



EXAMPLE BUDGET JUSTIFICATION

Below is an example Budget Justification. This example corresponds with the Budget Template example spreadsheet.

Contractors must provide the following two elements as part of the budget submission:

- Budget
- Budget Justification

➤ In certain situations, a Time Study may also be required.

Nebraska Children requires your organization to complete the budget and budget justification utilizing the templates provided. The budget justification needs to be an explanation of each of the components of the budget, which "justifies" the cost in terms of the proposed work. The explanation should focus on how each budget item is required to achieve the aims of the project and how the estimated costs in the budget were calculated.

The Contractor's budget justification must include the same level of detail for each line item expense as the examples listed below. The important thing to show in the narrative is: **How did you arrive at the numbers in the Budget?**

In some situations it might be necessary to explain why an expense is necessary and/or how it would be utilized for the project.

Expense allocations do not necessarily have to be calculated in the same method as the example below. For instance: Rent & Utility allocations could be calculated based on Square Footage instead of the Full Time Equivalency (FTE) of the employees. The important thing to show is a reasonable methodology to the calculations.

DIRECT PERSONNEL

Wages

Instructions: List each position by title. Show the annual salary rate and the percentage of time to be devoted to the contract. Compensation paid for employees engaged in project/contract activities must be consistent with that paid for similar work within Contractor's organization. List only the employees of the applicant organization; all other sub-contracted positions should be listed in the "Contract/Consulting" category.

Position	Name	Annual Salary / Rate	Level of Effort	Total NCFE Funds	Total Match Funds
Executive Director	Jane Doe	\$60,000/yr x.25%	.25 FTE	\$15,000	
Accountant	Jack Doe	\$48,000/yr x 20%	.20 FTE	\$9,600	
Project Manager	Susie Summer	\$48,000/yr x 100%	1.0 FTE	\$48,000	
Specialist 1	Tim Tebo	\$40,000/yr x 100%	1.0 FTE	\$40,000	
Specialist 2	Elvis Presley	\$40,000/yr x 100%	1.0 FTE	\$40,000	
Specialist 3	Sandy Barber	\$40,000/yr x 100%	1.0 FTE	\$40,000	
Staff Assistant	Tina Turner	\$15/hr x 208 hrs	208 hrs	\$3,120	
TOTAL				\$195,720.00	

Justification:

The Executive Director (25%) and Accountant (20%) will each have a percentage of their time devoted to the project. A time study (attached) was used to determine the FTE allocation of each. These positions support the project by performing **xxx duties**.

The Project Manager and 3 Specialist positions are solely devoted to the project. 100% of their salaries are budgeted to this project. These positions support the project by performing **xxx duties**.

The Staff Assistant is an hourly employee assisting with multiple projects throughout the year. An estimated 10% FTE (208 hours) will be billed to this contract. Time sheets showing actual hours worked on this project will be submitted each month with the billing invoice. The Staff Assistant supports the project by performing **xxx duties**.

DIRECT PERSONNEL

Benefits and Payroll Taxes

Instructions: Payroll Taxes include costs of benefit(s) for the project staff. Identify the types of fringe benefits to be covered and the costs of benefit(s) for each staff position. Allowable fringe benefits typically include FICA, Worker’s Compensation, Retirement, SUTA, Health and Life Insurance, IRA, and 401K. The Contractor may provide a calculation for total benefits as a percentage of the salaries to which they apply or list each benefit as a separate item. If a fringe benefit amount is over 30%, please list covered items separately and justify the high cost. Holidays, leave, and other similar vacation benefits are not included in the fringe benefit rates, but are absorbed into the personnel expenses (salary) budget line item. For example, fringe benefit rate = 28%: Direct Salaries of \$42,000 x .28 = \$11,760 in Fringe Benefits.

Component	Wage	Rate	Total NCCF Funds	Total Match Funds
FICA	\$195,720.00	7.65%	\$14,972.58	
Retirement	\$195,720.00	3%	\$5,871.60	
Unemployment	\$56.25 + 45.00 + 900.00 + 22.50		\$1,023.75	
Health Insurance	\$2,100 + \$1,092 + \$16,800 + \$10,920		\$30,912.00	
Dental Insurance	\$75.00 + \$36.00 + \$600.00 + \$360.00		\$1,071.00	
TOTAL			\$53,850.93	

Justification:

The fringe benefits are based on the costs of the salaries and only on hours directly devoted to this project during the year.

Company Name contributes 3% of the employee’s wages towards their retirement.

Company Name’s State Unemployment rate is set at 2.5% of the first \$9,000 of each employee’s wages for 2020. Executive Director (\$9,000 x 2.5% x .25FTE) = \$56.25. Accountant (\$9,000 x 2.5% x .20FTE) = \$45. Project Manager & 3 Specialists (\$9,000 x 2.5% x 4.0FTE) = \$900. Staff Assistant (\$9,000 x 2.5% x .1FTE) = \$22.50.

Company Name pays 70% of health insurance premiums for its employees. The amount will vary by each employee depending on the plan they selected. Executive Director (\$1,000 per month x 70% x .25FTE x 12 months) = \$2,100. Accountant (\$650 per month x 70% x .2FTE x 12 months) = \$1,092. Project Manager & 1 Specialist (\$1,000 per month x 70% x 2.0 FTE x 12 months) = \$16,800. 2 Specialists (\$650 per month x 70% x 2.0 FTE x 12 months) = \$10,920. The Staff Assistant has elected to not receive medical benefits through **Company Name**.

Company Name pays 50% of dental insurance premiums for its employees. The amount will vary by each employee depending on the plan they selected. Executive Director (\$50 per month x 50% x .25FTE x 12 months) = \$75. Accountant (\$30 per month x 50% x .2FTE x 12 months) = \$36. Project Manager & 1 Specialist (\$50 per month x 50% x 2.0 FTE x 12 months) = \$600. 2 Specialists (\$30 per month x 50% x 2.0 FTE x 12 months) = \$360. The Staff Assistant has elected to not receive dental benefits through **Company Name**.

DIRECT EXPENSES

Office Operation Expenses

Instructions: List items (e.g., phone, Internet, rent, insurance, software licensing, equipment leases) by major type and show how the costs were calculated. For example, for rent, provide the square footage and the cost per square foot or a monthly rental cost and how many months of rent are proposed. **Expenses that are covered by an administrative rate cannot also be covered in this category.**

Item	Rate	Total NCFE Funds	Total Match Funds
Rent	\$24,000 + \$12,864	\$36,864.00	
Utilities	\$14,810.40 + \$7,544.74	\$22,355.14	
TOTAL		\$59,219.14	

Justification:
Company Name currently has two facilities. **Site A** is used for **xxx purpose** and is 100% allocated to the project. **Site B** is the general office used by all employees. Rent and utilities are allocated based on the FTE of all of its employees. There are a total of 17 FTE employees at **Company Name**. 4.55 FTE (26.8%) is devoted to this project.

Site A rent is \$2,000 per month (\$2,000 x 12 months = \$24,000). **Site B** rent is \$4,000 per month (\$4,000 x 26.8% x 12 months = \$12,864).

Utilities include electricity, water, gas, phone, internet, garbage and recycling service. **Site A** utilities averaged \$1,210 per month in the last year. That is projected to grow by 2% this year for a total of \$1,234.20 per month (\$1,234.20 per month x 12 months = \$14,810.40). **Site B** utilities averaged \$2,300 per month. That is projected to grow by 2% this year for a total of \$2,346 per month (\$2,346 x 26.8% x 12 months = \$7,544.74).

DIRECT EXPENSES

Travel

Instructions: Itemize travel expenses for project personnel by purpose (e.g., staff to training, field interviews, advisory group meetings). Show how these costs were calculated (e.g., six people to 3-day training at \$X airfare, \$X lodging, \$X meals). In training projects, list travel and meals for trainees separately. Show the number of trainees and the unit costs involved. Identify the location of travel, if known. Indicate the source of any travel policies you have applied, and if applicant or federal travel regulations apply.

Item	Rate	Total NCFE Funds	Total Match Funds
Mileage	880 + 382 + 1375 = 2,637 miles x \$0.575/mile	\$1,516.28	
Lodging	\$124 per room x 2 rooms x 3 nights	\$744.00	
Meals	\$66 per person x 2 people x 3 days	\$396.00	
TOTAL		\$2,656.28	

Justification:

The Executive Director, Project Manager, and three Specialists travel to quarterly **xxx training** in Omaha. They car pool using 2 vehicles. (55 miles per Google Maps – 110 miles round trip X 2 cars X 4 trainings per year = 880 miles). The Executive Director and Project Manager travel to the **xxx conference** in Kansas City in August 2020 (191 miles per Google Maps = 382 miles round trip). The Project Manager and three Specialists occasionally travel to serve clients throughout the community. The actual miles will vary based on the clients and services referred. We are budgeting last year’s actual miles of 12,50 plus an additional 10% for expected growth in services provided = 1,375 miles. **A mileage log will be submitted each month with the billing invoice.**

The Executive Director and Project Manager travel to the **xxx conference** in Kansas City in August 2020. They will spend 3 nights in Kansas City. The US GSA Per Diem Rate for lodging in Kansas City is \$124 (\$124 x 2 rooms x 3 nights = \$744).

The Executive Director and Project Manager travel to the **xxx conference** in Kansas City in August 2020. They will spend 3 days in Kansas City. The US GSA Per Diem Rate for meals & Incidentals in Kansas City is \$66 (\$66 x 2 people x 3 days = \$396). **Itemized meal receipts for actual costs will be submitted each month with the billing invoice.**

DIRECT EXPENSES

Equipment

Instructions: List nonexpendable items that are to be purchased. Nonexpendable equipment is tangible property having a useful life of more than 2 years and an acquisition cost of \$5,000 or more per unit. (Note: An organization’s own capitalization policy may be used for items costing less than \$5,000.) Explain why the equipment is needed for the project to succeed. List expendable items in the "Supplies" category. List rented or leased equipment costs in the "Office Operation Expenses" category.

Item	Rate	Total NCFE Funds	Total Match Funds
TOTAL			

Justification:

DIRECT EXPENSES

Supplies

Instructions: Include the funds for the purchase of consumable supplies and materials that do not fit the definition of “Equipment”. List any single item costing \$1,000 or more. Provide the calculation for cost determinations. Example: Consumable office supplies (e.g. paper, pens) @ \$250 and conference supplies (name badges, table tents) @ \$320 for a total of \$570.

Item	Rate	Total NCFE Funds	Total Match Funds
Office Supplies	\$1,827 x 26.8%	\$489.64	
Postage	\$231 x 26.8%	\$61.91	
Printing	(\$236.25 x 26.8%) + \$495	\$558.32	
	TOTAL	\$1,109.87	

Justification:

Company Name supplies are allocated based on the FTE of all of its employees. There are a total of 17 FTE employees at **Company Name**. 4.55 FTE (26.8%) is devoted to this project.

Miscellaneous office supplies totaled \$1,740 in the last year. That is projected to grow by 5% this year for a total of \$1,827 (\$1,827 x 26.8% = \$489.64).

Postage for the office totaled \$220.00 in the last year. That is projected to grow by 5% this year for a total of \$231 (\$231 x 26.8% = \$61.91).

Company Name prints (**xxx program**) training materials for its clients. 100% of these training materials are allocated to this project. Last year those training materials totaled \$450. That is projected to grow by 10% this year for a total of \$495. The remainder of **Company Name's** printing costs are allocated based on the FTE of all its employees. Last year the remainder of the printing costs totaled \$225. That is projected to grow by 5% this year for a total of \$236.25 (\$236.25 x 26.8% = \$63.32).

DIRECT EXPENSES

Training and Outreach

Instructions: List activity (e.g., training, professional development, parent education/engagement). List items (e.g., registration fees, website development, marketing expenses, training materials, meeting expenses) by major type and show how you calculated the costs.

Item	Rate	Total NCFF Funds	Total Match Funds
TOTAL			

Justification:

Refer to the justification narrative listed in the “Supplies” category as an example on how to complete this section.

DIRECT EXPENSES

Contract/Consulting

Instructions: Refer to the contract regarding agreed upon process for subcontracting.

- Contracts: Describe the product or service to be procured by contract and provide an estimate of the cost.
- Consultant Fees: For each consultant, enter the name, if known, service to be provided, hourly or daily fee (8-hour day), and estimated time on the project.
- Consultant Expenses: List all expenses to be paid from the contract to the individual consultant(s) in addition to their fees (e.g., travel, meals, lodging).

Company/Individual Name	Rate	Total NCCF Funds	Total Match Funds
ABC 123	\$2,500/month x 12 months	\$30,000.00	
123 XYZ	\$75/hr x 20 hrs/month x 12 months	\$18,000.00	
TOTAL		\$48,000.00	

Justification:

Company Name contracts with xyz company to perform xyz task. 100% of these services are in support of this project. The monthly contract amount is \$2,500. A copy of the executed agreement between Company Name and xyz company will be submitted with the billing invoice.

Company Name contracts with xyz company to perform xyz task. Their fee is \$75.00 per hour and it's estimated they'll work 20 hours a month on this project for 12 months (\$75/hr x 20 hrs/month x 12 months = \$18,000). A copy of the executed agreement between Company Name and xyz company will be submitted with the billing invoice.

ADMINISTRATIVE EXPENSES

Administrative Expenses

Instructions: When applicable, administrative costs as allowable to ensure outcomes are achieved. Describe how the amount was calculated in the justification section below. 10% based on total direct expenses less program grants and contracted services. **Any line items that are already listed in other budget categories cannot also be covered by the administrative rate.** For example, if the administrative rate for the organization typically covers the cost of copies for meetings, copies should not be listed in "Office Operation Expenses" as its own line item as those expenses are already covered by the administrative rate.

Item	Rate	Total NCFE Funds	Total Match Funds
Total Direct Costs (TDC)	10% of \$360,556.22	\$36,055.62	
TOTAL		\$36,055.62	

Justification:

Indirect costs are calculated at 10% TDC. Facilities costs can include, but are not limited to custodial services, plant operations such as heating and cooling services, and maintenance expenses. Administrative costs can include, but are not limited to, payroll and accounting services, office supplies, departmental administration, and procurement services.

BUDGET JUSTIFICATION SUMMARY

Instructions: Transfer the total of each budget category to this table. The Total Budget amount below must match the Total Budget amount on the budget form.

Budget Item	Total NCFE Funds	Total Match Funds
Wages	\$195,720.00	
Benefits and Payroll Taxes	\$53,850.93	
Office Operation Expenses	\$59,219.14	
Travel	\$2,656.28	
Equipment		
Supplies	\$1,109.87	
Training and Outreach		
Contract/Consulting	\$48,000.00	
Other Expenses		
Administrative Expenses	\$36,055.62	
TOTAL BUDGET	\$396,611.84	