

APPENDIX C 1 BUDGET INSTRUCTIONS

1. General Budget Guidelines

Please read these guidelines thoroughly before beginning to complete the budget workbook.

Organizations are required to complete a Budget Form to determine the appropriateness of agency costs allocated to Emergency/Transitional Housing Shelter Operations Grant (ETH) contracts, and to assist ETH in making cost comparisons among similar programs and services. A separate budget form must be filled out for each program or facility funded in this contract.

1.1 Types of Costs

The total cost of contracts is comprised of the allowable program costs, plus the allocable portion of agency administrative costs. Therefore, for purposes of this budget form, contracted costs are categorized into those two separate and distinct types: Program Costs and Administrative Costs. Definitions of these costs are provided below. Certain costs incurred by contractors may be deemed unallowable for inclusion in DSS contracts and, therefore, should not be included in the proposed budget on the Budget Form. These are enumerated later in this document.

- 1.1.1 Program Costs-**Program costs are defined as those costs incurred in the provision of services to clients (for a further discussion of the difference between program costs and administrative costs of personnel). Examples of program costs are: salaries and applicable other employment costs, travel, contractual services (such as telephone, postage, and rent), supplies, and capital outlay/equipment.

One method of distinguishing administrative personnel from program service personnel is by their proximity to client services. For instance service workers would include staff working with clients and their supervisor, if they spend 100% of their time in supervision. As appropriate, the next level of supervision/management may also be considered as part of the program staff if their principal accountability is related to the on-site oversight of the program. All levels of personnel above this level should be considered administrative staff. Full Time Equivalent (FTE) positions should be prorated if they spend time working in multiple programs.

Certain costs, such as those for space or utilities, can be either administrative or program-related, depending on what type of employee occupies the space.

- 1.1.2 Administrative Costs-** Administrative costs are defined as those costs incurred to provide central support functions to the service components of the program. Administrative costs are those that have been incurred for the overall general executive and administrative offices of the organization and other expenses of a general nature that do not relate solely to any major program area of the organization. In general, administrative costs cannot be readily identified to a specific program objective without effort disproportionate to the results. This category may also include the allocable share of salaries and fringe benefit costs, operation and maintenance expense, depreciation and use allowances, and interest costs. Examples of costs that fit in this category include central office functions, such as the director's office, the office of finance,

business services, budget and planning, personnel, payroll, safety and risk management, general counsel and management information systems.

1.2 Unallowable Costs

DSS will not pay for the following costs:

- 1.2.1** Costs incurred before the effective date or after the termination date of any contract.
- 1.2.2** Costs incurred prior to the approval of the Purchase Order by the Delaware State Department of Finance.
- 1.2.3** Costs incurred in violation of any provision of the contract or the Operating Guidelines (if available).
- 1.2.4** Costs of acquisition, renovation or improvement of facilities or land. Ongoing costs of facility maintenance and repair are distinguished from improvement and are allowable.
- 1.2.5** Costs of political activities, including: transportation of voters or prospective voters to the polls, activities in connection with an election or a voter registration effort, contributions to political organizations and expenses related to lobbying.
- 1.2.6** Costs of idle facilities. Idle facilities mean completely unused facilities that are excess to the organization's current needs. Unallowable costs related to the idle facility include: maintenance, repair, rent, property tax, insurance and depreciation or use allowances.
- 1.2.7** Interest payments, late payment fees and penalties charged by vendors as a result of late payments.
- 1.2.8** Costs related to fines or penalties imposed on the agency or legal fees related to the defense of the agency or any of its employees in any civil or criminal action.
- 1.2.9** Costs that violate any requirement or are identified as a prohibited activity in the Scope of Work (Appendix B of Contract / RFP).
- 1.2.10** Costs that violate any applicable Federal or State statute or regulation.

In determining unallowable costs listed as 1.2.1-1.2.8, DSS used, Subpart E of the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, which replaced OMB (Office of Management and Budget) Circulars A-21, A-87 and A-122 Federal Cost Principles on December 26, 2013. A copy of this document is available at the following link: