

DHSS GRANT BUDGET PREPARATION GUIDELINES

1. Review DHSS grant regulation 7 AAC 78.160 and any specific cost restrictions identified in the grant program solicitation to determine if the planned grant project's direct and indirect costs are allowable. If you are uncertain whether a cost is allowable, or unsure of the correct category placement of a cost, please contact the DHSS representative identified in the grant solicitation for clarification.
2. Review these Budget Preparation Guidelines for guidance in preparing the detailed and narrative budgets for your agency's proposal. These Guidelines provide instruction and examples of the format to be followed for a grant project budget detail and narrative. For those applicants unable to utilize the online application process, adherence to this format will expedite the review of proposals which are not submitted electronically.
3. Use whole dollar accounting, check subtotals and totals, and verify that the proposed budget detail and narrative are complete and consistent. The Budget Narrative must accurately support the Budget Detail. Costs not properly delineated and supported may be denied.
4. DHSS grant funds are not available for **lobbying** or for **fundraising** under any circumstances.
5. Unless specifically provided for in the grant solicitation, use of DHSS grant funds is generally not permitted for the following costs:
 - a. purchase of land, construction of buildings, or improvements to either;
 - b. payment of real estate mortgages or taxes;
 - c. purchase of motorized vehicles or other major equipment purchases.
6. All costs approved by the Department will be reflected in the budget of the Grant Agreement.
7. Grant income is income earned during the grant period as a result of the grant award, and includes income from Medicaid reimbursement if a grantee is required by 7 AAC 43.734(g), or 7 AAC 43.740(b), or by other state law, to have a DHSS grant award in order to bill Medicaid. Refer to 7 AAC 78.210 and program specific requirements concerning the use of grant income.

A. GRANT PROJECT BUDGET DETAIL

1. The budget detail must outline the complete grant project budget, indicating project costs and project funding by cost category.
2. The budget detail groups project costs in budget lines by the following **cost** categories:
 - a. Personal Services
 - b. Travel
 - c. Facility Expenses
 - d. Supplies
 - e. Equipment
 - f. Other Direct Costs
 - g. Indirect Costs
3. The budget detail groups project costs in columns by the following **funding** categories:
 - a. Primary Grant Award
 - b. Secondary Grant Award
 - c. Required Match
 - d. Additional Project Support

All project costs identified in the Primary Grant Award, Secondary Grant Award and Required Match must be allowable under grant regulation 7 AAC 78.160 and any restrictions imposed by the solicitation document.

4. As needed, reflect project funding sources in the budget detail and narrative. A project may have several sources of funds to meet required matching funds or simply to provide additional project support. In programs requiring matching funds, all sources of funding used in meeting the required match must be identified. Unless otherwise directed by the grant solicitation document, it is not necessary to identify specific funding sources included as the Additional Project Support, although the option is available to the applicant.
5. Required Matching funds may include, but are not limited, to the following sources:
 - a. In-Kind Contributions - In-kind contributions are usually defined as those that have a calculable value to the project at no expense to the applicant agency. In-kind contributions must be useful in attaining the goals and objectives proposed in the application, and must be specifically identified and verifiable from grantee records. Examples are volunteer workers, and donated space or materials. Discounts on program purchases are not an allowable in-kind contribution for Required Match.
 - b. Local Cash Contributions - Cash contributions may include local tax receipts, municipal revenue sharing, cash donations, and other local sources.
 - c. Grant Income - Anticipated earnings as a result of an awarded project proposal must be used in accordance with 7 AAC 78.210 and 7 AAC 78.950(17). Grant Income may include, but may not be limited to:
 - i. Client fees and/or contributions to cost of care - Fees charged to clients, their families and/or guardians are subject to approval by the Department and must be shown in the budget detail and budget narrative.
 - ii. Medicaid - Medicaid reimbursements for a community mental health project funded under AS 47.30.520-620 must be used to augment or enhance the grantee's mental health services.
 - iii. Other third party receipts with specific source(s) identified
 - iv. Earnings from the sale of products produced or purchased with grant funds.

Unless specifically permitted by the terms of the grant solicitation, Federal Funds may not be used to match Federal funds, nor may State funds be used to match State funds awarded through the DHSS grant.

B. GRANT PROJECT BUDGET NARRATIVE

THE BUDGET NARRATIVE MUST FULLY AND ACCURATELY SUPPORT THE BUDGET DETAIL

1. Each grant applicant must provide a narrative fully describing the specific costs outlined in the budget detail.
2. Include the following information in the budget narrative, or as clearly referenced and indexed attachments:
 - a. Position Descriptions for all positions funded with grant money, which includes the grant award and required match as defined in 7 AAC 78.950(18).
 - b. Project travel plans indicating the destination, travel and event dates, transportation costs, lodging, and per diem costs (meals and incidental expenses).
 - c. Product specifications for any goods budgeted in the Equipment cost category and to be purchased with grant money.
 - d. Indirect costs charged to the grant must be supported with a complete, signed copy of the proposing agency's current federally approved indirect cost rate agreement. If not on file with DHSS, a copy must be submitted with the application.
3. When describing a project cost, indicate the funding category from which it will be paid, i.e., the requested Primary Grant award, Secondary Grant award if applicable, Required Match or Additional Project Support. If the cost is used to meet Required Match, identify the fund source detail such as other Local Cash, Local In-Kind, Grant Income, etc.

C. BUDGET FORMAT & ALLOWABLE COSTS

Costs must be compliant with 7 AAC 78.160 and grouped in the following cost categories (budget lines):

I. PERSONAL SERVICES - 100

A. Allowable Personal Services costs may include:

1. Salaries & Wages: Regular and overtime salaries and wages for project staff, temporary, and occasional employees.
2. Fringe Benefits: Includes employer payroll taxes and other benefits that may be provided, including employee retirement plans, group health and hospitalization insurance, and life insurance.
3. Workers Compensation may be included as a fringe benefit or in Other Direct Costs (Category 600) under insurance and bonding.

B. Budget Detail Format

1. Enter the position title for each position associated with the project.
2. Enter the Full-Time Equivalent (FTE) for each position paid with requested grant funds. Calculate a grant-funded position's FTE as follows:
 - a. Determine the number of work hours for a full time position in a twelve-month period.
 - b. Determine the number of grant funded hours the position holder works on the project.
 - c. Divide "b" by "a" for the FTE.

EXAMPLE

 - a. Full time hours at the agency are 40 hours per week, 52 weeks per year, for 2,080 hours per year.
 - b. The position holder spends 30 hours per week on this project, but only 22 hours per week are charged to the grant. At 22 hours per week with 52 weeks per year, 1,144 hours per year will be charged to the grant project in one year.
 - c. The FTE is 0.55. (1,144 divided by 2,080)
3. Enter the salary and wages to be charged against each budgeted funding category.
4. Total the salary costs across the table for each position.
5. Subtotal salary and wage costs by funding category.
6. Provide fringe benefits percentage of salary and percentage of wages for salaried and hourly staff, respectively, and enter costs under the appropriate funding category.
7. Total all figures down and across. When applying online, the calculations are automatic.

C. Grant Project Budget Narrative

1. For each position, include a brief description of project duties, funding category and total costs; and the proportion of that position's commitment to the project requested in the grant application. As a proposal attachment, provide position descriptions for all positions funded with grant funds (grant award and required match.)
2. Include a description of the fringe benefit packages for salaried and wage employees.

II. TRAVEL - 200

See 7 AAC 78.160(h) & (i) for the restrictions on allowable Travel costs. Costs are limited to the applicant agency's written board policy or the current basic rates approved for State travel, **whichever is more restrictive**. The State of Alaska travel policy, **AAM 60 – Travel**, can be accessed through http://fin.admin.state.ak.us/dof/ak_admin_manual/aam_toc.jsp. Additional resource links are found below, or the information can be obtained by contacting the DHSS contact identified in the solicitation documents.

A. Allowable Travel costs may include:

1. Air Fare must be less than first class rate whenever available.
2. Mileage is allowed when staff is required to use a personal vehicle in conducting project business, excluding travel to and from work. The State's current mileage reimbursement rate can be found online at: http://fin.admin.state.ak.us/dof/sto/resource/POV_Rate_Table.pdf
3. Taxi Fare or Auto Rental when directly related to the delivery of services, or in the case of training or a conference, if it is program related, contributes to the grant project staff member's staff development, and is related to his/her assigned job duties.
4. Lodging costs can be budgeted at the actual costs of moderately priced accommodations.
5. Per Diem, or meal and incidental expenses (M&IE) for all travel outside the local community of the project. Rates presently allowed, unless agency policy is more restrictive can be found at http://fin.admin.state.ak.us/dof/sto/resource/M&IE_AK_&_CONUS_Rates.pdf.

B. Format for Grant Project Budget Detail

1. Enter the position title for each person who will be traveling with grant funds from this project.
2. Enter each expenditure by funding category, by trip purpose, and destination for each traveler.
3. Total all figures down and across. When applying online, the calculations are automatic.

C. Grant Project Budget Narrative - Identify the purpose of each trip and cost factors such as mileage, per diem and air fare by funding category. Project travel plans must also indicate the destination, event dates, travel dates, and method(s) of transportation (air, sea, land travel).

III. FACILITY EXPENSE - 300

A. Allowable Facility costs may include:

1. Facility Rental/Lease - Costs of rent or a true lease of a facility or office space are allowable but may not exceed the maximum amount allowed by the department for lease or rental agreements entered into by the department. Upon request, the department will provide a copy of the applicable cost principles. A rental/lease agreement may include space rent, utilities and maintenance costs. If utilities and/or maintenance costs are not included in the rental agreement/lease, utilities and maintenance costs are properly listed separately from the costs for the space itself.
2. Communications - telephone, internet, and radio communication expenses. Long distance telephone charges are allowable, but it is expected that these costs will be minimal in community-oriented projects.
3. Utilities - heat, electric, custodial, water, sewer, and trash removal costs, when not included in the space rental cost.
4. Minor Repairs, Maintenance and Renovation not included in the space rental costs. Maintenance costs such as janitorial services provided by an outside firm are allowable. If project staff performs such services, the cost must be listed in Personal Services, Category 100. Minor repairs such as replacement of broken windows are to be distinguished from more expensive renovations and alterations. Renovation costs, including labor and materials, include the installation of sprinkler systems, fire or smoke detectors, showers, bathrooms, partitions, etc. The use of DHSS grant funds may be approved for renovation costs if all alternative funding sources have been exhausted and the renovation is essential to the operation of the project. Specific approval must be obtained in advance from DHSS.

B. Format for Grant Project Budget Detail

1. Enter each applicable expenditure item.
2. Enter the proposed expenditures for each item by funding category.
3. Total all figures down and across. When applying online, the calculations are automatic.

C. Grant Project Budget Narrative - Identify individual costs by the funding category.

IV. SUPPLIES - 400

A. Allowable Supply Costs are those project supplies with a unit cost of less than \$1,000, or a useful life expectancy of less than one year.

1. Office Supplies - Pens, pencils, stationary, postage stamps, poster board, blank CDs, paper, staplers, in-house printing supplies, desk supplies, etc.
2. Program Supplies - Recreation and craft supplies; posters, pamphlets, brochures, and program related literature for distribution to clients, schools, or community agencies; educational and reference books for use by staff and clients; film/video/DVD rental and purchase costs.
3. Household Supplies - Cleaning supplies, including laundry, janitorial and housekeeping supplies, kitchen and bed linens, non-food kitchen supplies, and any other household supplies necessary to the project.
4. Medical Supplies - Prescription and non-prescription drugs and medical supplies.
5. Food is only an allowable cost when provided for grant project operations.
6. Other - Any supplies which do not fall within the scope those described above. Do not include dues, subscriptions, outside printing, or advertising costs. Such costs are included in Other Direct Costs, category 600.

B. Format for Grant Project Budget Detail

1. Enter each applicable expenditure item.
2. Enter the proposed expenditures for each item by funding category.
3. Total all figures down and across. When applying online, the calculations are automatic.

C. Grant Project Budget Narrative - Provide the description of items to be purchased and the itemized costs by funding category.

V. EQUIPMENT - 500

A. Allowable Equipment costs may include:

1. Equipment Maintenance and Repairs – include costs associated with the maintenance and/or repair of equipment owned, leased, or rented. Those costs to be included under Office Equipment include service agreements for the maintenance and repair of photocopier machines, printers, etc.; miscellaneous repair costs for desks, chairs, filing cabinets, etc. Vehicle costs to be included are fuel, oil, spare parts, batteries, chains, tires, labor and parts costs for service calls, and major repairs performed by an outside entity.
2. Equipment Lease and/or Rental – include costs for leasing or renting project equipment such as copy machines, vehicles used in the day-to-day project operations, occasional rental of trucks or vans used for purposes not normally performed by project vehicles, and occasional rental of audio-visual equipment..

3. Equipment Purchase – must be shown to be necessary for program operations, and are those items with a unit cost of \$1,000 or more, and a useful life expectancy of more than one year. Examples include office furniture, computers, file cabinets, audio-visual equipment, medical equipment and household furniture and appliances. Include estimated shipping costs where appropriate. Grantees purchasing equipment defined as nonexpendable personal property in 7 AAC 78.950(25) must also comply with purchasing practices and procedures in 7AAC 78.270 and property management requirements in 7 AAC 78.280.
4. Depreciation on major equipment is allowed only for equipment not purchased with grant funds.

B. Format for Grant Project Budget Detail

1. Enter each applicable expenditure item.
2. Enter the proposed expenditures for each item by funding category.
3. Total all figures down and across. When applying online, the calculations are automatic.

C. Grant Project Budget Narrative - Provide the description of each item to be purchased and the itemized cost by funding category. Equipment specifications must be provided for each item of non-expendable personal property to be purchased.

VI. OTHER - 600

A. Allowable costs may include:

1. Subcontracts - which the applicant agency proposes to utilize for the provision of services, designed to meet goals and objectives outlined in the applicant's grant project proposal. See 7 AAC 78.180 and 7 AAC 78.250 for conditions that apply to all subcontracts. The procurement of subcontracts under any grant award is subject to the provisions of 7 AAC 78.270 and must meet with DHSS approval prior entering into the subcontract. The Grantee is administratively and financially responsible for subcontractor performance and ensuring that subcontractors conform to the same laws, regulations, and program requirements regarding the use of any grant award or required match to the grant.
2. Professional Services - Professional fees and program consultant costs when an outside firm provides these services; accounting and audit services; medical and legal fees. Include all costs in the consulting contract, including transportation, lodging, and per diem costs if consultant's travel is included.
3. Insurance and Bonding – includes insurance premiums for employee hazard, malpractice and other liability insurance for personnel, vehicles, facilities, and authorized activities of the grant project including bonding costs. Workers Compensation costs may be included if not budgeted in Personal Services (Category 100).
4. Subscriptions - to professional magazines, journals, or publications of a program nature; agency membership dues in a program-related professional organization.
5. Printing and Advertising - Costs for printing program literature or stationary when performed by an outside firm. Newspaper, radio, online or television advertising costs related to personnel recruitment, program operations, or program services.

B. Format for Grant Project Budget Detail

1. Enter each applicable expenditure item.
2. Enter the proposed expenditures for each item by funding category.
3. Equipment specifications must be provided for each item to be purchased.

C. Grant Project Budget Narrative - Provide a description of each item and cost by funding category.

VII. INDIRECT COSTS – 700

Indirect costs are those incurred by an applicant agency that administers activities under various programs and, as a result, incurs costs which are either difficult or impossible to attribute to a single program activity. Indirect costs include general administrative expenses as well as operation and maintenance of facilities and equipment.

Unless otherwise specified in the grant solicitation, DHSS will accept the applicant agency's current federally approved indirect cost rate for the calculation of allowable Indirect Costs. An applicant agency which does not have a current cost rate agreement on file with Grants and Contracts must submit a complete copy of the agency's signed rate agreement with the proposal.

If your agency does not have a current indirect cost agreement with a Federal agency, DHSS regulations permit recovery of certain administrative costs by direct charges to the grant. All such charges must be detailed and justified in your grant project budget narrative and must be itemized separately from direct program costs. See 7 AAC 78.160 (p), (q) and (r) concerning allowable direct and indirect costs.

SOURCE OF REQUIRED MATCHING FUNDS AND REVENUE DETAIL

- A. Grant Project Budget Narrative - For the Source of Funding, provide a brief explanation of the individual revenue sources as described in the attached example.

**SAMPLE
PROGRAM
BUDGET DETAIL**

Grantee Name
Program Name, Project Name
State Fiscal Year

		PRIMARY GRANT AWARD	SECONDARY GRANT AWARD	REQUIRED MATCH	ADDITIONAL PROJECT SUPPORT	PROJECT TOTAL
100 - Personal Services						
Position Title						
Executive Director	0.10	5,000	0	500	0	5,500
Education Specialist	0.60	30,000	0	3,000	17,000	50,000
Personal Services Subtotal		35,000	0	3,500	17,000	55,500
Fringe Benefits, 25.0%		8,750	0	875	4,250	13,875
Personal Services Total		43,750	0	4,375	21,250	69,375
200 - Travel						
Exec Dir, Regional Conference		650	0	0	0	650
Ed Specialist, Regional Conference		650	0	0	0	650
Ed Specialist - Village Travel: Hoonah, Elfin Cove, Pelican, Tenakee Springs		2,000	0	0	0	2,000
Travel Total		3,300	0	0	0	3,300
300 - Facility						
Facility Rental		8,000	0	3,000	0	11,000
Telephone and Internet		1,000	0	0	0	1,000
Facility Total		9,000	0	3,000	0	12,000
400 - Supplies						
Office Supplies		750	0	0	0	750
Program Supplies		1,000	0	0	0	1,000
Supplies Total		1,750	0	0	0	1,750
500 - Equipment						
Laptop Computer		0	0	1,035	0	1,035
Equipment Total		0	0	1,035	0	1,035
600 - Other Direct						
Rural Tutor Contract		4,000	0	0	0	4,000
Mini-Grants to consumers		0	24,390	0	0	24,390
Other Direct Costs Total		4,000	24,390	0	0	28,390
Subtotal, Direct Costs		61,800	24,390	8,410	21,250	118,850
700 - Indirect Costs						
On-Site Indirect Rate, 15%		4,220	0	1,106	3,188	13,111
Pass Through Indirect Rate, 2.50%		0	610	0	0	610
Indirect Costs Total		8,670	610	1,106	3,188	13,721
TOTAL PROJECT BUDGET		\$66,020	\$25,000	\$9,516	\$24,438	\$124,974

SAMPLE REQUIRED MATCHING FUNDS SOURCE DETAIL

If the program requires matching funds or additional project support, your agency’s budget detail will also need to include a detailed funding source table similar to that shown below. If the grant does not include required match a detailed funding source table is optional, unless instructed differently in the Funding Section of the grant solicitation document. Totals from these tables will equal the totals of the corresponding columns on the Budget Detail Summary.

SOURCE OF FUNDS		REQUIRED MATCH	ADDITIONAL PROJECT SUPPORT
GRANT INCOME			
MEDICAID			
LOCAL CASH		8,481	20,000
LOCAL IN-KIND		1,035	
OTHER	(specify source)		4,438
OTHER	(specify source)		
TOTALS		\$ 9,516	\$24,438

SAMPLE

PROGRAM BUDGET NARRATIVE
DHSS Grant Program Name

Grantee Name
Grantee Project Name
State Fiscal Year

Personal Services

- A. Executive Director - 0.10 FTE from this grant. This position provides overall direction for the educational service project requested by this grant application; is also responsible for the administration of the organization and reports to the Board of Directors. The total cost for this position is \$60,000 of which \$5,000 plus \$625 fringe benefits is requested from the Primary grant award, and \$500 plus \$125 fringe benefits in required match is funded by local government contribution. A current job description and resume for this position is attached in appendix E to the proposal.

- B. Education Specialist - 0.60 FTE from this grant. This position is responsible for the overall educational component of this project. The Education Specialist will teach and lead classes, provide direction, and develop materials as necessary. This position reports to the Executive Director. The \$30,000, plus \$7,500 in fringe benefits for this position will be paid from this grant, \$3,000 plus \$750 in fringe benefits in required match is funded by local government contribution, and 17,000 plus \$4,250 in fringe benefits is funded by Local Government contributions and cash donations. A current job description and resume for this position is attached in appendix E to the proposal.

- F. Fringe Benefits – estimated at 25% These include: FICA, ESC, Worker’s Compensation Insurance, Health Insurance and 401(K).

Travel

\$3,300 will be paid from the Primary Grant award.

- A. Executive Director - Will be traveling to the annual Regional Conference hosted by DHSS. Airfare to Anchorage is estimated at \$350, meals (per diem) at \$142 (2 full days x \$60, plus dinner first travel day, \$22), and total lodging for \$180 total for 2 nights. Travel dates are March 07 and 09. Travel dates occur March 6 and 9 with conference dates on March 08-09.

- B. Education Specialist –
 - 1) Will be traveling to the annual Regional Conference hosted by DHSS. Airfare to Anchorage is estimated at \$350, meals (per diem) at \$142 (2 full days x \$60, plus dinner first travel day, \$22), and total lodging for \$180 total for 2 nights. Travel dates are March 07 and 09. Travel dates occur March 6 and 9 with conference dates on March 08-09.
 - 2) Three Village trips total, one each to Hoonah, Pelican and Gustavus, for delivery of education services - total Airfare for all three trips is estimated at \$825, total per diem for 9 days x \$60 is \$540, lodging total is estimated at \$635, either in local hotels or rooming at the local school, as available. A detailed description of the travel dates and planned curriculum is included in the program description on page 6 of the proposal.

Facility Expense

- A. Facility Rental - Rental of the office space at 1234 Alaska Ave., Suite 10, Juneau. One-year lease at \$11,000 which includes heat and lights, water and sewer. \$8,000 is from the Primary Grant award and \$3,000 in required match from local government contributions.

- B. Communication - Local service and long distance telephone and internet costs: \$1,000 from the Primary Grant award.

Supplies

\$1,750 will be paid from the Primary Grant award.

- A. Office Supplies - General office supplies: \$750
- B. Program Supplies – Paper and toner for educational Brochures as described in proposal \$1,000, created and produced in-house.

Equipment

- A. Dell Laptop Computer - XPS M1530 - This In-Kind donation from a private donor is valued at \$1035 and provides added required match. A complete description is attached in Appendix F to the proposal.

Other

- A. Professional Services - An expert education consultant will accompany the Education Specialist on the first of the Village trips and provide additional assistance with curriculum training for local educators at the agency’s conference site in Juneau. The contract cost is \$4,000 from the Primary Grant award (proposed subcontract attached).
- B. Sub-Awards – Sub Awards to each of the three villages will pay for travel to participate in curriculum training scheduled for February 12-14, with an estimated 35 participants traveling by Alaska Marine Highway or scheduled air carrier. In addition to travel costs, subawards will pay for actual costs of reasonable accommodation, and \$60 per diem meals and incidental expenses. The amount of the subawards will vary by village according to the final number of educators participating in the training. Subawards are estimated to total \$24,390 from the Secondary Grant award.

Indirect Costs

Indirect costs applied to allowable direct costs at the On-site rate of 15% will be paid as follows: \$4,220 from the Primary Grant award, \$1,106 from Required Match and \$3,188 from additional project support. \$610 at 2.5% for pass-through funds will be paid from the Secondary Grant award. Equipment is excluded from allowable indirect. A copy of the current Federally approved Indirect Cost Rate Agreement is attached as Appendix G to the Proposal.

Sources of Matching Revenue

- Local Cash - Local sales tax and revenue sharing and local cash donations (see itemized table).
- In-Kind - Equipment donated to the project.