

First 5 Commission of San Diego
Budget Guidelines
Fiscal Year 2014-15 (Revised June 2014)

The following guidelines have been developed to assist First 5 Commission of San Diego (Commission) contractors in the development of an annual Program Budget and Program Budget Narrative for Fiscal Year 2014-15. The itemized Program Budget and Program Budget Narrative must include enough detail so that it is understood how each line item cost supports the work of the funded program. The items listed are those most commonly requiring additional clarification.

A. PERSONNEL

Personnel

Personnel line items shall be specific and include the position title, staff name, and time allocated to project, annual salary or hourly rate, and budget amount. For hourly employees, the contractor will maintain staffing records (timesheets, electronic time cards, or some form of time keeping mechanism) that accurately and appropriately records, allocates, and documents staff time performed as a cost to the contractor. The hours worked on Commission contracts for Salaried Employees will be determined by the Cost Allocation Plan (CAP) percentage of their time allocated to the contract. The Program Budget Narrative shall include a clear detailed description of the line item including how the budget amount was derived. The rule of thumb is to list the full-time staff first, then the part-time staff.

Fringe Benefits

Examples of Fringe Benefits are: State Unemployment Insurance, Workers' Compensation, FICA, SDI, and Health Insurance. These benefits shall be listed on the Program Budget as "Fringe Benefits" and the total amount listed. This line item is not to be combined with the *Personnel* line items. Within the Program Budget Narrative describe each benefit separately and list the percentage used to determine the budget amount. (Add all the percentages to get a total: 28% on the example budget.) This information must match the information reported on the CAP.

One-Time Personnel Compensation

As a general rule, pay in this category is not allowed to be charged to your Commission contract. All one-time personnel compensations such as merit pay or a bonus will only be considered if such pay is required as part of a labor agreement that exists on the day the Agreement is signed. Contact your Commission Contract Monitor for more information if contractor staff has a labor agreement that authorizes one-time compensation.

Notification of Key Personnel Changes

Contractors shall notify the Commission Contract Monitor in writing when there is a change in key personnel funded under the Agreement. Key personnel are defined to include personnel who provide direct services, management oversight or any combination of these services. The Commission shall have the right to reject any change in key personnel upon reasonable cause. Whenever there is a change in key personnel, a revised CAP shall be submitted to reflect the allocation of the new staff, if anything has changed other than the name (e.g. pay rate, total hours).

B. SERVICES AND SUPPLIES

All services and supplies shall be listed separately on the Program Budget and Program Budget Narrative. Each item shall contain a clear and detailed description of the line item to include the reason, purpose and cost of the line item. If the line item is a percentage of the organization's total cost, the calculation must be listed in detail to show how the budget line allocation was derived. Some examples of line items under Services and Supplies are: IT Support, Rent, Utilities, Insurance, and Printing and Duplicating costs.

Mileage

Mileage reimbursement to staff shall not exceed the IRS approved rate. The Program Budget Narrative shall list the number of staff, number of miles and rate with the budget amount. (For example: 5 staff at 3,000 miles each x [.56 cents](#) = \$8,400. Click on the rate for current mileage rates.)

Conferences and Training

Conferences and trainings shall be listed individually in the Program Budget Narrative and shall include descriptions of the event(s), costs, and the name(s) and work titles of the attendee(s). The rule of thumb is that the subject needs to be directly related to the attendee's contracted position and responsibility. Generally, one or two persons attend and bring back information for the rest of the staff. An exception to this rule is if the training is on a curriculum required for the attendee's position.

- **Out-of-County Travel.** The County of San Diego Administrative Manual states that “the Board of Supervisors has expressed a desire to minimize costs and maximize the benefits of out-of-county travel.” Contractors requesting funding for out-of-county travel for conferences or trainings (as noted above) or any relevant meetings must be approved in the line item Program Budget and sufficient justification for the out-of-county travel shall be included in the Program Budget Narrative.
- **Out-of-State Travel.** Out-of-State travel will be approved on a limited basis and must clearly justify the benefits to the Commission. (All out-of-state travel will require Commission Executive Director approval.)

Purchase of Equipment

Funding is not available for: (1) vehicle purchases; (2) capital improvements exceeding \$25,000; and/or (3) fixed asset purchases exceeding \$5,000 for a single item. If equipment is purchased, title will vest in the Contractor; however, the Contractor must provide assurances that the equipment will continue to be used for the purposes of this project after the Commission funding ends. The Contractor will also be requested to provide an inventory of all the equipment purchased, on an annual basis.

Equipment is defined as: Goods that are used in or bought for a business enterprise or non-profit organization or a government agency and are not inventory, or consumables. Equipment is used to provide services and is not consumed during the provision of services. Examples of goods that are not equipment are items with a useful life of less than one year such as computer disks, books, toys, papers, film, pencils, and pens. Examples of equipment are items that are used in providing services such as desks, file cabinets, vision testing devices; computers, furnaces, air conditioners, dental chairs, x-ray machines, and cameras.

Meeting Incentives (Food, Beverages, Refreshments)

- Meeting Incentives such as food, beverages, or refreshments can be purchased for special events, workshops or meetings if official business is conducted during these meetings. In addition, it is expected that an important speaker, or guest, and a substantial number of participants be present.
- Food, beverages, or other refreshments are not to be purchased for “routine” meetings for staff, or where there are adequate refreshments and food purchasing options available.
- The cost of refreshments, including minor snacks and supplies such as cups, napkins, etc., shall not exceed the County current approved cost of five dollars (\$5.00) per person.
- The cost of breakfast and supplies such as cups, napkins, etc., shall not exceed the County current approved cost of twelve dollars (\$12.00) per person.
- The cost of lunch and supplies such as cups, napkins, etc., shall not exceed the current approved cost of eighteen dollars (\$18.00) per person.
- Commission funds are never to be used to purchase alcohol.

Other Incentives

- Incentives such as pens, t-shirts, child care, baby items, passes, or transportation shall be pre-approved in writing by the Commission Contract Monitor upon receipt of written justification provided by the contractor. Approved incentives shall be documented separately and in detail in the Program Budget Narrative. The description shall include the incentive item, the quantity (such as 50), item description, and reason for purchase (who it will be distributed to). (For example: 100 pens will be purchased for a total cost of \$10.00 and will be distributed to parents during parent education classes.) The approved Program Budget shall list the total cost of the incentives under Incentives.
- Gift Cards used as incentives to support program objectives shall be pre-approved in writing by the Commission Contract Monitor upon receipt of written justification provided by the contractor. If the request is approved, the contractor shall enter the dollar amount on the approved Program Budget under the Incentives line item. On the corresponding approved Program Budget Narrative, the contractor must provide a detailed description on the use of the gift cards. All gift cards shall be strictly controlled to record where every card went.

NOTE: For additional requirements on contractor gift card purchases, see *Contractor Gift Card Purchases Guidelines*.

C. SUBCONTRACTORS

Notification of Subcontractor(s) Changes

Contractor shall notify the Commission Contract Monitor in writing when there will be a change in subcontractor(s) under the Agreement. The Commission Contract Monitor shall have the right to reject any change to a new subcontractor(s) upon reasonable cause.

D. OVERHEAD

Overhead Cost shall not exceed 15% of Personnel Costs (Personnel and Benefits). Exception: The only exception to this guideline is if the Contractor's Federally Approved Rate is less than 15%. In this case the documented Federally Approved Rate shall be allowed as indicated by the Federal rate approval letter. In all cases, the formula that amounts to the smallest amount will be used. This line item shall be listed separately from other line items under *Overhead*.

E. BUDGET ADJUSTMENTS

In accordance with the Commission's Contract Agreement Sections 4.1.4 and 5.1.2, the Commission Contract Monitor may make Administrative Agreement adjustments to change or modify the budget as long as the total Agreement amount or Agreement Term is not modified and does not include any increases to salaries and benefits. All requests shall be made in writing to the Commission Contract Monitor and include the following items for review:

- A cover letter (one page maximum) providing the following:
 - Line items that require adjustment;
 - Reason(s) for the budget adjustment; and
 - Whether any direct services will be affected and how.
- Completed Budget Adjustment Template showing the line items requiring adjustment. Ensure that the *Comments/Justification* column clearly indicates the reason(s) for the change in the line item.
- Completed revised Program Budget reflecting the new line item amounts.
- Completed revised Budget Narrative reflecting the new line item amounts and revised description which should match the information reported on the Budget Adjustment.
- A new Cost Allocation Plan if salaries and benefits are affected (reduction/unspent).

Note: The dollar amounts and descriptions must match on all documents.

Administrative Agreement adjustments may be submitted to the Commission Contract Monitor from July 1, 2014 until Close of Business June 12, 2015. In no case will a request be accepted after Friday, June 12, 2015.

F. LEVERAGED FUNDING

Leveraged resources are any resources received or contributed because of the Commission funding for a program. There must be a direct connection to a Commission funded program. Leveraged funds (sometimes called matching funds) may include a combination of any of the following:

- Cash (Identify funding source); and/or
- In-kind resources (includes contributions that consist of donated time and effort, real and personal property, and/or goods and services).

List all leveraged funding in the right column of the itemized Program Budget. In the Program Budget Narrative provide an explanation of the leveraged funding of the specific item. (See sample Budget – Budget Narrative)

Remember, the approved Program Budget Narrative must match the approved Program Budget. (Contractor shall list the items in the same order.)

When in doubt, contact your Commission Contract Monitor!