**Budget Justification Template for State Flex Programs**

**How to Use this Template:**

*This document serves as a template Budget Justification Narrative. An example of a Budget Justification Narrative is provided on pages 2-8. A blank template is provided at the end of this document beginning on page 10. Descriptions of instructions are noted in boxes labeled as “Useful Tip”. They are meant as a guide. Utilize the Health Resources and Services Administration (HRSA) SF-424 Application Guide available at:* [*https://www.hrsa.gov/sites/default/files/hrsa/grants/apply/applicationguide/sf-424-app-guide.pdf*](https://www.hrsa.gov/sites/default/files/hrsa/grants/apply/applicationguide/sf-424-app-guide.pdf)*. The guide provides detailed instructions to help you (the applicant organization/agency) prepare and submit competing continuation, competing supplement, limited competition, and new applications electronically to HRSA through Grants.gov. The SF-424 Application Guide is specific to HRSA notices of funding opportunities (NOFOs) using the Application for Federal Assistance SF-4241 application package.*

*Important note: For budget years subsequent to the competitive application cycle, the narrative should highlight the changes from year 1 or clearly indicate that there are no substantive budget changes during the period of performance. It is suggested you note these changes (or not) as narrative in each subsection below. Changes more than 25% of the total award should go through Prior Approval Process with your Federal Office of Rural Health Policy (FORHP) Project Officer.*

*Please contact your FORHP Project Officer with questions that may arise budget documentation is prepared.*

Document last updated: April 2022

*SAMPLE BUDGET JUSTIFICATION*

**Attachment x: Budget Justification FY 2022**

*Useful Tips:*

* *Include a table summarizing the required object class categories.*
* *The example table below includes mostly likely costs utilized within a state Flex Program cooperative agreement.*
* *Please refer to SF-424 Section B – Budget Categories for a complete listing of required Object Class Categories.*
* *Individual cost items may be removed if not applicable to your program and not required.*
* *Other direct costs should be sufficiently detailed to support activities in the cooperative agreement objectives and your described work plan.*

|  |  |
| --- | --- |
| Project Title: MY STATE Medicare Rural Hospital Flexibility Program | |
| Project Period Date Range: 09/01/2022 – 08/31/2023 | |
|  | Fiscal Year 2022 |
| **COSTS** | Budget |
| Personnel Salaries and Wages | $116,889 |
| Fringe Benefits @ 25% | $29,222 |
| **Total Personnel Costs** | **$146,111** |
|  |  |
| **Travel** | **$7,383** |
| **Equipment** | **$0** |
| **Supplies and Software** | **$4,503** |
| **Contractual** | **$262,020** |
|  |  |
| **Other Direct Costs** |  |
| Telephone and Broadband | $800 |
| Conference calls and webinars | $475 |
| Printing/design | $0 |
| Postage and mailing | $0 |
| Event costs | $5,071 |
| **Total Other Direct Costs** | **$6,346** |
|  |  |
| **Total Direct Costs** | **$426,363** |
| Indirect Costs @ 13.52% | $54,265 |
| **Total Costs** | **$480,628** |

**BUDGET JUSTIFICATION NARRATIVE FY 2022**

Please refer to the Work plan for narrative on how each objective will support achievement of the program’s goals.

**Personnel**

*Useful Tips:*

* *Note specific instructions on this section on page 29 of the SF-424 Application Guide.*
* *Describe the name of the organization in which staff are employed that support the cooperative agreement. For the current fiscal year budget, note the cumulative FTE supported by the cooperative agreement and cumulative salary.*
* *Please note the current Notice of Funding Award requirement for state Flex programs: “Identifying a state Flex coordinator and staffing at least one full time equivalent (may be met by multiple people) dedicated to managing and implementing the state Flex program.”*
* *List key personnel by name (if known), position title, percent of FTE contributed to the cooperative agreement, base salary, and federal program costs requested to cover the FTE for the cooperative agreement.*
* *Key personnel listed should coincide with the staffing listed in Attachment 2: Position Descriptions and Biographical Sketches.*
* *This table should include any new staff as well as current from the competitive application cycle.*
* *Federal program costs are the costs allocated to the federal funding based on that staff member’s portion of their FTE dedicated to the program multiplied by their base salary.*
* *Specify if personnel support specific work plan activity categories.*

Staff are employed by My State Health Department for the My State Medicare Rural Hospital Flexibility Program Cooperative Agreement. For FY 2022 budget, FTE = 1.7 with salaries of $116,889.00. All personnel costs comply with federal salary limitation requirements. Additional information on Position Descriptions found in Attachment 4 and Biographical Sketches/Resumes of Key Personnel in Attachment 5.

**Personnel Justification Table** Personnel support all work plan activity categories.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Name** | **Position Title** | **% of FTE** | **Base Salary** | **Federal Program Costs** |
| Maria Martinez | State Office of Rural Health Director | 0.30 | $85,000 | $25,500 |
| Brad Brandon | Rural Health Manager, Flex Program Coordinator | 0.70 | $72,120 | $50,484 |
| Jordan Jackson | Health Analyst | 0.35 | $68,000 | $23,800 |
| TBD | Administrative Assistant | 0.20 | $47,050 | $9,410 |
| Chris Christine | Administrative Assistant II | 0.15 | $51,300 | $7,695 |
| **Total Salaries and Wages** | | **1.7** | **$323,470** | **$116,889** |

**Fringe Benefits**

*Useful Tips:*

* *Note specific instructions on this section on page 29 of the SF-424 Application Guide.*
* *List fringe benefits including source of the benefit (i.e., FICA, workers compensation, insurances, retirement), percent of the benefit contributed to indirect costs and total program cost.*

|  |  |
| --- | --- |
|  | **Federal Program Costs** |
| FICA @7.65% | $8,942 |
| Workers compensation and unemployment insurance @1.35% | $1,578 |
| Health and dental insurance @10.0% | $11,689 |
| Retirement benefits @5.0% | $5,844 |
| Home office stipend @1.0% | $1,169 |
| **Total Fringe Benefits @ 25%** | **$29,222** |

**Staff Travel**

*Useful Tips::*

* *Note specific instructions on this section on page 30 of the SF-424 Application Guide.*
* *Describe the source and methods of calculations for your travel expenses. This could include documentation from previous program years, U.S. General Service Administration (GSA) rates, or other sources.*
* *Note travel costs according to local and long- distance travel. Include ground and air travel, lodging, per diem, car rental, grand transportation, mileage reimbursement, and parking.*
* *Note any specific requirements for travel reimbursement based on your organization’s travel policies.*
* *Travel costs must be itemized. Each anticipated trip, what objective it supports, reason, number of trips, number of travelers, and anticipated costs should be detailed. Name the travelers, if possible, for each trip.*
* *Staff travel to complete specific work plan activity categories should be noted. Please specify if staff travel is used to complete multiple or all work plan activity categories.*

My State Health Department uses an expense and travel management system that utilizes U.S. General Service Administration (GSA) rates and accumulates travel expense by program. Using current program averages for the Cooperative Agreement, the average cost per three-day trip, per person, is $1,323 with airfare, and $256 for in-state trips. Each trip uses the following methodology as appropriate for that trip: airfare ($711/trip); lodging ($175/day); per diem ($55/day); ground transportation ($58/trip);in-state milage reimbursed at 0.585 cents per mile ($191/trip); and parking ($13/day).

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Work plan Activity Category** | **Reason for Travel** | | **Number of Trips** | **Number of Staff Per Trip** | **Number of Days Per Staff** | **Name/Role of Travelers** | **Federal Program Costs** |
| All | Flex Program Reverse Site Visit, Washington DC | | 1 | 2 | 3 | Maria Martinez, SORH Director; Brad Brandon, Flex Coordinator | $2,646 |
| 2.2 | Observation of Financial and Operational Assessment strategic planning at 3 participating CAH locations in state | | 3 | 1 | 1 | Brad Brandon, Flex Coordinator | $768 |
| All | NRHA RHC and CAH Conference, Kansas City, MO | | 3 | 1 | 3 | Maria Martinez, SORH Director; Brad Brandon, Flex Coordinator; Jordan Jackson, Health Analyst | $3,969 |
| **Total Staff Travel** | |  | **7** |  |  |  | **$7,383** |

**Equipment**

*Useful Tips:*

* *Note specific instructions on this section on page 30 of the SF-424 Application Guide.*
* *List equipment costs and provide justification of the need for the equipment to carry out the program’s goals. Only items with a unit cost of $5,000 or more are considered equipment.*
* *Please note specific funding restrictions regarding equipment apply to the state Flex Program Notice of Funding Opportunity (NOFO).*
* *Per the Flex NOFO, funds cannot be used for direct patient care (including health care services, equipment, and supplies.*
* *Funds cannot be used to purchase ambulances and any other vehicles or major communications equipment. Flex funds are generally not permitted for equipment expense.*

Equipment expenses are not necessary to carry out the program activities.

|  |  |  |
| --- | --- | --- |
| **Work plan Activity Category** | **Equipment Items** | **Federal Program Costs** |
|  | none | $0 |
| **Total Equipment** | | **$0** |

**Supplies and Software**

*Useful Tips:*

* *Note specific instructions on this section on page 30 of the SF-424 Application Guide.*
* *Supply expenses should be separated into categories: office supplies (paper products, pens, etc.), materials, and software necessary to carry out the program activities.*
* *List supplies, which objectives they relate to, and the cost associated. Per 45 CFR § 75.321, property will be classified as supplies if the acquisition cost is under $5,000.*
* *Note that items such as laptops, tablets, and desktop computers are classified as a supply if the value is under the $5,000 equipment threshold.*
* *Supplies to complete specific work plan activity categories should be noted.*
* *Please specify if supplies are used to complete multiple or all work plan activity categories.*

Supply expenses includes office products, materials, and software necessary to carry out the program activities.

|  |  |  |
| --- | --- | --- |
| **Work plan Activity Category** | **Supply Items** | **Federal Program Costs** |
| All | Software licenses for webinars and program dissemination. Includes: website hosting subscriptions, Zoom licensing, and Qualtrics licensing. | $4,328 |
| All | General office supplies (toner, markers, pens, paper) | $175 |
| **Total Supplies** | | **$4,503** |

**Contractual Services**

*Useful Tips:*

* *Note specific instructions and regulations on this section on page 30-31 of the SF-424 Application Guide. Describe in brief (1-2 sentences) how consultants who are not yet identified will be specifically identified (i.e., if you have a policy, etc.).*
* *Contractual costs must be itemized.*
* ***Provide a clear explanation as to the purpose of each contract/subaward, how the costs were estimated, and the specific contract/subaward deliverables****.*
* *Number of projects is used to specify how many times the contracted item will occur. For example, if a contracted learning cohort is repeated three times, the “Number of Projects” would be 3.*
* *You should not provide line-item details on proposed contracts, rather you should provide the basis for your cost estimate for the contract.*
* *List the related objective(s), a description of the contractual service (including brief deliverable), and cost.*
* *If a specific individual or organization is known, list the name.*
* *Be sure to follow the notification requirements regarding SAM registration with a Unique Entity Number (UEI) on page 31 and Suspension and Debarment rules on page 31 of the SF-424 Application Guide. Contractual services to complete specific work plan activity categories should be noted.*
* *Please specify if contractual services are used to complete multiple or all work plan activity categories.*

Outside expertise is requests to complete the activities of the cooperative agreement. Contractual services not specifically identified will be selected using My State Health Department’s procurement/contracting policy.

|  |  |  |  |
| --- | --- | --- | --- |
| **Work plan Activity Category** | **Contractual Description** | **Number of Projects/Days** | **Federal Program Costs** |
| 1.1-1.5 | Quality Experts Support Services LLC to provide measurement reporting for MBQIP via quarterly calls   * $3,250 for consultant hours to develop and deliver call per call x 4 calls = $13,000 | 4 | $13,000 |
| 1.1-1.5 | Quality Experts Support Services LLC to provide cohort workshop and TA support on improving quality metrics   * $35,000 for consultant hours to develop and deliver webinar to 20 hospitals per workshop * $1,000 for consultant hours for TA support per hospital x 20 hospitals = $20,000 | 1 | $55,000 |
| 2.2 | Rural Finance Experts Inc to provide 3 CAH financial and operational assessments with strategic planning   * $33,000 for consultant hours to conduct financial and operational assessment and strategic planning per hospital x 3 hospitals = $99,000 | 3 | $99,000 |
| 3.2 | SME to be determined to support 6 hospital and community strategy and action planning sessions to support population health needs   * $10,000 for consultant hours to conduct community strategy and action planning sessions per hospital x 6 hospitals = $60,000 | 6 | $60,000 |
| ALL | SME to provide staff training on health equity and diversity, equity, and inclusion   * $9,850 for consultant hours to develop and provide training * $150 for webinar hosting and recording costs conducted by the SME | 1 | $10,000 |
| **Total Contractual Services** | |  | **$237,000** |

**Consultant Travel**

*Useful Tips:*

* *Describe the source and methods of calculations for your travel expenses. This could include documentation from previous program years, GSA rates, or other sources. Include ground and air travel, lodging, per diem, car rental, grand transportation, mileage reimbursement, and parking.*
* *Note any specific requirements for travel reimbursement based on your organization’s travel policies.*
* *Travel costs must be itemized.*
* *Each anticipated trip, what objective it supports, reason, number of trips, number of travelers, and anticipated costs.*
* *Consultant travel to complete specific work plan activity categories should be noted.*
* *Please specify if consultant travel is used to complete multiple or all work plan activity categories.*
* *The narrative should provide a clear explanation as to the purpose of each contract/subaward, how the costs were estimated, and the specific contract/subaward deliverables.*
* *Identify each consultant, the services he/she will perform, total number of days, travel costs, and total estimated costs.*
* *For subawards to entities that will help carry out the work of the award, you should describe how you will monitor their work to ensure the funds are being properly used.*

Using current program averages, the average cost per three-day trip, per person, is $1,390 with airfare and $256 for in-state trips. Each trip uses the following methodology as appropriate for that trip: airfare ($747/trip); lodging ($175/day); per diem ($55/day); local mileage reimbursed at .585 cents a mile ($32 per trip); ground transportation ($58/trip); and parking ($13/day).

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Work plan Activity Category** | **Reason for Travel** | **Number of Trips** | **Number of Travelers (average)** | **Federal Program Costs** |
| 2.2 | Rural Finance Experts Inc to provide 3 CAH financial and operational assessment with strategic planning | 3 | 2 | $8.340 |
| 3.2 | SME to be determined to support 6 hospital and community strategy and action planning sessions to support population health needs | 6 | 2 | $16,680 |
| **Total Contractual Travel** | | **9** |  | **$25,020** |

**Total Contractual = $262,020** *This is the sum of contractual services plus consultant travel*

Contractual services will be monitored by the Flex Coordinator by quarterly reports submitted by each contractor, followed by a phone conversation to discuss deliverables, milestones, reporting metrics, challenges, and salutation. Quarterly reports will include detailed invoices from contractors with line items indicating cost expenses, personnel hours, and names. All invoices will be reviewed by the Flex Coordinator prior to approval for payment. Incomplete invoices and quarterly reports will be returned to the contractor for correction prior to acceptance and payment.

**Other Direct Costs**

*Useful Tips:*

* *Note specific instructions on this section on page 31 of the SF-424 Application Guide.*
* *Other direct costs include items necessary to complete the objectives and activities that are not included in above items.*
* *This would include items such as mobile phone, broadband support, webinar hosting fees, printing and mailing costs, event costs (such as fees to reserve a room, support A/V), interpreters, language translation services and other costs such as access to a membership library to obtain relevant information necessary to execute the activities to support the cooperative agreement objectives.*
* *Costs should be explained. In some cases, rent, utilities, and insurance fall under this category if they are not included in an approved indirect cost rate.*
* *Other direct costs to complete specific work plan activity categories should be noted.*
* *Please specify if other direct costs are used to complete multiple or all work plan activity categories.*

Expense line for telephone and broadband supports conference calls and webinars through Zoom in place of separative conference call fees. Services to provide closed captioning are included for educational events.

|  |  |  |
| --- | --- | --- |
| **Work plan Activity Category** | **Other Direct Cost Description** | **Federal Program Costs** |
| All | ABC Broadband- high-speed broadband access to support all program staff | $800 |
| 1.1-1.5 | 123WeGo Webinar close captioning services | $475 |
| 1.1-1.5 | Meeting room expense to support MBQIP QI director training | $3,346 |
| All | Registration fees for 3 staff to participate in development and training at rural health conferences (NRHA RHC and CAH Conference) | $1,725 |
| **Total Other Direct Costs** | | **$6,346** |

**Indirect Costs**

*Useful Tips:*

* *Note specific instructions on this section on page 31-32 of the SF-424 Application Guide.*
* *Indirect costs are those costs incurred for common or joint objectives which cannot be readily and specifically identified with a particular project or program but are necessary to the operations of the organization, e.g., the cost of operating and maintaining facilities, depreciation, and administrative salaries. For some institutions, the term “facilities and administration” (F&A) is used to denote indirect costs.*
* *If your organization does not have an indirect cost rate, you may wish to obtain one through HHS’s Cost Allocation Services (CAS) (formerly the Division of Cost Allocation (DCA)). Visit CAS’s website to learn more about rate agreements, the process for applying for them, and the regional offices which negotiate them.*
* *If indirect costs are included in the budget, attach a copy of the indirect cost rate agreement. Any non-federal entity that has never received a negotiated indirect cost rate, (except a governmental department or agency unit that receives more than $35 million in direct federal funding) may elect to charge a de minimis rate of 10 percent of modified total direct costs (MTDC) which may be used indefinitely.*
* *If chosen, this methodology once elected must be used consistently for all federal awards until such time as a non-federal entity chooses to negotiate for a rate, which the non-federal entity may apply to do at any time.*
* *Describe your indirect rate, its percentage, the amount of your MTDC for your program, and the total indirect costs in dollars based on the percentage applied to the MTDC.*
* *MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of $25,000.*
* *Insert a copy of the indirect cost rate agreement.*
* *Per the Notice of Funding Opportunity for Flex: “Authorizing legislation (Title XVIII, §1820(g)(4) of the Social Security Act (42 U.S.C. 1395i-4(g)(4)), as amended) limits indirect costs under the Flex Program. Indirect costs will be budgeted and reimbursed at the lesser of 15 percent of total direct costs or the applicant’s negotiated Indirect Cost Rate Agreement (ICRA).”*

My State Health Department submitted to the Division of Cost Allocation (DCA), Department of Health and Human Services an indirect cost rate proposal. The proposal was accepted by the DCA and the provisional rate established in the Cost Rate Agreement is being used in this proposal. The provisional rate is 13.52% of the programs modified total direct costs (MTDC) and excludes that portion of each subaward in excess of $25,000. In the FY2022 program budget, the indirect rate is based on a MTDC amount of $401,363. A signed copy of My State Health Department’s indirect cost Rate Agreement is included as a separate attachment.

|  |  |
| --- | --- |
| **Indirect Charge Calculation** | |
|  |  |
| **Total Direct Costs** | $426,363 |
| **Less: Subawards in excess of $25,000** | $25,000 |
|  |  |
| **Modified Total Direct Costs (MTDC)** | $401,363 |
| **Indirect Cost Rate** | 13.52% |
|  |  |
| **Indirect Costs** | $54,265 |

*TEMPLATE BUDGET JUSTIFICATION*

**Attachment x: Budget Justification FYxxxx**

|  |  |
| --- | --- |
| Project Title: | |
| Project Period Date Range: | |
|  | Fiscal Year XXX |
| **COSTS** | Budget |
| Personnel Salaries and Wages | $ |
| Fringe Benefits @ XX% | $ |
| **Total Personnel Costs** | **$** |
|  |  |
| **Travel** | $ |
| **Equipment** | $ |
| **Supplies and Software** | $ |
| **Contractual** | $ |
|  |  |
| **Other Direct Costs** |  |
| Telephone and Broadband | $ |
| Conference calls and webinars | $ |
| Printing/design | $ |
| Postage and mailing | $ |
| Event costs | $ |
| **Total Other Direct Costs** | **$** |
|  |  |
| **Total Direct Costs** | **$** |
| Indirect Costs @ XX% | $ |
| **Total Costs** | **$** |

**BUDGET JUSTIFICATION NARRATIVE FYxx**

Please refer to the Work plan for narrative on how each objective will support achievement of the program’s goals.

**Personnel**

Personnel Justification Table

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Name** | **Position Title** | **% of FTE** | **Base Salary** | **Federal Program Costs** |
|  | *List all positions and roles* |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| **Total Salaries and Wages** | |  | **$** | **$** |

**Fringe Benefits**

|  |  |
| --- | --- |
|  | **Federal Program Costs** |
| *List each individual source of benefit as described above* |  |
|  |  |
|  |  |
|  |  |
|  |  |
| **Total Fringe Benefits @ XX%** | **$** |

**Staff Travel**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Work plan Activity Category** | **Reason for Travel** | | **Number of Trips** | **Number of Staff Per Trip** | **Number of Days Per Staff** | **Name/Role of Travelers** | **Federal Program Costs** |
|  | *Include destination for each trip and travelers (if possible)* | |  |  |  |  |  |
|  |  | |  |  |  |  |  |
|  |  | |  |  |  |  |  |
| **Total Staff Travel** | |  |  |  |  |  | **$** |

**Equipment**

|  |  |  |
| --- | --- | --- |
| **Work plan Activity Category** | **Equipment Items** | **Federal Program Costs** |
|  |  |  |
| **Total Equipment** | | **$** |

**Supplies and Software**

|  |  |  |
| --- | --- | --- |
| **Work plan Activity Category** | **Supply Items** | **Federal Program Costs** |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
| **Total Supplies** | | **$** |

**Contractual Services**

|  |  |  |  |
| --- | --- | --- | --- |
| **Work plan Activity Category** | **Contractual Description** | **Number of Projects/Days** | **Federal Program Costs** |
|  | *Include specific individuals or organizations if known* |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
| **Total Contractual Services** | |  | **$** |

**Consultant Travel**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Work plan Activity Category** | **Reason for Travel** | **Number of Trips** | **Number of Travelers (average)** | **Federal Program Costs** |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| **Total Contractual Travel** | |  |  | **$** |

**Total Contractual = $** *This is the sum of contractual services plus consultant travel*

**Other Direct Costs**

|  |  |  |
| --- | --- | --- |
| **Work plan Activity Category** | **Other Direct Cost Description** | **Federal Program Costs** |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
| **Total Other Direct Costs** | | **$** |

**Indirect Costs**

|  |  |
| --- | --- |
| **Indirect Charge Calculation** | |
|  |  |
| **Total Direct Costs** | $ |
| **Less: Subawards in excess of $25,000** | $ |
|  |  |
| **Modified Total Direct Costs (MTDC)** | $ |
| **Indirect Cost Rate** | XX% |
|  |  |
| **Indirect Costs** | $ |