



Budget Workshop Summary

- Recording & slides are available from HCD Reps.
- Indirect Costs
 - Eligible under PPS but not mandatory.
 - HCD will provide specific training and resources.
- Budget Categories
 - Activity Costs:
 - Project work (i.e., develop a plan, conduct outreach activities, etc.)
 - Activity Delivery Costs:
 - Project oversight & administration
- Budget Detail & Description
 - Provide description for understanding of the cost and alignment to project work.
 - Avoid lump sum line items
 - **Do Not:** Planning = \$500,000 or Consultant = \$200,000
 - **Do:** Consultant: research, data analysis, public outreach, develop evacuation plan = \$200,000



MIT-PPS Budget Entry Workshop

Welcome and introduction to the workshop by Diedre.



Agenda

- Cost Types
- Grants Network Budget Template
- Demonstration
- Questions & Answers

The PPS budget workshop will provide a reminder over of cost types and an explanation of the different sections of the Grants Network Budget Template. We will then walk through the completion of a budget together. Finally, we will open the workshop up to questions about the completing the PPS budget.



Overview of Cost Types

We will begin by reviewing cost types.



Cost Types: Direct and Indirect

- **Direct Costs**
 - Costs that can be identified specifically with a particular final cost objective
- **Indirect Costs**
 - Costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted

As a reminder, there are two types of costs: direct and indirect.

Direct costs are those that are specifically tied to a cost objective, which is a program, function, activity, award, contract, etc. There's a direct link between direct costs and the work or project.

Indirect costs have a broader reach or joint purpose where more than one cost objective is involved. Indirect costs cannot be easily tied to a project or cost objective.

Please note that this webinar will not discuss indirect costs in detail. We are providing this reminder as indirect costs are eligible for MIT-PPS, though they are not required. HCD will be providing additional training and resources related to indirect costs, more information will be issued soon. For the MIT-PPS budgets, this is only a reminder that indirect costs are eligible and if a project opts to include them in the budget, HCD will be following up to ensure they are documented correctly.



Direct and Indirect Cost Examples

- Direct Costs
 - Payroll costs incurred to administer and implement the CDBG-MIT award
 - Professional services dedicated exclusively to the CDBG-MIT award
 - Purchase of supplies and equipment used solely for the CDBG-MIT award
- Indirect Costs
 - Rent and utility costs
 - Accounting and administrative staff
 - Computers and software
 - Internal auditing costs

These are some examples of direct and indirect costs.

Payroll costs are direct costs when a project manager is working specifically on tasks or deliverable for a MIT-PPS project. The same is true for Professional Services costs. A contractor or consultant procured to develop an evacuation plan or conduct an outreach campaign is doing so specifically for the MIT-PPS project so it is a direct cost.

As for indirect costs these examples of items that may not tied specifically to one project. In the case of rent and utility costs, an office likely has multiple teams working on different projects from different funding sources. Everyone in the office is using floor space, electricity, bathrooms, air conditioning, etc. There isn't a specific measurement of how much lighting is benefitting specific projects or funding sources, therefore it is an indirect cost.

Again, more information will be provided by HCD, these are just examples. If you have any questions, please reach out.



Grants Network Budget Template

Next we'll review the GN budget sections and fields before we move to the demonstration.



Budget Total Summaries

Application Budget for Megan Hruska

Program: CDBG-Mitigation Planning & Public Services NOFA
Project name: Test

[Return to Application](#)

Budget Stage: Pre-Award

Actions



Budget Summary

\$0.00	Total Direct Costs	\$0.00	Match / Cost Share
\$0.00	Total Indirect Costs	\$0.00	Program Income
\$0.00	Total Amount (Direct + Indirect)		

This is the top portion of the budget template. It includes the name of the applicant and project title. There are options to save, discard changes, and export the budget, all of which we will review in the demonstration. The budget total fields will automatically calculate using the data entered in the budget tables.



Budget Line Items

- Budget Items:
 1. Activity
 2. General Admin
 3. Activity Delivery
- Other
- Program Income

The Grants Network budget is split into the following sections, which we will review and explain which should be used for PPS.



Budget Items

1. Activity
 - Project costs or hard costs
2. General Administration
 - Not applicable to MIT-PPS, leave blank
3. Activity Delivery
 - Activity Delivery Costs

Budget Items				
	Est. Cost	Direct Cost	Ind. Cost	Cost Share
1. Activity	\$1.00	\$0.00	\$0.00	\$0.00
2. General Administration	\$0.00	\$0.00	\$0.00	\$0.00
3. Activity Delivery	\$1.00	\$0.00	\$0.00	\$0.00

MIT-PPS project may utilize either the Activity or Activity Delivery line-item categories. The Activity category is best described as project costs or hard costs. This field would be most applicable for infrastructure projects with construction costs. For PPS, the Activity category would include costs that complete the work of the project, such as developing a plan or conducting outreach activities. The activity delivery category (#3) is costs incurred for implementing and carrying out a specific PPS project. For PPS, the Activity Delivery category would include costs that support or set up the work of the Activity category items. Examples include procurement and contractual activities to get a contractor onboard to complete the planning or public services work identified in the Activity category.

The MIT-PPS program does not include General Administration funds for subrecipients. Work performed by Subrecipients related to grant management and oversight, which you might think of as project administration, are eligible as ADCs. MIT-PPS project costs may be entered under #1 Activity or #3 Activity Delivery. Any costs entered under #2 General Administration will require a revision.



Other and Program Income

	Bus. Cost	Direct Cost	Ind. Cost	Cost Share
Other				
1. Other	\$0.00	\$0.00	\$0.00	\$0.00
Program Income				
	Income			
1. Program Income	\$0.00			

- These fields are not applicable to MIT-PPS projects
- Leave blank

The other categories on the budget template include “Other” and “Program Income”. Neither of these fields apply to the MIT-PPS program and should be left blank.



Budget Items

Title	Description	Units	Unit Cost	Extended Cost	Cost	GL Code	Item Type
		0.00	\$0.00	\$0.00	\$0.00		Direct Cost

[Add Row](#)

Item Type dropdown menu options: Direct Cost, Direct Cost, Cost Share, Indirect Cost.

- **Extended Cost:**
 - The product of the Units and Unit Cost fields
- **Direct Cost:**
 - Enter all MIT-PPS project costs as Direct Costs
- **Cost Share:**
 - Do not use. Only include MIT-PPS costs in the budget table.
- **Indirect Cost:**
 - Do not use. If the project includes indirect costs, use the Direct Cost item type as well as the Title and Description fields to indicate the costs as indirect.

The budget template identifies different cost types: extended, direct, indirect, and cost share.

The extended cost field is an automatic calculation based on the units and unit cost fields. If the units and unit cost fields are left empty the extended cost field is empty.

All MIT-PPS project costs should be entered as direct costs. The other options in the drop-down list should not be utilized.

If a project has funding other than MIT-PPS in the budget, that information can be included in the Budget Narrative, which we will discuss in a moment. Do not use the cost share option nor enter any costs in the budget fields if they are not-PPS costs.

The indirect cost option should also not be used. At this time the indirect costs field does not calculate correctly. If a project includes indirect costs, utilize the Title and description fields to identify the costs as indirect and label them in the Item Type field as Direct Costs. We will provide an example during the demonstration.



Budget Detail Examples

- Unit and per unit cost fields
- Description fields
- Itemized line items
- Budget Narrative

The next four slides are meant to provide examples of how detail/description can be incorporated into the project budget. Every project is different and there is no one answer to providing detail or description. Budget description and detail are needed as lump sum budget line items should be avoided. For example, a line item that says Planning = \$500,000 or Consultant = \$200,000 isn't enough information to understand the purpose of the cost.

In reviewing budgets HCD needs to understand what the cost pertains to and how it is aligned with the scope of work. Thinking forward to drawdown requests, there should be a level of detail in the budgets to it clear that submitted invoices are aligning with the budget. HCD is offering the following examples of how to provide budget detail/description as is most applicable to your project. Again, there is no requirement on which descriptive method to use as we are trying to walk the line of explaining what the cost is about without putting anyone in a corner.



Budget Detail: Per Unit Cost

- Staff persons, percentage of time, hours, items, measurement, etc.

Title	Description	Units	Unit Cost	Extended Cost	Cost	GL Code	Item Type
Staff Costs	Staff persons	2.00	\$50,000.00	\$100,000.00	\$100,000.00		Direct Cost
Staff Costs	Percentage of work hours	0.25	\$100,000.00	\$25,000.00	\$25,000.00		Direct Cost
Staff Costs	Hours	300.00	\$100.00	\$30,000.00	\$30,000.00		Direct Cost
Manholes	Items	50.00	\$100.00	\$5,000.00	\$5,000.00		Direct Cost
Sewer lining	Linear Square Foot	2000.00	\$100.00	\$200,000.00	\$200,000.00		Direct Cost

This is a general example of how the units and unit cost fields may be utilized. As you can see the example uses number of staff, percentage of their time, hours worked, items to be purchased, or measurement to explain the costs.

The units and unit cost fields may be utilized as best suits the project costs. For example, if a project will pay for 10% of a staff person for two of the three-year grant term, that information can be reflected in the unit/unit cost fields in several different ways. The cost could be entered as a percentage of total work hours over two years, a percentage of total salary over two years, or a total cost. The units/unit cost fields limit the ways a user can enter the cost but the description and budget narrative fields are available to explain the basis of that cost. As in the example above, if the user entered 25% of \$100,000, the Description or Budget Narrative fields could then be utilized to explain that the staff person associated with that cost will work on the project for 25% of their time therefore 25% of their salary will be charged to the budget. However the unit/unit cost fields are utilized, the Description and Budget Narrative should provide support or explanation of that calculation.



Budget Detail: Description

- Brief detail and description of the cost to expand on the per unit information or in place of it.

Title	Description	Units	Unit Cost	Extended Cost	Cost	GL Code	Item Type
Staff Costs	Multiple project administrators over three years	2.00	\$50,000.00	\$100,000.00	\$100,000.00		Direct Cost
Project Manager	Procurement, data reporting, contract management, project oversight	1.00	\$100,000.00	\$100,000.00	\$100,000.00		Direct Cost
Consultant	Research, analysis, environmental review, outreach, plan preparation	0.00	\$0.00	\$0.00	\$200,000.00		Direct Cost
Public Outreach	Public meetings, mailers, print brochures, newspaper ads	0.00	\$0.00	\$0.00	\$10,000.00		Direct Cost

Another option to use with or in place of the unit/unit costs detail option is the Description field. Information in this field should include a general overview of what the cost includes. This field does not need to be in complete sentences nor should it itemize everything about a cost. It should provide key categories related to the cost.



Budget Detail: Line Items

- Itemize the work into multiple line items

Title	Description	Units	Unit Cost	Extended Cost	Cost	GL Code	Item Type
Research	Prior documents, disaster events, current data	0.00	\$0.00	\$0.00	\$5,000.00		Direct Cost
Analysis	Previous and current data to produce future estimates	0.00	\$0.00	\$0.00	\$5,000.00		Direct Cost
Outreach	Conduct community meetings and surveys	0.00	\$0.00	\$0.00	\$5,000.00		Direct Cost
Plan Preparation	Draft plan and recommendations based on research and analysis	0.00	\$0.00	\$0.00	\$5,000.00		Direct Cost

This is an example of taking a large item, the consultant item from the prior slide, and breaking it into smaller line items. We will review in the demonstration how line items can be group under a heading, such as consultant work. If you are able to provide itemized detail, feel free to do so but again this is an option for providing budget detail. Again, do what works for your project.

Please note that if the project is including indirect costs, the budget will need to utilize line items for costs related to salaries, supplies and materials, travel, professional services, equipment, rental costs, etc. Again, more information will be provided but breaking out costs per category will make the indirect cost calculation/verification process simpler.



Budget Narrative

The screenshot shows a web form titled 'Budget Narrative'. It has a text area with a rich text editor toolbar above it containing icons for undo, redo, bold, italic, underline, link, unlink, list, and indent. Below the text area is a 'Save Narrative' button and a character count indicator showing '8000 characters remaining'.

- Utilize the narrative to provide detail and description to the budget and how it aligns with the scope of work.
- **Indirect Costs:** Explain here which indirect cost method was utilized
- **Match/Cost Share:** Non-PPS project costs may be explained here

Finally, the budget narrative is a field available to provide description and detail about the budget. Utilize the budget narrative to expand on the budget table line items. A line item could say “staff costs – project oversight” and the budget narrative can provide a detailed description of what that line item includes.

If a project includes indirect costs, indicate in the narrative the method that was used so HCD can review the budget appropriately.

If a project includes non-PPS costs, those other costs may be described in the budget narrative.



Suggestions

- Utilize procurement documents/solicitations
 - Use RFP/RFQ scope of work/deliverable information to provide detail to the budget description and line items
- Cost estimates
 - Use cost estimates to itemize line items or provide additional description to costs
- Align the budget with the Scope of Work
 - Budget line items and description must align with the project Scope of Work deliverables and tasks

Budget detail and descriptions may be developed from other project resources.

HCD encourages using procurement documents, even if they're draft and contracts are not final. A solicitation should include a summary of the anticipated scope of work or deliverables. These examples can be included in the budget, particularly for the line items that pertain to that solicitation.

Cost estimates are another good tool for adding budget detail. Even if final, itemized costs are not known, the cost estimate likely includes detail of what the work will include and the detail can be utilized in the description of the cost.

Finally, the budget and the scope of work must be in alignment. They are two halves of one whole. The deliverables and tasks can be added to the budget description. Again, the budget does not need to include every deliverable or task but the major categories/summaries from the SOW can be used to add description to the budget.



Grants Network Budget Demonstration

Next we will conduct a demonstration of completing a budget in GN.



Questions?

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