

EXPENDITURE DESCRIPTIONS FOR BUDGET PREPARATION**Explanations of selected items of allowed or disallowed costs under each Cost Category****1. PERSONNEL SERVICES:****a. SALARIES AND WAGES**

The gross amount of salaries and wages before any payroll deductions. Included are: all payments for personal services of full-time, part-time or temporary agency employees (not volunteers).

ALLOWABLE WITH PRIOR APPROVAL: Overtime premiums, extra-pay shifts and multi-shift work, except for the following (which do not need prior approval):

1. when necessary to cope with an emergency
2. when employees are performing indirect functions

Not included: Services provided by professional or technical consultants (which are included in 3.a., Consultants).

b. FRINGE BENEFITS

Percentage of total salary for all paid personnel charged to CSBG.

Payroll Taxes

Agency share of Social Security, unemployment and other taxes based upon payroll amount.

Employee Benefits

Benefits paid by agency on behalf of employees including retirement contributions, health, and life insurance.

2. DELEGATE AGENCIES:

The total dollar amount of contracts entered into by recipient with not-for-profit corporations for the performance of certain portions of the work. The contract must have prior approval from the Department and must include a summary of the budget and work program. Selection of delegate agencies must be consistent with guidelines established in Program Instruction 96-04, issued April 15, 1996.

3. CONTRACTUAL SERVICES/AUDIT:

Professional and technical services needed for the operation of the CSBG funded program, for which the grantee lacks the necessary expertise, and can demonstrate the economy of contracting out rather than direct employment.

Excluded are:

1. costs for financial counsel used solely to enhance income from investments;
2. legal, accounting and consultant services cost incurred in connection with prosecution of claims against the grantor; and
3. costs incurred in connection with organization or reorganization, unless specifically provided for in the allocation award.

Note: It may be necessary to submit IRS Form SS-8 for persons hired as consultants.

a. CONSULTANTS

Professional and technical specialists retained on a project-specific basis, for counsel, research, training, and other specialized activities, as set forth in the approved work program.

b. BOOKKEEPING**c. DATA PROCESSING**

Technical services such as automated payroll service and other administratively related data processing services.

d. OTHER CONTRACTUAL SERVICES

Project related services including data processing and analysis not provided under consultant contracts.

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Non-expendable personal property with a unit cost of \$5,000 or more and having a useful life of more than one year.

Items purchased that increase the capacity or efficiency of items with original acquisition cost of \$5,000 or more and having a useful life of more than one year must be included under this section. This subsequent purchase does not necessarily have to meet the minimum threshold to apply. For example, a telephone with a cost of under \$5,000, added to an already established phone network, will now be included under purchase and lease.

Purchase and lease of such items must comply with contract bidding requirements. Items with a unit acquisition cost in excess of \$5,000 must be listed.

Information Technology (IT) equipment is defined as general purpose equipment and is, therefore, unallowable as a direct charge except where approved in advance by the awarding agency. If allowed, IT equipment is subject to the above regulations. IT equipment includes telecommunications, information processing, data processing, business and multi-media equipment.

Purchases

Total cost of equipment and other non-consumable item purchases.

Leases/Rentals

Total cost of lease or rental equipment and other non-consumable items. Justification for lease vs. purchase must be on file at the grantee office.

5. OTHER DIRECT COSTS:**a. BANK CHARGES**

Fees for checks, charges for monthly statements.

b. BENEFICIARY CLIENT COSTS

Cost other than travel, such as tuition and educational fees, advertising program availability, subsistence allowances paid to or on behalf of clients.

Consumable supplies used by clients, including personal articles such as clothing, bedding, toiletries, etc., used or consumed directly by clients benefitting from the CSBG program.

Food consumed by clients in connection with programs, including foodstuffs purchased and prepared for client consumption at the program site, and food pantry stock.

c. BOARD ALLOWANCE AND DEVELOPMENT

Provision of reasonable allowance for board training, development and participation at board and committee meetings.

Not included is travel which is included in category 5.1., Travel.

d. CONSUMABLE SUPPLIES**Office Supplies and Minor Accessories**

All types of consumable office supplies including: writing instruments, stationery, printed forms, reproduction and photocopying supplies, and all other supply items commonly used in office operation.

Program Supplies and Minor Equipment

Consumable program supplies such as books, printed forms and materials, recreational supplies, educational supplies, films and visual aids, and other supplies used for day-to-day operation of programs.

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Maintenance or janitorial supplies such as cleaning materials, soap, disinfectant, paper towels.

NOTE: This category does not include items "consumed" by beneficiaries, such as food, household goods, toiletries, etc.

e. **EMPLOYEE DEVELOPMENT AND RECRUITMENT**

Costs such as dues to professional organizations, tuition, seminar and conference fees, and educational programs for employee development. Costs for recruitment of new employees, including advertising for employees, relocation expenses or allowances, background and credit investigations, and other costs relative to improving, developing, and securing recipient personnel.

f. **INSURANCE AND BONDING**

Insurance premiums for all types of insurance which protect the recipient against loss.

In general, insurance and bonding costs should be considered administrative by nature since they benefit the agency as a whole. In those instances where it can be demonstrated that the insurance or bonding costs was purchased to protect the assets of the CSBG program (e.g. insurance for a CSBG vehicle), the cost will be allowable as direct.

Not included are: insurance for the benefit of employees (see category 1.b., Fringe) or insurance for recipient owned/leased vehicles (see category 5.1., Travel, Agency Vehicle Related Expenses).

g. **POSTAGE, FREIGHT AND EXPRESS**

Postage including stamps and special handling costs, freight and express mail charges, and any other costs of transporting materials, documents, or communications.

Not included are: costs of transporting equipment purchased from manufacturer or seller which would be part of equipment cost in category 4, Equipment Purchase/Lease.

h. **PUBLICATIONS, PRINTING AND SUBSCRIPTIONS**

Publications and books, subscriptions to periodicals and newspapers, printing of recipients' interim and annual reports, newsletters, informational materials, employee tests, etc.

i. **REPAIRS AND SERVICES**

Maintenance of office equipment and furniture, program equipment, photographic services, mailing and typing services, and other non-professional, non-technical services.

Not included are: professional technical services which should be included in category 3.a., Consultants.

j. **SPACE COSTS**

Total amount for the year, including the following allowable categories.

Rental/Lease

Rent for space occupied pursuant to lease agreements.

Per the Department of State memorandum dated January 25, 1991 to all CSBG grantees, guidance was given regarding space costs and real property acquisition costs allowable under the CSBG program. Grantees should refer to Office of Management and Budget (OMB) Circular A-122, Attachment B, Paragraph 43 for a definition of "greater- and less-than-arms- length lease agreements" to determine which type of lease agreement they have.

Briefly, the memorandum stated the following:

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Space costs may be recovered in an amount equal to the monthly rent plus actual operating expenses (heat, light, maintenance) incurred during the contract period. Where appropriate, space costs and operating expenses must be prorated over the entire fiscal year.

SUBGRANTEE PROPERTY ACQUISITIONS and LESS-THAN-ARMS-LENGTH LEASES

Subgrantees who acquire a facility and subsequently lease space to the CSBG program must clearly demonstrate that the corporation, and not the grant, is committed to the mortgage.

For specific information on how to compute allowable space costs in situations where property acquisition and less-than-arms-length leases are involved, grantees should refer to the 1/25/91 memo or contact the assigned fiscal field representative.

Maintenance

Maintenance, janitorial, pest extermination, snow removal, and refuse collection services where these services are not furnished by the lessor of property.

Utilities

Water, electricity, gas heat, etc., which are not furnished by the landlord under the lease agreement.

Other Space Costs

Security services, alarm systems, cost for changing business locations, etc.

k. TELEPHONE AND ELECTRONIC COMMUNICATIONS

General operating expenses and service facilities for telephones and other electronic communication costs, including local and long distance charges, telegraph, facsimile.

l. TRAVEL

Total amount for the year. Travel guidelines approved by the board of directors must be submitted or updated annually. Guidelines allowing expenses in excess of the industry norm must be justified. If not properly justified, expenses will be capped at the current state rate.

Allowable expenses include agency vehicle related expenses and employee, beneficiary, and board member travel on agency-related business. Travel expenses from these persons must comply with grantee travel guidelines as submitted.

m. VOLUNTEER AND EMPLOYER FURNISHED SERVICES**Volunteer Services**

The value of volunteer time (including basic fringe benefits that would otherwise be paid for the title) donated to carry out services and activities funded by or supported with CSBG funds (excluding service on the board of directors). The rate charged for volunteer time should be consistent with the organization's pay scale for similar work. Should the particular skill or type of work not be found within the organization, rates consistent within the labor market in which the organization competes should be used.

Employer Furnished Services

The value of services provided by an employer, who is not the grantee, will be the documented rate of pay (including fringe benefits) for the employee.

n. MARKETING/PUBLIC AWARENESS/OUTREACH

Includes community relations and means those activities dedicated to maintaining the image of the organization or maintaining or promoting understanding and favorable relations with the community or public at large.

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Allowable public relations/marketing costs are costs of communicating with the public pertaining to specific activities or accomplishments resulting from the performance of sponsored awards (these costs are considered outreach effort). Also, the costs of conducting general liaison to keep the public informed on matters of public concern such as notices of contract/grant awards and financial matters are allowed.

Costs of promotional items and memorabilia and costs designed solely to promote the non-profit organization are unallowable.

o. **TECHNOLOGY**

Includes individual items used for information technology (IT) not exceeding \$5,000.

Allowable technology costs include computers, printers, scanners, servers, fax machines, software packages and licenses, and other IT related supplies or services (cables, work stations, professional installation, etc.).

Items over \$5,000 must be included in Equipment or Contractual Services.

p. **UNALLOWABLE COSTS INCLUDE, BUT ARE NOT LIMITED TO:**

1. Alcoholic beverages
2. Bad debts, including any related collection and legal costs
3. Charitable contributions and donations by the organization to others
4. Contingency reserves
5. Entertainment costs, unless associated with employee morale or meetings related to a specific cost objective
6. Fines and penalties resulting from violations by the organization or employees of Federal, State and Local laws and regulations
7. Fund-raising costs incurred solely to raise capital or obtain contributions
8. Goods or services for personal use of employees
9. Idle facilities, unless necessary due to fluctuations in workload
10. Insurance of lives of trustees, officers or employees when the organization is a beneficiary
11. Lobbying costs as identified in OMB Circular A-122
12. Losses from other awards
13. Memberships in country clubs, social clubs or dining clubs
14. Taxes:
 - a. Federal income taxes
 - b. Taxes for which exemptions are available to the organization directly or via the Federal government

6. **APPROVED INDIRECT COST:**

Percentage rate approved by cognizant agency as applied to approved federal fund expenditure base.

Attach a copy of the current indirect cost rate approval.