal, the dollar amount requested for employee benefits, and total personnel costs. If multiple pages are needed for a group of staff receiving the same employee benefits package, please include the salary subtotal, the dollar amount for employee benefits, and the total personnel costs on the last page only. Be sure to verify that these totals are then carried forward to the budget summary page.

Examples:

Social Worker: (John Smith, M.F.T.) Requested - \$13,000 (\$6,500 x 8 mos. x 25% FTE = \$13,000 @ 25% administrative service & 75% direct service) Responsible for providing clinical supervision to staff and for overall monitoring of the program's progress.

Case Worker: (Irma Gonzalez) Requested - \$39,000 (\$3,250 x 12 mos. x 100% FTE = \$39,000 @ 100% direct service) Responsible for assessment of needs, service plan development, referrals and follow-up activities.

2. EMPLOYEE BENEFITS

A form for your agency's "Employee Benefits" budget category is included in the budget package. If your agency has multiple employee benefit rates, include a separate form for each rate.

Part I – Submit a copy of the "Statement of Functional Expenses" from your agency's most recent audited financial statement to support the agency's rate request. The "Statement of Functional Expenses" should identify the agency's audited actual salary expenditures, along with a separate listing of the total actual benefits costs. Dividing the total benefits costs by the total salary costs will determine the agency's final employee benefits rate for the year. On the "Employee Benefits" form, indicate the fiscal year ending date of the audited financial statement, the agency's actual rate based on the "Statement of Functional Expenses" calculations described above, and the rate being requested for this contract schedule funding term. If the rate being requested exceeds the agency rate, include a justification in the space provided.

Part II – On the "Employee Benefits" form, itemize all components of the employee benefit rate. Applicable components must be detailed by percent of salary expense, not by dollars expended. For most agencies, the F.I.C.A. rate would be 7.65% (4.2% social security contributions, and 3.45% Medicare contribution); however, some agencies may have a different F.I.C.A. rate. If your agency's F.I.C.A. is different than 7.65%, please provide a justification.

The "Employee Benefits" form must include a sentence that states that the rate is applied equally to all personnel line items or, if this is not the case, how the rate applies (i.e. "...applies equally to all personnel line items except...").

3. TRAVEL

A form for your agency's "Travel" budget category is included in the budget package. Out-of-town travel should be listed on the form separately from local travel (mileage). All travel must be directly related to accomplishing the objectives of the DHSP contracted program. DHSP will not use HRSA or Net County Cost funds to reimburse for international trainings or conferences held outside of the United States.

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The out-of-town travel justification must include the following:

- Destination and projected dates of the travel;
- Mode of transportation (i.e. air travel, private car, public transportation, taxi/car service, etc.) itemized separately;
- Who or which positions on the budget will be traveling and how attendance at the conference will benefit the DHSP contract objectives;
- Justification, including estimated costs for mode of transportation (e.g. flight costs), conference registration, hotel room fees, roundtrip transportation/taxi from airport to hotel, per diem meals;
- Amount requested for each line item (rounded to the nearest dollar);
- Administrative percentage, and;
- Administrative dollar amount (calculated as the amount requested multiplied by the administrative percentage). Formulas have been entered to automatically calculate these amounts.

Please note the restrictions on conference participation as outlined in the summary of unallowable costs. All requests for reimbursement of conference-related travel costs must clearly demonstrate that the conference addresses the services provided under the specific DHSP contract, and that participation in the conference will enhance service delivery.

The local travel (mileage) justification must include the following:

- Destinations and purpose of the travel;
- Who or which positions on the budget will be driving;
- Estimated number of miles needed for the staff to drive, multiplied by the lower of the agency's current mileage rate or the County's prevailing rate (the calendar year 2015 Los Angeles County mileage reimbursement rate is \$0.54 per mile). For example; 50 client appointments @ 25 miles round trip multiplied by \$0.54 per mile equals \$675. The mileage request should be calculated specifically for the budgeted staff who are required to drive to approved DHSP contract related activities;
- Amount requested for each line item should be rounded to the nearest dollar;
- Administrative percentage, if applicable, should be entered in the administrative column, and;
- Administrative dollar amount (calculated as the amount requested multiplied by the administrative percentage). Formulas have been entered to automatically calculate these amounts.

A formula has been entered to automatically calculate the total amount requested for "Travel."

Please note that the maximum allowable reimbursement rate for mileage is Los Angeles County's prevailing rate, currently \$0.54 per mile. Agencies must use their internally approved mileage reimbursement rate for budgeting purposes, but that rate cannot exceed the County's prevailing rate. DHSP may require the submission of an agency's internally approved mileage reimbursement rate for verification purposes.

Requests for parking should be listed separately from mileage. Parking costs should be based on which positions on the budget will be attending appointments or meetings related to DHSP approved contract activities along with a reasonable estimate of cost based on the average parking rates for the locations staff will be driving to and the number of trips taken during the contract term.

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Example:

\$612 Local Travel: (\$0.50/mile x 102mi/mo x 12 mos. = \$612) for project staff traveling between participating agency locations, client home visits, and program meetings.

\$50 Parking estimated to be reimbursed at a cost of \$50 per year, which includes an average of \$10 per parking event fee for 5 parking events (50% direct service and 50% administrative).

4. EQUIPMENT

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

Please note that equipment may only be included in the budget after pre-approval from DHSP and HRSA, and to the extent that it is used by the funded program for DHSP-approved contract-related activities. If, for example, a proposed photocopier will also be used by other agency programs, only a prorated share of the total cost of the photocopier may be included in the budget. This proration of shared costs must be consistent with your agency's CAP.

DHSP has included *Equipment/Services & Supplies* request forms in the budget package. Any request for equipment must include the following:

- Listing of each item;
- Copy of the current CAP, if referenced in the calculations;
- Proposed use of the equipment, and by whom;
- Percentage of use in support of the proposed program;
- Amount requested for each item (rounded to the nearest dollar);
- Administrative percentage, if applicable, entered in the administrative column, and;
- Administrative dollar amount (calculated as the amount requested multiplied by the administrative percentage). Formulas have been entered to automatically calculate these amounts.

A formula has been entered to automatically calculate the total amount requested for "Equipment". If additional pages are needed, please include the total on the last page only. Be sure to verify that this total is then carried forward to the budget summary page. Please note: An equipment inventory log must be submitted with the annual cost report at the end of the contract schedule term, detailing all equipment purchased with contract funds. Equipment is ONE item that totals \$5,000 or more, not a computer component system made up of several items totaling \$5,000.

Example:

\$6,500 *Actual cost of dental chair. Dental Chair will primarily be used for RWHAP clients seen at the agency's main Oral Health Clinic. The use of the dental chair for non RWHAP clients will be allocated according to the agency's CAP. We obtained an estimate from a dental chair company, attached for reference.*

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5. SUPPLIES

A form for your agency's "Supplies" budget category is included in the budget package. Supplies are grouped into two main categories: (1) *Program Supplies*, which includes items used in the actual delivery of direct client services funded under the contract budget (such as tongue depressors, cotton swabs, educational materials, promotional supplies, other various medical and clinical supplies), and (2) *Supplies*, which are those items that do not relate to the number of clients, such as general office supplies used by staff identified on the budget. In this budget section, you will need to itemize the cost of all supplies, and demonstrate that the supplies being requested are used for DHSP-funded activities for which the expenses can be determined and substantiated on an actual or allocated basis consistent with the agency's CAP.

The Program Supplies justification must include:

- Sufficient information to clearly show how the supply costs were determined, including the methodology and calculations used to arrive at the requested amounts along with a brief listing of the supply items and historical spending amounts. If references to historical spending amounts are used to support the requested costs, the actual dollar amounts of the historical costs must be included in the justification. DHSP may request copies of the historical cost information (e.g. general ledgers, invoices, financial reports, etc.) for verification during the contract budget negotiation period. For supply requests that are considered shared program expenditures, the methodology and calculations used must be consistent with the agency's CAP;
- Copy of the current CAP, if referenced in the calculations;
- Direct correlation between direct client-related supply costs and the proposed number of units of service;
- Amount requested for each item (rounded to the nearest dollar);
- Administrative percentage of the program supply costs entered in the administrative column, if applicable. And;
- Administrative dollar amount (calculated as the amount requested multiplied by the administrative percentage). Formulas have been entered to automatically calculate these amounts.

The Supplies justification must include:

- Sufficient information to clearly show how the supply costs were determined, including the methodology and calculations used to arrive at the requested amounts along with a brief listing of the supply items and historical spending amounts. If references to historical spending amounts are used to support the requested costs, the actual dollar amounts of the historical costs must be included in the justification. DHSP may request copies of the historical cost information (e.g. general ledgers, invoices, financial reports, etc.) for verification during the contract negotiation period. For supply requests that are considered shared program expenditures, the methodology and calculations used must be consistent with the agency's CAP;
- Copy of the current CAP, if referenced in the calculations;
- Amount requested for each item (rounded to the nearest dollar);
- Administrative percentage of the program supply costs entered in the administrative column, if applicable, and;
- Administrative dollar amount (calculated as the amount requested multiplied by the administrative percentage). Formulas have been entered to automatically calculate these amounts.

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A formula has been entered to automatically calculate the total amount requested for all supplies. If additional pages are needed, please include the total on the last page only. Be sure to verify that this total is then carried forward to the budget summary page.

Example:

\$1,246 Program Supplies: Total agency cost for supplies is \$23,250. Cost allocated to this program is 5.36% (3 FTE/56 agency staff = 5.36%). $\$23,250 \times 5.36\% = \$1,246$. Includes cost of program office supplies allocated to this program needed to support client services, such as, pencils, pens, paper, client files, stationary, envelopes, and fax paper. Program supplies are necessary to provide direct services to a minimum of 125 clients per year receiving services under this program, which is estimated at a cost of \$10 per client (100% direct service).

6. OTHER

A form for your agency's "Other" budget category is included in the budget package. This category should include items such as office/facility rent or lease, utilities, facility maintenance, janitorial, security, computers, computer printers, postage, and telephone. A detailed description must be included indicating how the dollar amount was calculated for each line item identified in this category.

The narrative justifications must include:

- Sufficient information to clearly show how the supply costs were determined, including the methodology and calculations used to arrive at the requested amounts along with a brief listing of the supply items and historical spending amounts. If references to historical spending amounts are used to support the requested costs, the actual dollar amounts of the historical costs must be included in the justification. DHSP may request copies of the historical cost information (e.g. general ledgers, invoices, financial reports, etc.) for verification during the contract budget negotiation period. For supply requests that are considered shared program expenditures, the methodology and calculations used must be consistent with the agency's CAP;
- Copy of the current CAP, if referenced in the calculations;
- Based on recently revised federal guidelines, the portion of clinic rent/lease related expenses and utility costs can be considered as direct expenses. A detailed narrative indicating (1) how the amount of space dedicated to the program was determined and (2) how the cost of that space was calculated must be provided and be consistent with the agency's CAP. Agency must also provide a copy of their current rent/lease agreement at the time of budget negotiations, or prior to full execution of the DHSP contract agreement if not yet in place during budget negotiations;
- Cost justification for computers and printers must indicate the make, model, and specifications of the computer being budgeted. This includes type of operating system, memory, type of processor, any software, and accessories. DHSP has included *Equipment/Services & Supplies* request forms in the budget package;
- This budget limits the amount that can be charged for related party leases (i.e. less than an arm's length transaction) to the lower of property rent related cost or fair market rent. *OMB Circular A-122* defines a "less than arm's length" lease as one under which one party to the lease agreement is able to control or substantially influence the action of the other;
- Amount requested for each item (rounded to the nearest dollar);

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- Administrative percentage of the program supply costs entered in the administrative column, if applicable, and;
- Administrative dollar amount (calculated as the amount requested multiplied by the administrative percentage). Formulas have been entered to automatically calculate these amounts.

A formula has been entered to automatically calculate the total amount requested for “Other.” If additional pages are needed, please include the total on the last page only. Be sure to verify that this total is then carried forward to the budget summary page.

Examples:

- \$704 *Printing/Duplication: Total agency cost is \$13,125. Cost allocated to this program is 5.36% (3 FTE/56 agency staff = 5.36%). $\$13,125 \times 5.36\% = \704 . Covers the cost of duplication and printing needs of these services. This includes forms for clients, client record documentation, printing of correspondence and other photocopying needs.*
- \$396 *Postage: Total agency cost is \$7,388. Cost allocated to this program is 5.36% (3 FTE/56 agency staff = 5.36%). $\$7,388 \times 5.36\% = \396 . Covers cost of program correspondence with clients and other social service providers.*
- \$23,400 *Facility Rent: $\$2.00/\text{sq. ft.} \times 975 \text{ sq. ft.} \times 12 \text{ mos.} = \$23,400$. Program occupies 100% of the service space noted above for direct client services at service delivery site address (100% direct costs).*
- \$804 *Telephone: Cost allocated to this program is 5.36% (3 FTE/56 agency staff = 5.36%). Total agency cost is $\$15,000 \times 5.36\% = \804 for program telephone service to contact clients (100% direct service).*

7. CONSULTANTS/SUBCONTRACTS

A form for your agency’s “Consultant/Subcontractor” budget category is included in the budget package.

- A consultant agreement is defined as an agreement with an individual to provide a service, or an agreement with an individual or a firm to provide a support service, such as accounting, audit, clerical work or ancillary services such as laboratory or x-rays. A copy of the current consultant agreement must be submitted at the time of budget negotiations, or prior to full execution of the DHSP contract agreement if not yet in place during budget negotiations. **All consultant agreements must be reviewed and approved by DHSP prior to reimbursement of consultant services provided under the program budget.** Please submit all consultant/subcontract agreements to the attention of:

Contracted Community Services, Chief
Division of HIV and STD Programs
600 South Commonwealth Avenue, 10th Floor
Los Angeles, California 90005

A copy of the agreement can also be sent via email to the appropriate DHSP Program Manager.

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In this budget section, you will need to include brief scopes of work for all consultants and state how each assists the agency in meeting the program’s contracted service delivery objectives. The following must also be included for each consultant agreement:

- Generic type of service to be provided by the consultant (i.e. direct client service delivery, laboratory services, staff training, etc.), and;
- Name of the individual or organization providing the service (if known).

NOTE: Individuals employed by your agency cannot serve as consultants to this program.

- Rate to be paid per hour or by unit of services to be provided;
- Number of service hours/units of services to be provided;
- Time frame for the consultant agreement;
- Amount requested for each item (rounded to the nearest dollar);
- Administrative percentage of the consultant costs entered in the administrative column, if applicable, and;
- Administrative dollar amount (calculated as the amount requested multiplied by the administrative percentage). Formulas have been entered to automatically calculate these amounts.

A formula has been entered to automatically calculate the total amount requested for “Consultant/Subcontractor.” If additional pages are needed, please include the total on the last page only. Be sure to verify that this total is then carried forward to the budget summary page.

Example:

\$9,000 Clinical Supervision: (\$50/hr. x 15hr/mo x 12 mos. = \$9,000; 100% direct service). Consultant will provide clinical supervision to all eligible RWP clients.

- A subcontract is defined as an agreement with an organization or firm to deliver direct services. If you are proposing to subcontract with another organization, you must indicate the name of the subcontractor and the purpose of the subcontract on the “Consultant/Subcontractor” page. In addition, for each subcontract, you must attach a complete budget package that includes all budget forms and a current NICRA or auditor-certified indirect cost rate (approved within the past two years), if applicable. Please note that administrative costs incurred by the subcontracted agency counts towards the 10 percent administrative cap of the contract schedule for the lead agency. The agency name on the subcontract budget pages should include both your agency name as well as the name of the subcontracting agency.

All subcontractors are subject to the same federal, State and local regulations as your agency.

Please note that all subcontract agreements must be reviewed and approved by DHSP prior to reimbursement of subcontracting services provided under the program budget.

8. INDIRECT COSTS

Indirect costs may only be included in the budget if your agency has a current NICRA with a federal agency or a recent auditor-certified indirect cost rate (within the past two years). If you are requesting funding for indirect

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costs, a copy of the NICRA or auditor certification must be submitted with the budget. Please note that, although your negotiated indirect cost rate may be greater, indirect cost is limited to 15% of the total salaries and employee benefits. In addition, the sum of all administrative costs in your budget (including subcontracted agencies administrative costs), both direct and indirect, may not exceed 10% of the total contract schedule funding.

The dollar amount and percentage rate (rounded to no more than 3 decimal places) of indirect costs to be included in your budget should be reported on the budget summary page.

9. BUDGET SUMMARY

Once you have completed the individual budget pages, the total of each budget will automatically carry forward to the “Budget Summary” page. Please verify that this occurs accurately. The indirect cost rate and amount must be entered manually on the budget summary page.

10. ADMINISTRATIVE COST CERTIFICATION

Once the budget summary has been completed and you have confirmed that your administrative costs do not exceed 10%, the *Certification of Maximum Administrative Cost* must be signed by your Agency Head or Chief Financial Officer/Fiscal Manager.

11. FEE-FOR-SERVICE CONTRACTS

An additional form for agencies reimbursed through the fee-for-service service reimbursement model is included in the budget. This form must include:

- The dollar amount of the contract (maximum obligation);
- The projected number of service units;
- The rate per unit of service; and
- The maximum monthly payment (equal to one-twelfth of the maximum obligation).

Please note, in the annual cost report, usually due 30 days after the contract term end date, fee-for-service providers must demonstrate sufficient actual costs to substantiate the established rate of reimbursement.

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Acknowledgement

On behalf of _____, the undersigned hereby acknowledge receiving
(agency / organization)

and reviewing the *Budget Preparation Instructions for Ryan White Program Contracts* as revised by the

Division of HIV and STD Programs on October 2015.

Chief Executive Officer / Executive Director

Chief Financial Officer / Director of Finance

Date

Date

Please return the signed Acknowledgement to the attention of:

Mario J. Pérez, Director
Division of HIV and STD Programs
600 South Commonwealth Avenue, 10th Floor
Los Angeles, California 90005.

The signed confirmation maybe be submitted electronically to: dhsdirector@ph.lacounty.gov, with copy to:
DHSP-ChiefofCCS@ph.lacounty.gov.