

BUDGET PREPARATION GUIDELINES

The CDC Foundation strictly adheres to the rules and regulations set forth by the [Uniform Guidance 2 CFR §200, Subpart E Cost Principles](#) as well as guidance provided by the Center for Disease Control and Prevention's Procurement and Grants Office [Budget Preparation Guidelines \(Rev. 3/25/2013\)](#). All CDC Foundation subawardees must also adhere to these guidelines, which have been included in the budget narrative instructions.

Please carefully review the instructions in each budget narrative category (salaries and wages, consultant costs, etc...) to ensure you provide an accurate and complete budget narrative. As you complete your budget narrative, keep in mind the following:

- A well-prepared budget should be reasonable and demonstrate that the funding being asked for will be used wisely.
- The budget should be as concrete and specific as possible in its estimates. Make every effort to be realistic and to estimate costs accurately.
- Each section of the budget narrative should be filled out in its entirety, including a justification for each listed expense.
- Each category should be subtotaled with a grand total at the end of the budget narrative.
- Your budget narrative should align with the project objectives as outlined by the CDC Foundation.
- Ensure the proposed salaries are consistent with that paid for similar work within your organization.
- Fringe benefits should be based on actual known costs or an established formula that is detailed in the budget narrative. Please see the section below on how to calculate your fringe rate.
- When justifying Consultant and Contractual costs, indicate whether you will follow your organization's formal written procurement policy or the Federal Acquisition Regulations.
- Indirect costs are costs that are not readily assignable to a particular project but are necessary for the operation of the organization and the performance of the project. If an indirect cost rate applies to the proposal, ensure the division between direct and indirect costs are not in conflict and the aggregate budget total refers directly to the approved formula.
- Supplanting is prohibited. Supplanting is deliberately reducing state or local funds because of the existence of federal funds. Federal funds must be used to supplement existing funds for program activities and must not replace those funds that have been appropriated for the same purpose.



All costs included in the budget narrative must meet the federal government's definition of an allowable cost. Please also review any additional funding restrictions provided by the CDC Foundation.

Costs charged to awards must be **allowable, allocable, reasonable, necessary,** and **consistently applied** regardless of the source of funds. All costs expended using federal funds must meet the following general criteria set forth in the [Uniform Guidance 2 CFR §200, Subpart E Cost Principles](#). Allowable costs must be:

- Necessary and reasonable for the proper efficient performance of the project;
- Allocable to federal awards under the provisions of the federal circular;
- Authorized and not prohibited under state or local laws or regulations;
- Conformed to any limitations or exclusions set forth in the terms and conditions of the federal award, or other governing regulations as outlined by the CDC Foundation;
- Consistent with policies, regulations, and procedures that apply uniformly to both federal awards and other activities of the subrecipient;
- Accorded consistent treatment. A cost may not be assigned to a federal award as a direct cost and also be charged to a federal award as an indirect cost;
- Determined in accordance with generally accepted accounting principles (Except as otherwise provided for in the Federal circular);
- Not included as a cost or used to meet cost sharing or matching requirement of any other federal award in either the current or prior fiscal period; and
- Adequately documented.

A good rule of thumb in determining if the cost is allowable is to ask whether the cost is crucial, necessary, and indispensable for carrying out the scope of the project. If the answer is yes and it meets the conditions listed above, then the cost is generally allowable.

Unallowable Costs are those costs that neither directly or indirectly benefit a particular project. If the cost does not meet the criteria of an allowable cost, then the cost is unallowable. The CDC Foundation may disallow costs if it determines that the costs do not meet the tests of allowability, allocability, reasonableness, necessity, and consistency.

Fringe Benefit Rate: If your organization does not have a pre-determined fringe benefit rate, please use the guidance below to calculate your fringe rate for each salary and wage listed in the budget narrative, as applicable.

Salaries Employee Fringe Benefit Rate = (Total Fringe Benefits/ Annual Wages) x 100

- A salaried employee makes \$50,000 annually. The employee's total annual fringe benefits are \$10,000, broken down as follows:
 - Employer portion of SS tax: \$2,960
 - Employer portion of Medicare tax: \$1,090

- Unemployment tax: \$950
- Worker's compensation: \$500
- Employee's health, life and disability insurances: \$2,500
- Retirement benefits: \$2,000
- Divide the employee's annual fringe benefits (\$10,000) by their annual salary (\$50,000):
 $\$10,000/\$50,000 = 0.20$
- Multiply 0.20 by 100 to get the fringe benefit percentage: $0.20 \times 100 = 20\%$
- The fringe benefit rate for this employee is 20%, which means your company is paying an additional 20% on top of the base salary for this employee.

Hourly Employee Fringe benefit rate = (Total Fringe Benefits/ Annual Wages) x 100

- To calculate an hourly employee's annual salary, multiply the hourly rate by the number of weeks worked in a year (52) X the number of hours worked per week (40).
- Then follow the steps above to calculate the fringe benefit total.