

LINE-ITEM BUDGET by FEDERAL CATEGORY INSTRUCTIONS FOR COMPLETION

INTRODUCTION

This budget aims to identify all costs associated with the operation and delivery of Early Childhood Education Services. Completing the budget by federal category will require gathering information for each line item in each budget category. The Request for Qualifications packet provides a standard budget template containing federal categories. This standard budget package is for use in preparing the proposal. The Provider must modify the budget to reflect their proposed operations.

Standard federal budget categories.

- **Personnel**
- **Fringe Benefits**
- **Travel**
- **Equipment**
- **Supplies**
- **Contractual**
- **Construction**
- **Other**

Additionally, the standard budget identifies line items within each budget category. All items included in the budget must be entered under a federal category.

The detail (justification) of the budget line items serves multiple purposes. First, the detail provided allows for a more accurate analysis of requests that support the program methodology. Second, it allows for a detailed examination of the Provider's budget compared to the program philosophy. Finally, it allows the Provider to identify areas where future cost increases could impact the program. For these reasons, the justification submitted should consist of the following:

- Documentation supporting the rates and premium for each budget line item.
- Documentation that supports the calculations made for each line item used to project the annual costs.
- Travel locations, dates, number of staff attending, and length of trip.
- Supply item documentation for supplies category budget line items.
- A list of contractual commitments (contracts) for services, with amounts, timeframes, locations served, etc.
- List of Child Care Licenses, locations, projected costs, and other license requirements if applicable.
- Total meal service costs, reimbursements from other sources, and not being included in the Head Start budget.
- Field trips, locations, number of children, transportation, admission, food, etc.
- Other documentation for significant line-item costs that allow for verification of current costs and projections of future costs.

NOTE: Please do not leave the "Justification" column blank.

Please follow the steps below when completing the line-item budget.

NOTE: Do not overwrite formulas in cells.

Step 1: **Staffing Schedule Category - MUST BE COMPLETED FIRST**

See Attachment A – Staffing Schedule

Totals from “TOTAL SALARIES” and “TOTAL FRINGE” will automatically populate the “BASE BUDGET” page from the “STAFFING SCHEDULE.”

Step 2: **Travel Category**

The travel line item must include the estimated cost for all travel during the fiscal year (July 1 – June 30) to be paid out of the base budget. See “Line-Item Budget Narrative Instructions” for further instructions on travel. Travel is only permitted for Head Start Professional Development.

Step 3: **Equipment Category**

This category is for equipment costing more than \$5,000 per item. The line item must identify the types of equipment on different lines, the quantity, and the cost per item. The equipment line item must detail all equipment to be purchased, its expected life, the location where the equipment is to be placed, and its cost. The purpose of the equipment and the program needs should be identified in the narrative, tying the service delivery to the budget. Costs under \$5,000.00 per item should be included in the supplies category.

* Note – Any equipment over \$5,000 **will not** be approved in year one but may be considered part of the start-up cost.

Step 4: **Supplies Category**

This category is for items costing less than \$5,000 per item, such as,

- Classroom supplies – consumable items (paper, paint, glue), education materials, and office supplies
- Classroom furniture – for children and staff
- Electronics for children and staff
- Printing
- Disposable meal items

Each type of item must be on a separate line. Please describe the use of the item, why it is necessary, who will use the item(s), and the cost.

Step 5: **Contractual Category**

Any contracted or subcontracted services are to be included in this category. Include why the service is necessary, how the cost was determined, and who the end user will be.

- Professional Services – professional development trainers, janitorial, or consultants.
- Leases
- Any other types of contracted services

The justification for the items must include how the cost was determined. (i.e., Janitorial Services - \$50 x 10 classrooms x 12 months = \$6,000)

Step 6: **Construction Category**

This category is for any major construction, such as buildings. The estimated cost must be identified. If the Provider proposes any major construction projects during the fiscal year, it must be identified in this category. Complete the line item by providing details of the project. All construction projects must comply with 45 CFR 74, 92, and 1309. Costs under \$5,000.00 should be included under contractual or for maintenance activities in supplies and other categories. Costs over \$100,000.00 require additional documents to be submitted for approval by the U. S. Department of Health and Human Services.

* Note – Construction is **not** an allowable expense in year one.

Step 7: **Other Category**

This category identifies other operations expenses, such as

- Dues and Fees – annual member fees
- Utilities
- Repairs and Maintenance
- Licenses
- Subscriptions

Describe why this item is necessary, who benefits, and how the cost is determined.

* Note – Any contractual agreements involving minor/major renovation or maintenance where labor costs exceed \$2,000 require Davis Bacon Act compliance.

Step 8: **“INDIRECT COSTS” – Recovery of these costs is not approved through a predetermined rate.**

Note: Certification of a predetermined rate must follow procedures identified in the U. S. Department of Health and Human Services, Administration for Children and Families Discretionary Grants Administration Manual. The Regional Office will be required to be contacted to complete this process. Administrative costs may be allocated and recovered through direct cost allocations only. All of these costs should be detailed and budgeted in the other category.

Step 9: **Upon proposal submission, please provide documentation of all cost calculations. This information will be used to verify that all costs meet program needs. Budgets submitted without line-item detail and documentation will be considered non-responsive and returned to the Offeror.**

Important: Since the line-item budget is in an Excel format, it is very important that whoever is completing this document has a working knowledge of Excel. All calculations and formulas should be double-checked and verified, especially if additional categories and line items are added to the budget. Please do not protect Excel spreadsheets because modifications to these budgets may be required.