401. General Information

A combined State and Federal Share Budget Justification is submitted and approved for each contract year that an organization participates in *CalFresh.* Amounts reflect expenses that will be incurred during the contract year/Federal Fiscal Year (FFY), October 1, 20XX through September 30, 20XX.

402. Unspent Monies: Federal Share monies left unspent at the end of the budget period cannot be carried over to the next budget period. For multi-year contracts, the end of the budget period occurs each year on September 30th. For one-year contracts, the end of the budget period is also the end of the contract term.

403. Proration

Contractors are required to prorate **all** expenses and activities by Full Time Equivalent (FTE) when a staff person is not dedicating 100% FTE to the *Network* contract. This proration ensures that USDA funds will be directed only to contract activities and staff. The most common (and preferred) method of proration is based on FTE.

Contractors may use the following formula to determine program expenses within a Contractor organization:

$$\frac{\text{FTE of } \textit{CalFresh} \text{ Staff}}{\text{FTE of Organization Staff}} = \text{\% proration}$$

For example, a Contractor may have a total of 10 FTEs in their agency, but only 3.2 FTEs are dedicated to *CalFresh* activities. In this scenario, the prorating formula would be:

$$\frac{\text{3.2 FTE (} \textit{CalFresh} \text{ Staff)}}{\text{10 FTE (Total Organization Staff)}} = \text{32\% proration}$$

If office supplies are purchased for the entire office, 32% of the actual costs of those office supplies can be considered a *CalFresh* expense.

404. Budget Line Item Definitions/Information

Contractors should verify with their appropriate fiscal staff that the following *Network* line item definitions are compatible with their internal line item definitions. Accommodations may be made with the *Network* to place expenses in alternative line items if more appropriate. If needed, such accommodations should be requested by the Contractor during contract negotiations and prior to finalizing the budget justification.

A. **Personnel Salaries:** Employees of the Contracting organization who will be conducting allowable *CalFresh* activities.

   1. **Salary Cap:** The USDA recommends using a $45 per hour salary rate ($94,400 yearly salary cap) for outreach workers and a $54 hourly rate ($112,000 yearly salary cap) for administrators as a maximum salary rate. This maximum rate does not include fringe benefits. Using this methodology, Contractors can elect to utilize lower salary rates for outreach workers/ administrators up to this maximum salary rate. For any Contractor exceeding the maximum salary rate, the following steps would be required:

- Submission of a justification to be included with the submission of the *CalFresh* Access Improvement Plan, and
- Review and approval/disapproval by USDA Western Regional Office on a case-by-case basis.

Contractors electing to utilize the maximum rate methodology will still be required to utilize *Network* approved time tracking methodologies and report "actual" salary rates up to the hourly salary cap.

B. **Fringe Benefits:** Fringe Benefits may include expenses such as statutory benefits, a comprehensive benefits package, or other benefits (e.g., medical, dental, vision coverage, long-term disability, accidental death insurance, and a tax-sheltered annuity program). Benefits may be calculated using various rates depending on individual factors. Note that while an average fringe benefit rate may be used for budgeting, actual fringe rates must be used for billing.

C. **Operating Expenses:** Operating expenses include expenses for routine items such as office supplies, communications (telephone, facsimile, e-mail), postage, overnight mail, routine printing and duplication, and space-rent/lease (include formula for calculating space costs). Indicate the total expenses in the State Share, Federal Share and Total Dollars columns. Note: Non-routine and one-time types of expenses should be budgeted under the "Other Costs" line item. When billing, operating expenses should be prorated based on the FTE dedicated to *CalFresh*. For example, if 7.0 FTE are dedicated to *CalFresh* in an office of 10.0 FTE staff and all 10 staff uses operating expenses, then the operating expenses budgeted for *CalFresh* should be 70% of the total operating expense budget for the office.

D. **Equipment Expenses:** Equipment is defined as non-expendable property used to conduct eligible *CalFresh* activities, and includes items such as computers, televisions, VCRs/DVDs, cameras, typewriters, and non-modular furniture.

   1. If the staff member utilizing the equipment is not 100% allocated to FSO activities, then the cost of the equipment must be prorated upon billing. The % FTE that the staff member works on *CalFresh* must match the prorated % of the costs if the equipment is billed. Note: Costs do not have to be prorated if a staff member's entire FTE is dedicated to *CalFresh* activities <u>even if their FTE is less than 100%.</u> For example, an employee who is .60 FTE but who only works on FSO activities would not need to prorate their equipment.
   2. If the equipment will not be used exclusively for allowable *CalFresh* activities or by a staff person budgeted at 100% FTE, then the expense must be prorated by FTE to include only the portion related to *CalFresh.*

E. **Travel and Per Diem Expenses:** The current reimbursable State Department of Personnel Administration (DPA) mileage rate is 50 cents per mile (effective January 1, 2010).

   Staff from an organization should budget for the following applicable *Network*-sponsored training opportunities.

   1. *CalFresh* Assistance Skills Training (FAST)
   2. *CalFresh* Outreach Media Training

3. *CalFresh* Forum

Prorate all non-*Network* sponsored travel and per diem by the percentage of FTE for all personnel traveling and again by the percentage of allowable FSO included in the agenda. All non-*Network* sponsored trainings must be prorated, require State approval, and are subject to further justification if requested by *Network* staff.

Travel and Per Diem expenses included on the Federal Share Budget may be no greater than the current DPA rates.

Out-of-state travel must be included in the Access Improvement Plan and approved by USDA, the California Department of Public Health, and the California Department of Social Services prior to travel.

F. **Subcontracts:** Subcontractors are required to have a MOU or subcontract agreement with the prime agency. Draft MOUs and subcontract agreement must be submitted to the *Network* for approval prior to entering into the agreement.

G. **Other Costs:** This line item includes non-routine, occasional, or one-time expenses such as publications, fair booth rental fees, professional printing services, and audit costs.

H. **Indirect Costs:** Indirect Costs are defined as expenses not directly or exclusively associated with the project's deliverables such as overhead or allocated expenses. Examples of overhead or allocated expenses include: administrative, personnel, bookkeeping, payroll services, janitorial services, insurance, and audit expenses.

1. The indirect rate used to calculate this line item should be your organization's standard indirect rate. If an organization has a federally negotiated indirect rate, this must be used.
2. For colleges and universities: Since most services take place off-campus, the off-campus rate is considered most appropriate to use. Only if the majority of the *CalFresh* activities are conducted on campus, can the on-campus rate be allowed.