

**NC Council for Women and Youth Involvement**

**Budget Guidance for State-Funded Domestic Violence and Sexual Assault Programs**

***NOTE:*** *NC CFW/YI State DV/SA Grant Applications are typically due in April and precede the Contract/Contract Amendments, which are not issued until a certified state budget is passed and received. Budgets and budget narratives are submitted with the Contract/Contract Amendments, not the Grant Applications. The Grant Application requires projections about the categories where funds will be spent, but it does not require full budgets with line item detail.*

Every year, grantees are required to prepare a realistic and prudent budget that supports accomplishment of the domestic violence and/or sexual assault program objectives and activities.

Budgets must be provided in line-item detail using the Excel actual budget templates provided with the Contract/Contract Amendment. Each budget must be accompanied by a corresponding budget narrative providing justification and explanations of each expense.

NC CFW/YI guidelines state “administrative costs associated with the NC CFW funds shall not exceed 20% of the domestic violence [and/or sexual assault] program grant appropriation[s]” (NC CFW Domestic Violence and Sexual Assault Guidelines, 2014). According to the guidelines, “administrative/management & general costs are expenses allocated for the overall function and management of the agency, rather than for the direct conduct of program services.”

Beginning in FY16-17, the domestic violence (DV) and sexual assault (SA) budget templates have been formatted to administer this guideline. *Note that the 20% administrative cap applies to the DV and SA grant appropriations only. It does not apply to DFF and MLF funds.*

The following guidance is provided to assist grantees with creating budgets and determining whether to classify allocations as either direct program expenses or administrative/management & general expenses.

This guidance is derived in large part from the federal Office of Management & Budget’s Super Circular. North Carolina law (09 NCAC 03M) specifies that expenditure of State funds by any grantee shall be in accordance with the Cost Principles outlined in the Office of Management and Budget (OMB) Super Circular (this Super Circular supersedes and streamlines requirements from OMB Circulars A-21, A-87, A-110, A-122, A-89, A-102, A-133. A-87 and A-122.)

**General Guidance on Cost Allocation Principles**

In general, “program costs” are the direct and indirect costs related to providing the organization’s programs and services. Program costs are easily identifiable with a specific program or support function.

“Administrative/Management & General” costs are not easily identifiable with a specific program activity but are essential to the general operations of the organization.

There is no universal rule for classifying certain costs into these categories. An organization may use any reasonable method as long as the method is documented and costs are treated consistently in like circumstances as either program costs or administrative costs. (See OMB Super Circular § 200.412)

Identification with the grant award rather than the nature of the goods and services involved is the determining factor in classifying costs. Typical costs charged directly to a grant award are the compensation of employees who work on that award, their related fringe benefit costs, the costs of materials and other items of expense incurred for the grant award. If directly related to a specific award, certain costs that otherwise would be treated as indirect (facilities & administration) costs may also include extraordinary utility consumption, the cost of materials supplied from stock or services rendered by specialized facilities or other institutional service operations. (See OMB Super Circular § 200.413)

If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost should be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then . . . the costs may be allocated or transferred to benefitted projects on any reasonable documented basis. (See OMB Super Circular § 200.405)

\* Key questions to ask when determining whether to classify costs as program or administrative:

* Is the expense easily identifiable with specific domestic violence or sexual assault program services or activities?
* Is the expense easily identifiable with the goals and purpose of the Council for Women domestic violence or sexual assault grant?
* Is the expense required to fulfill the terms of the grant award?

If “yes” to the above, the expense is likely a program cost. If “no”, the expense is likely administrative. Remember, consistent treatment of costs is key. Costs may be allocated on any reasonable documented basis.

**Guidance on Classifying Personnel Expenses**

Budgets for salary and wages should produce reasonable estimates of the activity that will actually be performed during the grant cycle. If a position is funded by more than one grant or if the position splits time between program and administrative activities, then the budget should reflect the actual distribution of the employee’s time among specific activities or cost objectives. (See OMB Super Circular § 200.430)

The salaries of administrative and clerical staff should normally be treated as administrative/M&G costs. Direct charging of these costs may be appropriate if all of the following conditions are met:

(1) Administrative or clerical services are integral to a project or activity;

(2) Individuals involved can be specifically identified with the project or activity;

(3) Such costs are explicitly included in the budget or have the prior written approval of the awarding agency; and

(4) The costs are not also recovered as indirect costs. (See OMB Super Circular § 200.413)

Functional timesheets for projects with more than one source of funding and/or with multiple programs must be maintained which support the time charged to Council for Women grants. Timesheets should include enough information to show that the position is accomplishing the activities or objectives for which it is being funded according to the line-item budgets.

The cost of fringe benefits in the form of employer contributions or expenses for social security; employee life, health, unemployment, and worker's compensation insurance . . . and other similar benefits . . . must be allocated to grant awards and all other activities in a manner consistent with the pattern of benefits attributable to the individuals or group(s) of employees whose salaries and wages are chargeable to such grant awards and other activities . . . . (See OMB Super Circular § 200.431)

**Additional Guidance on Classifying Certain Operating Expenses**

Insurance/Bonding:

Costs of bonding and insurance may be considered direct costs if required by the terms of the State grant contract.

Costs of bonding and insurance required by the grantee organization in the general conduct of its operations [but not specifically required by the terms of the grant] are allowable as an indirect (administrative) cost to the extent that such bonding is in accordance with sound business practice and the rates and premiums are reasonable under the circumstances. (See OMB Super Circular § 200.421)

Materials and Supplies, including Computing Devices:

Supplies means all tangible personal property other than those described in Equipment. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established for financial statement purposes or $5,000, regardless of the length of its useful life. (See OMB Super Circular § 200.94)

Materials and supplies used for the performance of a grant award may be charged as direct costs. In the specific case of computing devices, charging as direct costs is allowable for devices that are essential and allocable, but not solely dedicated, to the performance of a grant award. (See OMB Super Circular § 200.453)

Publication and Printing:

Publication costs for electronic and print media, including distribution, promotion, and general handling are allowable. If these costs are not identifiable with a particular cost objective, they should be allocated as indirect (administrative) costs to all benefiting activities of the organization. (See OMB Super Circular § 200.461)

**Additional Guidance on Classifying Equipment and Other Capital Expenditures**

Equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established for financial statement purposes, or $5,000. (See OMB Super Circular § 200.33)

Capital expenditures means expenditures to acquire capital assets or expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life. (See OMB Super Circular § 200.13)

Capital expenditures for general purpose equipment, buildings, and land are generally unallowable as direct charges. (See OMB Super Circular § 200.439)

Capital expenditures for special purpose equipment are allowable as direct costs. (See OMB Super Circular § 200.439)

**Budget Revisions**

After line-item budgets have been submitted and the grant cycle is underway, grantees may request to transfer funds between existing line items by submitting a Budget Transfer Request form to their regional NC CFW/YI office. Grantees should not apply the requested changes prior to receiving written approval of the Budget Transfer Request from NC CFW/YI.

Grantees may not add, remove, or change line items during the grant cycle. If a revision of this magnitude is needed, consult with your regional director. The addition, removal, or changing of line items necessitates resubmission of Contracts or Contract Amendments.

Please contact your NC CFW/YI Regional Director or Grants Administrator with additional questions about developing your program budgets.

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