



Mayor's Office of Housing & Community Development City & County Of San Francisco

2018-19 Budget Tip sheet (non-HOPWA)

Please refer to this tip sheet when completing your proposed budget during the grant negotiation process. Contact your Grant Coordinator with any budget questions you may have.

DIRECT AND INDIRECT COSTS

In order to clearly comply with 2 CFR 200, the Office of Management and Budget's Uniform Guidance for federal funds, we are no longer adhering to an administrative cap, but instead are separating all costs into either *Direct Costs* or *Indirect Costs*. This change was implemented in 2016-17.

Direct Costs

Direct costs are those costs that can be identified specifically with a particular program or that can be directly allocated to the program relatively easily with a high degree of accuracy. In addition to traditional program costs, some expenses that your organization considers administrative may in fact be direct costs. For example, salaries of administrative and clerical staff can be budgeted as direct costs as long as the administrative or clerical services are integral to a program and the individuals involved can be specifically identified with the program. Non-personnel administrative costs can also be charged as direct costs provided that the method of allocating to programs is accurate and reasonable.

For the purposes of developing a budget, all budget line items except for indirect cost are considered direct costs. As such, each line item must be specifically identified (with high degree of accuracy) with a particular activity that supports the funded program.

Indirect Costs

The maximum indirect rate for General Fund and Housing Trust Fund grants is 15% of the total grant award. For Federal funds the maximum indirect rate is the 10% of Modified Total Direct Costs (MTDC) unless an Agency has a Federally Approved Indirect Cost Rate. If a project is funded by federal and non-federal sources, the 10% MTDC limit applies only to the federal portion of its funding. See below for further explanation.

Indirect costs are those costs that cannot be readily identified with a particular program. They are expenses of a general nature which do not relate solely to any particular program.

Examples of indirect costs include accounting and legal services and general training as these expenses are typically harder to allocate to specific program with a high degree of accuracy.

Grantees with a federally-approved indirect cost rate should submit documentation of the approved rate to MOHCD.

For grantees without a federally-approved indirect cost rate, the maximum allowed indirect cost rate is 10% of Modified Total Direct Costs (MTDC). MTDC excludes equipment, capital expenditures, rental costs, charges for patient care, tuition reimbursement, scholarships and fellowships, and participant support costs. To calculate the MTDC, the excluded costs will be subtracted from the direct costs, and then 10% of that modified amount will be allowed for indirect costs. MOHCD provides a tool for calculating your allowable indirect cost based on MTDC, which is downloadable from the Budget form in Project Documents on GMS. If the agency is not budgeting indirect costs, then it is not necessary to complete the MTDC Calculator.

Budget Line	Comments
Salaries	Complete salary detail with names and titles of each employee. If position is currently vacant, put "TBD" for name.
Fringe	Complete fringe benefits detail specifying types and amounts for fringe benefits.
Contractual Services	Complete contractual services detail with service type, contractor name, explanation of work to be performed, and amount to be paid from this grant.
Equipment	Complete equipment detail with name of equipment, explanation of use of equipment, and amount to be paid from this grant.
Insurance	Complete insurance detail with amount to be paid and description of insurance for each type.
Travel/Conferences	Complete travel detail (e.g. "Monthly FastPass for program manager to visit client sites"). For travel outside of the 9 Bay Area counties, Grantees must submit a Letter of Request to their Grant Coordinators for approval before budget allocations to the travel line item are approved and prior to making travel arrangements. This letter must identify the specific purpose and rationale for the travel, the staff members traveling, and a detailed travel budget
Space Rental	Explain how amount for space rental was calculated. Submit copy of lease agreement to your Grant Coordinator.
Telecommunications	Describe what telecommunications costs are included (e.g. landline phone, internet access, cell phones, etc.) and amounts included for each type. If used to pay for cell phone, please describe program-related necessity for the phone.
Utilities	Explain how amount for utilities was calculated. For example, "Total utility costs to operate training kitchen for the program are estimated at \$1,000 per year."
Supplies	Describe what supplies are included in the budget and what their use will be.
Other	Please note: Other should only be used for items that do not fit within any of the other line item categories. (For example, if a cost could be categorized under "Supplies" then this cost should not be included under "Other"). Complete "Other" detail with name, explanation of applicability to program and amount.
Indirect Costs	See detailed description above
Space Ownership	If grantee owns their own facility, mortgage interest and/or depreciation may be included in the budget, provided that the facility acquisition and improvement cost and useful life are properly documented. If your organization would like to budget for costs associated with owning space, please contact your Grant Coordinator. MOHCD staff we will collect the necessary information and assist in calculating the allowable monthly reimbursable amount.
Program Income	Speak with your Grant Coordinator if you expect to generate any program income from activities funded by the grant.