LINE ITEM BUDGET GUIDE
For Cost Reimbursement Budgets

Developed for
Bidders & Contractors

Prepared by the
Office of Business Services (OBS)

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Table of Contents

I. Introduction and Responsibilities ................................................................. 1

II. Actual and Allowable Costs ......................................................................... 2

1. Personnel Costs .......................................................................................... 3
   a. Staff Salaries .......................................................................................... 3
   b. Staff Benefits ......................................................................................... 4

2. Sub-Contractor/Consultant Costs ................................................................. 4

3. Operating Costs .......................................................................................... 5
   a. Communications ...................................................................................... 5
   b. Expendable Equipment .......................................................................... 5
   c. Non-Expendable Equipment .................................................................. 6
   d. Facility Lease/Rent ................................................................................ 6
   e. Facility Owned ....................................................................................... 7
   f. Food Costs ............................................................................................. 7
   g. Household Supplies ................................................................................ 7
   h. Insurance ................................................................................................ 7
   i. Interest .................................................................................................... 7
   j. Line Item Additions ................................................................................ 7
   k. Linen Services ......................................................................................... 8
   l. Maintenance/Repair ................................................................................ 8
   m. Program Supplies ................................................................................... 8
   n. Supplies .................................................................................................. 8
   o. Training ................................................................................................... 8
   p. Travel ...................................................................................................... 8
   q. Utilities .................................................................................................... 9

4. Indirect Costs .............................................................................................. 9
   a. Cost Allocation Plan ............................................................................... 10

5. Profit Fee .................................................................................................... 10

6. Operating Reserve/Contingency Fund .......................................................... 9

7. Allowable Indirect Costs ............................................................................. 11
   a. Accounting ............................................................................................ 11
   b. Advertising ............................................................................................ 11
   c. Audit Service .......................................................................................... 11
   d. Bonding .................................................................................................. 11
   e. Budgeting ................................................................................................ 11
   f. Corporate Staff ........................................................................................ 11
   g. Disbursing Service ................................................................................ 12
   h. Electronic Data Processing .................................................................... 12
   i. Legal Expenses (Contract Administration) .......................................... 12
   j. Management Studies ............................................................................ 12
   k. Meetings and Conferences ................................................................... 12
   l. Memberships, Subscriptions and Professional Activities .................... 12
   m. Morale, Health and Welfare Costs ....................................................... 12
   n. Payroll Preparation ................................................................................ 12
   o. Permits .................................................................................................... 13
   p. Personnel Administration ....................................................................... 13
   q. Printing and Reproduction .................................................................... 13
r. **Procurement Service** ................................................................. 13
s. **Taxes** ...................................................................................... 13
t. **Transportation** ........................................................................ 13
u. **Warehouse** ............................................................................... 13

8. **Unallowable Costs** ................................................................. 13
   a. **Bad Debts** ............................................................................. 13
   b. **Bonus/Gifts** ........................................................................... 13
c. **Contributions, Donations and Fundraisers** ............................... 14
d. **Entertainment** ......................................................................... 14
e. **Fines and Penalties** ................................................................. 14
f. **Legal Expenses (Claims Against the State)** ............................... 14
g. **Legislative Lobbying Costs** ...................................................... 14

**III. Fiscal Audits** ........................................................................ 14

**IV. Project Budget Proposal** ........................................................ 15

**V. Establishing Monthly Salary Rates** ........................................ 16
   1. Monthly Salary Rates ................................................................. 16
   2. Establishing a Monthly Salary Range ......................................... 16
   3. Position’s Time Base .................................................................. 17
   4. Project Time by Percent Range for Multiple Staff Positions ....... 17
   5. Project Time by Hours ............................................................... 17
   6. Personnel Positions ................................................................... 18
   7. Temporary Help and Overtime Displayed .................................. 18
   8. Costs Displayed for Budget Categories and Line Items ............. 18

**Frequently Asked Questions (F.A.Q.)** ............................................. 19
   1. What is an amendment? ............................................................. 19
   2. When is a formal amendment required? ..................................... 19
   3. What is a Budget Transfer Request? ......................................... 19
   4. What are allowable budget transfers? ...................................... 19
   5. How soon do I need to file a BTR? ............................................. 20
   6. What are the Contractor’s responsibilities concerning a BTR? .... 20
   7. What are CDCR’s responsibilities concerning a submitted BTR? ... 20
   8. How do I include duties performed for a vacant position? ........... 21
   9. What are allowable salary rate increases? ................................. 21
  10. What can cause a change in the number of budgeted positions? ... 22
  11. When can new budget line items be added? ............................... 22
  12. How do I configure monthly invoices for contract expenditures? ... 22

*Please note that this guide is not to be used for per diem contracts.*

The following sample documents are located at the back of this guide:

Project Budget Proposal
Exhibit AA – Non-Expendable Equipment
OBS 250 - Budget Transfer Request
Quarterly Budget Transfer Request
Monthly Invoice for Contract Expenditures
I. Introduction and Responsibilities

The Line Item Budget Guide for Cost Reimbursement Budgets (LIBG) was written to assist Bidders and Contractors in the following respective areas of responsibility for a cost reimbursement budget:

Bidders are responsible for:

- Indicating the actual and allowable costs associated in performing contracted services for a cost reimbursement budget (for each fiscal year if applicable) for competitive bidding purposes.

Contractors are responsible for:

- Ensuring all expenditures claimed (including all subcontractor expenditures) are allowable costs as specified in this LIBG;
- Ensuring all costs are associated in performing contracted services for auditing purposes and project review;
- Ensuring all subcontractors performing services have a written agreement stating the contracted services shall be performed in accordance with all contractual responsibilities of the prime contractor;
- Ensuring that costs transferred from one line item to another via the Budget Transfer Request (BTR) process can be supported (justified) to reflect actual and allowable expenses; and,
- Ensuring a budget amendment can be supported (justified) for actual expenses associated in performing contracted services

CDCR and Contract Managers are responsible for:

- Ensuring budget transfers/amendments are in accordance with Line Item Budget Guide policies; and,
- Ensuring budget transfers/amendments do NOT compromise the competitive bidding process (i.e., changes that would not have affected the original award of the contract)
II. Actual and Allowable Costs

Actual, allowable costs incurred by the Contractor shall be substantiated with appropriate source documentation (such as invoices, receipts, and accounting records) for any cost contained in the budget proposal. Receipts and other support documentation need not be submitted with the monthly invoices for contract expenditures, with the exception of travel expenses and subcontractor/consultant costs. However, the CDCR Contract Manager has the right to require the contractor provide supporting documents for any expenses at any time. Failure to provide supporting documentation may result in a delay of or denial of payment.

The Contractor must retain files in the Contractor’s headquarters office based in California or at the project service location where services are being provided. All support documentation must be retained for actual expenses incurred for auditing purposes and for project review, as required in Item III, Fiscal Audit provision of this guide.

Allowable costs for a contract shall be limited to those expenditures which are: (1) in conformance with the approved contract budget (have specific prior written approval by the CDCR Contract Manager when required); and (2) for goods and services necessary to the program’s operation at the time the costs are incurred. A CDCR audit will be performed on actual costs to ensure all expenses meet both criteria. Any expenses not meeting both criteria may be disallowed.

Competitive Bid Consideration:

Contractors shall ensure that all costs are considered when developing a budget in response to a competitive bid process. The addition of any costs that should have been considered at the time of bid, but were not, will not be allowed under a budget transfer process after the contract is awarded. For instance, changes to the requirements of the program in the Scope of Work, (i.e., the addition/removal of key personnel, or the addition/deletion of tasks or responsibilities), which may have precluded potential bidders from bidding, resulted in fewer/additional points in the evaluation process, or resulted in a lower bid.

For this reason, careful competitive bid consideration will be made to determine whether or not the consequences of an amendment or a budget transfer request have compromised the integrity and fairness of the bidding process.
Listed below are allowable costs:

1. **Personnel Costs**

   a. **Staff Salaries**

   Personnel salary and wage costs (salary equals compensation for staff who are paid based on a fixed rate for a given amount of time [i.e., weekly, monthly, etc.]; and wage equals compensation for personnel who are paid based on an hourly rate) should be commensurate with the level of responsibility and experience necessary to perform contracted program obligations.

   Salaries of personnel who are providing services for more than one contract must be charged to each contract on a proportional basis. Salaries are only allowable for the time the employee is assigned to the contracted program, and must be adequately documented (by time sheets signed by the employee and the immediate supervisor, payroll register, payroll warrant, employee personnel file and general ledger accounts). All reported salary costs shall be based on actual expenditures. The time sheets must show on a daily basis how much time each employee spent on each program and salaries must be prorated accordingly.

   Bidders shall ensure that cost of living, merit, or anniversary increases when each position’s monthly or hourly rates for each fiscal year of the contract are budgeted. It is recommended that bidders establish a salary range (e.g., $2,450 - $2,800). The range must be realistic and conform to industry standards for each position. If salary increases are to be granted, they must be included in the budget when submitting a bid for a single or multiple year contracts. Salary increases not included in the budget at the time of bid will not be allowed at any time during the performance of the contract unless:

   - The CDCR Contract Manager increases contract responsibilities which in turn results in increased responsibilities of the established budgeted positions; or
   - The program is legislatively approved for cost of living adjustments; or
   - The Contractor experiences documented recruitment or retention problems. Recruitment documentation should include, but is not limited to the following:
     - How long the position has been vacant;
     - Prevailing wages; and,
     - Documented recruitment efforts.

   Salary increases resulting from recruitment and retention problems must be approved in advance in writing by the CDCR Contract Manager; or

   - Salary increases are required by the contractor’s agreement with its employees’ unions. However, such salary increases must (1) be
approved in advance in writing by the CDCR Contract Manager, and (2) not change the total amount of the contract.

b. Staff Benefits

Actual costs for staff benefits shall be provided based on a percentage of total staff salaries. There is no established limit for this percentage; however, CDCR has determined an average percentage for staff benefits of 28% for industrial non-represented employees is allowable.

Bidders should establish a benefits percentage range they will not exceed during any given fiscal year. For example, if workers’ compensation is paid quarterly, the percentage for staff benefits would fluctuate on a monthly basis. An established benefits percentage would take these fluctuations into account.

Staff benefits may include regular compensation paid to employees for vacation, sick leave, jury duty, military training, and employer contributions for payroll taxes, employee health and unemployment insurance, social security, workers compensation, and a retirement plan.

The Contractor is responsible for maintaining in reserve a portion of the percentage determined for staff benefits to allow for leave accrual pay-off at the end of the contract or employment termination. Contractor shall maintain documentation to support leave earnings, usage and balances. Vacation leave accrual pay-off shall not exceed two (2) weeks per year per staff person. CDCR will not be liable for payment of accrued vacation time at the end of the contract or employment termination in excess of the amount maintained in reserve.

The Contractor shall deposit reserve funds in an interest bearing account insured by a government agency. Interest earnings are the property of the State and may not be used for any purpose. Such interest earnings must be reported and the interest remitted to the State by the Contractor by July 30th each fiscal year. In the event the contract ends before the close of the fiscal year, payment must be received by the last business day of the month immediately succeeding the end of the contract. The Contractor will remit any interest income to CDCR’s Headquarters Accounting Office for placement in the General Fund.

2. Sub-Contractor/Consultant Costs

A sub-contractor or consultant is defined as an individual or a firm, which the Contractor contracts for professional service(s). For the definition of an employee or a contract worker, refer to the Internal Revenue Service Publication 15A. If the Contractor intends to use a sub-contractor(s) and/or consultant(s), the need must be documented, including an estimated total dollar amount, when the bid proposal is submitted to CDCR. Sub-contractors included in the contractor’s initial bid proposal shall be subject to the same bid requirements described in the following paragraph.
During the term of the contract, if there is any subcontracting activities other than those listed on the bid, the Contractor shall obtain at least three written bids for sub-contracts of $5,000 or more. Contractors shall ensure at least three informal bids are obtained for sub-contracts less than $5,000. An informal bid can be a documented verbal quote. If three informal bids are unattainable, the Contractor shall document why they were unattainable. Documentation shall include advertisements, bids received, etc., and shall be maintained by the Contractor. The Bid documentation shall be provided to the Contract Manager. All subcontracts shall be awarded to the lowest responsible bidder, unless the Contractor obtains prior written approval from the CDCR Section Chief of the Program to award based on specific evaluation criteria. If specific evaluation criteria are utilized, a minimum of 30 percent of the points shall be allocated to cost. Subcontracts of $15,000 or more shall be awarded to the lowest responsible bidder or under an approved evaluation criteria making all efforts to comply with the DVBE participation program (refer to the DVBE requirements). Prior approval by CDCR must be obtained and adequate justification must be submitted to the CDCR Section Chief of the Program if the Contractor selects a consultant/subcontractor based on sole source or specific evaluation criteria. If during an audit it is discovered that the Contractor did not attempt to obtain three written bids or prior CDCR approval for sole source or specific evaluation criteria was not received, consultant/subcontractor fees will be disallowed.

3. Operating Costs

Allowable operating costs are defined as necessary program expenditures, which are based on actual costs substantiated by source documentation. Operating costs can include expendable equipment costs but are exclusive of sub-contractor/consultant service costs and indirect costs. For auditing purposes, the Contractor shall retain source documentation for these expenses such as purchase orders, requisitions, bills of lading, stock received reports, invoices and issued checks/warrants. Only documented direct costs necessary to provide services for this contract are allowable and cannot be based on the overall organizational expenses. Substantiating documentation must be provided upon request. Operating costs can include the following:

a. Communications
These costs may include telephone, messenger services, cellular telephones, pagers, postage costs, internet services, and printing for job postings.

b. Expendable Equipment
Expendable equipment is defined as expendable items which depreciate with use and have a unit acquisition cost of less than $5,000 per unit (i.e. fax machines, computers, printers etc.). Title to any expendable equipment purchased or built with State funds as part of the agreement will vest in the State. The Contractor must retain a listing of expendable equipment purchases that are considered “theft-sensitive” items, such as cameras, calculators, two-way radios, computer equipment, etc., for audit purposes. Upon termination of the agreement, Contractors are required to leave all expendable equipment for use by subsequent contractors or for the State to dispose of accordingly. The State may authorize the continued use of such equipment for work to be performed under a different contract.
The cost of expendable equipment purchased should be comparable to the prevailing price for similar items in the surrounding areas.

c. Non-Expendable Equipment
Non-expendable equipment shall be identified as movable articles which:

1. Have a normal useful life of at least one year; and
2. Have a unit acquisition cost of $5,000 or more.

(Note that a unit consists of one item.)

CDCR will not provide funding to purchase non-expendable equipment.

Contractors will be allowed to rent/lease equipment to be used in the performance of the contract.

Contractors will be allowed to be compensated for the use of non-expendable equipment through depreciation. The computation of depreciation shall be based on the acquisition cost and the useful life of the non-expendable equipment. CDCR will not pay for depreciation costs of non-expendable equipment that is fully depreciated.

The period of useful life established for each class of non-expendable equipment must take into consideration such factors as type of non-expendable equipment, nature of the non-expendable equipment used, historical and usage patterns (refer to the Internal Revenue Service Publication 946). In the absence of clear evidence indicating that the expected consumption of the non-expendable equipment will be significantly greater in the early portions than in the later portions of its useful life, the straight line method of depreciation shall be used. If straight line method is not used, support justification indicating the depreciation method used must be submitted with the bidder's Budget Proposal.

The bidder shall list all non-expendable equipment needed for the contract on the “Non-Expendable Equipment” form (Exhibit AA), indicating the method of charge (rent/lease or depreciation), and including Exhibit AA with the bidder's Budget Proposal.

CDCR reserves the right to disallow any type of non-expendable equipment not deemed to be needed or applicable to the program. The cost for any disallowed non-expendable equipment will be deducted from the bidder's Budget Proposal. Non-expendable equipment costs not listed on the “Non-Expendable Equipment” form (Exhibit AA) shall be disallowed.

d. Facility Lease/Rent
Reasonable rent or lease costs applicable to the occupied space(s) for the CDCR project may be charged in the budget proposal of the contract. Space costs cannot exceed comparable rental space(s) for the surrounding area. If the Contractor occupies space(s), which will only be partially used for this project, the allowable space costs must be based on the percentage of space used for the project.
e. Facility Owned
If the Contractor owns the facility, they may be compensated for the use of the building through (1) depreciation or (2) current interest expense related to the original purchase of the facility. The computation of depreciation will be based on total facility acquisition cost, less land cost. If significant repairs are needed to make the facility usable for the project, prior written approval from the CDCR Contract Manager is required. A straight-line method of computing depreciation must be used. The contractor must possess the proper records to validate these costs and are subject to CDCR approval. The method of computing depreciation must be in accordance with Generally Accepted Accounting Principles (GAAP), and must be consistently applied. Only interest expense related to the original purchase price’s remaining principal balance is allowed. Interest expenses related to equity loans are not allowable.

If a Contractor-owned facility is fully amortized and fully depreciated, a rental fee equal to Fair Market Value is allowable. The Fair Market Value shall be supported by an appraisal report prepared by a licensed independent real estate appraiser.

f. Food Costs
This covers food products used in the preparation of meals and does not include non-food products, e.g., eating utensils, pots, pans, cleaning detergents, etc. Whenever feasible, CDCR recommends purchasing food items in bulk at wholesale prices. If a Contractor is required to maintain a stock of food items, an inventory control system must be utilized to ensure appropriate use of items. Food costs for contractor staff is unallowable.

g. Household Supplies
Household supplies are those items necessary for the operation of the project and include, but are not limited to: linens, kitchen utensils, hygiene items, and cleaning supplies.

h. Insurance
Reimbursement for required insurance will be based on actual costs incurred. State reimbursement in this area is contingent upon receipt of an actual invoice from the insurance carrier detailing that the costs are specifically for this contract. Additional costs beyond the required levels of the contract will be incurred by the Contractor.

i. Interest
The Contractor may use allocated funds for interest when the State’s annual budget is delayed and payments cannot be made to the Contractor, resulting in the inability for continued services unless the Contractor borrows funds. Any other situation for interest payments will be handled on a case-by-case basis and must be approved in writing by the Deputy Director of the Program.

j. Line Item Additions
These are blank areas on the Budget Proposal in which the Contractor has identified additional expense areas that CDCR concurs are necessary to provide contracted services and are obtained utilizing the Budget Transfer Request (BTR) process (see Budget Transfer Requests).
k. **Linen Services**
Linen services consist of outside services obtained to provide clean linen for use in the project (common for residential facilities contracts).

l. **Maintenance/Repair**
Allowable maintenance and repair costs are those that are necessary for the upkeep of the facility and non-expendable equipment.

m. **Project Supplies**
Project supplies include items which directly benefit the participants of the project. Project supplies include, but are not limited to: newspapers, brochures, magazines, books and other related publications.

n. **Supplies**
Supplies are defined as expendable items which depreciate with use and are limited to supplies necessary to meet the project’s scope of work. Title to any expendable supplies purchased or built with State funds as part of the agreement will vest in the State. Upon termination of the agreement, Contractors are required to leave all unused supplies for use by subsequent contractors or for the State to dispose of accordingly. The State may authorize the continued use of such supplies for work to be performed under a different contract.

The cost of items purchased should be comparable to the prevailing price for similar items.

o. **Training**
Cost of required training for employee development benefiting contract programs.

p. **Travel**
If the contractor and/or subcontractor are required to travel during the performance of this Agreement, the CDCR agrees to pay travel, per diem and expense costs described at rates not to exceed those approved by the Department of Personnel Administration for similar staff.

Receipts are required for every item of expense (i.e., airline tickets, lodging, meals, etc.) incurred as a result of conducting State business and must be attached to the invoice. No reimbursement will be paid without a receipt.

The contractor may not claim lunch or incidentals on trips less than 24 hours. When trips are less than 24 hours and with no overnight stay, any meals claimed are taxable.

The contractor may not claim meals provided by the State, meals included in hotel expenses or conference fees, meals included in transportation costs such as airline tickets, or meals that are otherwise provided. Snacks and continental breakfasts such as rolls, juice, and coffee are not considered to be meals.
REIMBURSEMENT ALLOWANCES:

**Airfare**
Airfare will be reimbursed at economy/coach rates. Requests for reimbursement at business class and first class rates will be disallowed.

**Meals and Incidentals**
The following reimbursement rates are maximums, not allowances. The contractor may only claim their actual expense.

- Breakfast: Up to $6; Lunch: Up to $10; Dinner: Up to $18;
- Incidentals: Up to $6

On the first day of travel, if the trip begins at or before 6:00 am – Breakfast may be claimed; 11:00 am – Lunch may be claimed; 5:00 pm – Dinner may be claimed

If the trip continues after 24 hours and if the trip ends at or after 8:00 am – Breakfast may be claimed; 2:00 pm – Lunch may be claimed; 7:00 pm – Dinner may be claimed

**Lodging Reimbursements**
The following reimbursement rates are per night maximums of actual expenses, plus tax, and not allowances.

<table>
<thead>
<tr>
<th>COUNTIES</th>
<th>RATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alameda, San Francisco,</td>
<td>Up to $140</td>
</tr>
<tr>
<td>Santa Clara, San Mateo</td>
<td></td>
</tr>
<tr>
<td>Los Angeles, San Diego</td>
<td>Up to $110</td>
</tr>
</tbody>
</table>

If the county is not listed above, the standard rate of $84 for lodging will apply.

**q. Utilities**
These costs may include gas, electricity, water and trash collection.

4. **Indirect Costs**

Indirect costs are those costs incurred for a common or joint purpose benefiting more than one objective. The term “indirect costs” as used herein applies to costs incurred in the Contractor’s administrative department, as well as those incurred in other departments in carrying out the functions and objectives of the contract.

Indirect cost rates are based on annual direct expenses. An indirect cost rate is only applied to a bidder’s Budget Proposal if servicing more than one program (e.g., bidder is presently providing a program service to another State agency, local entity or organization). Indirect cost rates shall not be applied to sub-contractor costs.
Bidders that have established indirect cost rates with other governmental agencies may use their approved Cost Allocation Plan (CAP) for State purposes. However, the State will disallow costs that do not comply with the LIBG, even if those costs are allowable under other government agencies’ rules.

Accounting records shall include documentation of all costs supporting the expenses used to compute the indirect cost rate. Contractors shall adjust the indirect cost rate annually during the term of the contract to reflect actual costs incurred without exceeding the budget.

a. Cost Allocation Plan
The purpose of the CAP is to ensure that there is equitable distribution of indirect costs to all the Contractor’s programs or operations. The CAP will include all associated expenses and must be provided at the time of bid submittal. If the indirect cost rate is determined to be inaccurate, the indirect cost rate will be recalculated to reflect the Contractor’s supportable rate and the bid adjusted accordingly. In addition, previous payments made by the State in excess of the supported indirect cost rate will be withheld from future payments to the Contractor or claimed during cost recovery in the close out audit.

5. Profit Fee
A one-time maximum profit fee of up to 5 percent (5%) of the cost of operating the project, exclusive of indirect costs and sub-contractor costs, is allowed per fiscal year. Profit fee costs will be added to the other proposed costs and become part of the total bid. If a budget amendment occurs due to an increase or decrease in fiscal year funding levels, the Contractor shall adjust the budgeted profit fee costs accordingly. At no time shall the profit fee percentage be greater than that of the original bid. Any unallowable costs from an audit may result in a recalculation of profit fee costs and recovery by CDCR of the difference.

Note: Only for-profit contractors may claim a profit fee.

6. Operating Reserve/Contingency Fund
Nonprofit organizations and government agencies may include a line item for Operating Reserve/Contingency Fund, which can be up to 5 percent of the cost of operating the project, exclusive of indirect and subcontractor costs. The Operating Reserve/Contingency Fund can only be used when all three criteria below are met:

- Necessary to pay for unanticipated costs as determined by the CDCR Program’s Deputy Director or equivalent, which is directly associated with approved contract services;
- To be used for allowable expenses as detailed in the LIBG, Section II, Actual and Allowable costs; and,
- Funds from other line items are not available to pay for the unanticipated costs.
This line item may not be invoiced directly; therefore, if the Contractor wishes to use these funds, prior written approval must be obtained from the CDCR Program’s Deputy Director or equivalent. The request shall be made through either a budget transfer request (approved by CDCR Program’s Deputy Director or equivalent) or amendment request (approved by CDCR’S Office of Business Services (OBS) and/or Department of General Services). The request must clearly describe the need for the funds and also explain why funds from other lines are not available to pay for the unanticipated costs. CDCR reserves the right to require that the Contractor provide all information and documents necessary to justify the request. If during the term of the contract an amendment is approved that increases or decreases the amount of the contract, the amount of the Operating Reserve/Contingency Fund may be adjusted accordingly. Any unallowable costs from an audit may result in a recalculation of the Operating Reserve/Contingency Fund costs and recovery by CDCR of the difference.

7. Allowable Indirect Costs

The following costs are typically considered indirect. However, if these costs can be easily allocated to a final cost objective, they shall be identified on the line item budget as a direct cost.

a. Accounting
The cost of establishing and maintaining accounting and other information systems required for the management of contracted programs. This includes costs incurred by central service agencies for these purposes.

b. Advertising
Advertising media includes newspapers, magazines, radio, Internet, television programs, direct mail, trade papers, etc. Allowable advertising costs are solely for:

- Recruitment of personnel required for the contracted project;
- Solicitation of bids for the procurement of required goods and services; or,
- Other purposes specifically provided for in the contract.

c. Audit Service
The cost of audits necessary for the administration and management of functions related to the contracted program.

d. Bonding
Cost of fidelity, surety and performance bond premiums.

e. Budgeting
Costs incurred for the development, preparation, presentation and execution of budgets.

f. Corporate Staff
Costs connected with persons who, while not included as part of the contract, are necessary for the successful completion of said contract.

g. Disbursing Service
Cost of disbursing contract program funds by the Contractor's treasurer or other designated officer. Disbursing services cover the processing of checks or warrants from necessary records of accountability and the reconciliation of such records with related cash accounts.

h. Electronic Data Processing
The cost of data processing services related to the contracted program.

i. Legal Expenses (Contract Administration)
The cost of legal expenses required in the administration of contract programs. NOTE: Three bids are not required for legal services.

j. Management Studies
The cost of management studies to improve the effectiveness and efficiency of management for ongoing programs; subject to such prior authorization as may be required by the State.

k. Meetings and Conferences
Costs when the primary purpose of the meeting is the dissemination of technical information relating to the contract program and are consistent with regular practices followed for the other activities of the Contractor. Registration fees are allowable under this line item. If travel is required for the meeting/conference, refer to the section entitled, “Actual and Allowable Costs,” paragraph 3 “Operating Costs,” subsection “p. Travel” on page 8.

l. Memberships, Subscriptions and Professional Activities
The cost of membership in civic, business, technical and professional organizations provided the:
- Benefit from the membership is related to the contract program;
- Expenditure is for Contractor’s membership;
- Cost of the membership is reasonably related to the value of the services or benefits received;
- Expenditure is not for the membership in an organization which devotes a substantial part of its activities to influencing legislation; and,
- Single membership cost does not exceed $100.00.

m. Morale, Health and Welfare Costs
These costs must be comparable to what State employees receive and requires prior written approval by the CDCR Contract Manager.

n. Payroll Preparation
Cost of preparing payrolls and maintaining necessary related wage records.
o. Permits
Licenses, permits and local government use fees (e.g. conditional use permit fees, business license, etc.) are allowable.

p. Personnel Administration
Cost for the recruitment, examination, certification, classification, training, establishment of pay standards and related activities for contract programs.

q. Printing and Reproduction
Costs for printing and reproduction services, which are necessary for program administration include, but are not limited to: forms, reports, manuals, information literature and related services which are in support of CDCR’s contracted program.

r. Procurement Service
The cost of procurement services include solicitation of bids, preparation and award of contracts and all phases of contract administration to provide goods and services for contract programs.

s. Taxes
In general, taxes or payment in lieu of taxes, which the Contractor is legally required to pay are allowable. In lieu taxes only relate to contracts with other governmental entities and then only if the governmental entity can show documentation (law or resolution) legally entitling the collection of in lieu tax. In lieu taxes do not apply to private profit and nonprofit organizations. Payment of any type of income tax (federal, State or local) is not allowable.

t. Transportation
Transportation costs relating either to goods purchased, delivered or moved from one location to another. When such allowable transportation costs occur in moving items from one of the Contractor’s CDCR contracted facilities to another, the cost shall be charged against the receiving facility’s contract.

u. Warehouse
Cost of maintaining and operating a warehouse for supplies and materials used either directly or indirectly for contracted projects.

8. Unallowable Costs
The following are unallowable costs that cannot be considered in the Budget Proposal:

a. Bad Debts
Loss arising from uncollectible accounts and related costs.

b. Bonus/Gifts
Costs associated with bonuses and/or other gifts.

c. **Contributions, Donations and Fundraisers**
   Contributions, donations, and fundraisers, including any expenses related to these activities are unallowable.

d. **Entertainment**
   Costs of amusements, social activities and incidental such as meals, beverages, lodgings, rentals, transportation and gratuities are not allowable, unless such activity is specifically required as part of the project scope.

e. **Fines and Penalties**
   Costs resulting from violations of or failure to comply with Federal, State and/or local laws and regulations. Penalties and fees resulting from the contractor’s failure to meet financial obligations (charges/interest for delinquent payments, insufficient cash to cover checks, etc.) are also unallowable.

f. **Legal Expenses (Claims Against the State)**
   Refer to Exhibit D – CDCR Special Terms and Conditions.

g. **Legislative Lobbying Costs**
   Costs associated with lobbying activities.

### III. Fiscal Audits

CDCR Office of Audits and Compliance (OAC), or any duly authorized Audits and Compliance representative, shall have the access and right to examine, audit, review, excerpt and transcribe any books, documents, papers or records of the Contractor and/or sub-contractor which in the opinion of the State may be pertinent to this contract. Such material for each year of the contract must be retained for a period of five years after the termination of the contract or until an audit is completed by the State and all questions arising there from are resolved. **An exception to the five-year period occurs when a contract audit is in dispute or litigation is ensued. In these instances, records are retained until all issues are resolved.**

Audits and reviews may be conducted at any time during the performance of the contract or during the five years following the completion of the contracting period. Actual costs incurred by the Contractor for expenses must be substantiated with appropriate source documentation. It is the Contractor's responsibility to ensure that all expenditures claimed, including all subcontractor expenditures, are allowable costs associated in performing the contracted services as specified in the LIBG.
If expenditures are found to be unallowable during an audit, the Contractor's and/or subcontractor's reimbursements will be recalculated and adjusted accordingly. Noncompliance with financial management guidelines set forth herein will result in a disallowance of reported costs. A misappropriation of funds shall result in a disallowance of costs.

If the Contractor received payments that are determined to be unallowable, then, in addition to any other remedies the State may have, the State may withhold payments from the Contractor to recover these costs. The State also reserves the option to collect any unallowable costs from the Contractor in monthly installments.

If disallowed or questionable costs are found, a draft report will be issued to the Contractor for review and comment. The Contractor will have 30 days to submit written comments and/or supply additional source documentation to the State for consideration in preparing the final report. The parties hereto mutually agree that the resolution of any issues pertaining to audits shall be resolved pursuant to Section 22090.7 of CDCR’s Operations Manual.

IV. Project Budget Proposal

Attached is a blank Project Budget Proposal (Attachment 1) which displays some of the allowable costs for a cost reimbursement budget. The project budget proposal displays five (5) separate budget categories (A, B, C, D, E and F) and indicates the line items within each budget category. CDCR’s Accounting Office will pay invoices based on monies available in the overall category and not by line item amount.

1. Total Personnel Costs
   Total Staff Salaries
   Total Staff Benefits

2. Sub-Contractors/Consultants Costs
   (Identified by Bidder)

3. Total Operating Costs*
   Communications
   Expendable Equipment
   Non-Expendable Equipment (per Exhibit AA)
   Facility Lease/Rent
   Food Costs
   Household Supplies
   Insurance
   Interest
   Line Item Additions
   Linen Services
   Maintenance/Repair
   Supplies
   Travel
Utilities

4. Total Indirect Costs
5. Profit Fee (for-profit organizations)
6. Operating Reserve/Contingency Fund (non-profit/government agencies)

* Any other associated operating cost applicable to the project is an allowable cost and may be added to the budget proposal as an additional expenditure under Total Operating Costs budget category. Refer to the section entitled “II. Actual and Allowable Costs,” paragraph 3 “Operating Costs,” sub-paragraph j “Line Item Additions”.

V. Establishing Monthly Salary Rates

A bidder may need to establish different monthly salary rates for personnel positions for a multi-year contract to reflect salary increases for subsequent fiscal years (FY) of the contract, as indicated below:

1. Monthly Salary Rates
   Considerations for a monthly salary increase should include:
   - Cost of living adjustments (COLAs);
   - Merit salary adjustments; and/or,
   - Anniversary increases.

2. Establishing a Monthly Salary Range
   A bidder may establish a monthly salary range for:
   - A single staff position; and/or,
   - Multiple staff positions (with the same position title).

By establishing a monthly salary range, this allows personnel to have varying monthly salaries and the established rates shall be inclusive of any salary increases during a fiscal year. For a multi-year contract, a bidder may also establish different monthly salary ranges for each fiscal year. Establishing salary ranges will allow the Contractor to make salary adjustments within the established range during the contract term to accommodate unexpected personnel changes. The range must be realistic and conform to industry standards for each position.

The following displays an example monthly salary range by FY:

<table>
<thead>
<tr>
<th>Single Staff Position</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Supervising Caseworker</td>
<td>$3125 - $3280 (1st FY)</td>
</tr>
<tr>
<td></td>
<td>$3280 - $3445 (2nd FY)</td>
</tr>
<tr>
<td></td>
<td>$3445 - $3615 (3rd FY)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Multiple Staff Positions</th>
<th></th>
</tr>
</thead>
</table>
A Budget Transfer Request (BTR) approved by the CDCR Deputy Director of the Program is required for all salary increases. An approved contract amendment is required for salary increases over 15%. The BTR and/or contract amendment has to be approved before the salary increase is granted, and must meet the criteria for allowable salary increases—refer to the section entitled “II. Actual and Allowable Costs”, paragraph 1 “Personnel Costs”, sub-paragraph “a. Staff Salaries”.

3. **Position’s Time Base**
   CDCR may determine a position’s time base when developing a project budget proposal requirement for a competitive bid or may allow a bidder to indicate a position’s time base. A position’s time base is the program time (indicated by either a percentage or hours) associated in performing contracted services.

4. **Project Time by Percent Range for Multiple Staff Positions**
   The percentage of program time may be established by the bidder as a percentage range for multiple staff positions (as seen below), with this percentage range indicating that one or more staff positions are providing services at a less than full-time basis:

   8 Counselors:
   $2450-$2575 monthly salary @ 50%-100% = $219,150 budget amount

   To compute the budgeted amount for the 8 Counselors, each position’s monthly salary rate and time base vary for the FY:
   1 @ $2450 @ 50% = $14,700
   1 @ $2450 @ 75% = $22,050
   2 @ $2450 @ 100% = $58,800
   4 @ $2575 @ 100% = $123,600
   A bidder would not need to display this application on the project budget proposal; however, for invoicing purposes, the monthly salary paid to each staff person cannot be more than the established monthly salary rates and time base.

5. **Project Time by Hours**
   A bidder may indicate a position’s project time base by the “number of hours” dedicated to the project during a fiscal year, however, this application would require the position’s salary to be indicated as an “hourly salary rate” in order to compute the position’s budgeted amount, as shown below:

   Supervising Counselor: $18.50 hourly rate @ 2016 total hours = $37,296

---

<table>
<thead>
<tr>
<th>23 Caseworkers</th>
<th>$2550 - $2675 (1st FY)</th>
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<tbody>
<tr>
<td></td>
<td>$2675 - $2800 (2nd FY)</td>
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<tr>
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<td>$2800 - $2940 (3rd FY)</td>
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</table>
Invoicing for a Position’s Budgeted Hourly Rate

Hourly rate increases over 15% must have prior amendment approval by CDCR’s Deputy Director of the Program and the Office of Business Services before making commitment to staff.

6. Personnel Positions

CDCR determines the “key staff” positions for a project budget proposal. Personnel positions identified in the project budget proposal are direct costs associated in performing the services required in the scope of the project.

A bidder may identify other staff positions necessary to fulfill the requirements of the contract.

7. Temporary Help and Overtime Displayed

A bidder may include separate position lines for temporary help and overtime as displayed below.

Please note that the budgeted salary and project time base may be indicated as “various” since these are unknown factors during the development of a project budget proposal. Overtime may reflect any of the personnel positions listed.

<table>
<thead>
<tr>
<th>A. PERSONNEL</th>
<th>No. of Positions</th>
<th>Monthly Salary</th>
<th>% of Project Time</th>
<th>No. of Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overtime</td>
<td>Unknown</td>
<td>Various</td>
<td>Various</td>
<td>Unknown</td>
</tr>
<tr>
<td>Temporary Help</td>
<td>Unknown</td>
<td>Various</td>
<td>Various</td>
<td>Unknown</td>
</tr>
</tbody>
</table>

8. Costs Displayed for Budget Categories and Line Items

- Budget category budgeted amounts must be displayed in “dollars”;
- Monthly salary rates must be displayed in “dollars”;
- Hourly rates may be displayed in dollars and cents. If hourly rates are displayed, the project time base must indicate the total “number of hours” *(not indicated by percentage of time)* for the fiscal year for calculation purposes; or,
- Non-expendable equipment items must be listed and the method of charge identified.
Frequently Asked Questions (F.A.Q.)

1. What is an amendment?

An amendment is defined by the California State Contracting Manual as “a formal modification or change of a material term, such as the term, cost, or scope of work, in one or more provisions of an existing contract.”

2. When is a formal amendment required?

An amendment is required when any of the following proposed changes to an executed contract are required:

- Change in the scope of work;
- Change in contract term;
- Increase or decrease in total funding for any one fiscal year;
- Salary increases over 15% of the budgeted high salary range; or,
- Increase in the total Personnel category greater than 15%.

3. What is a Budget Transfer Request?

A Budget Transfer Request (BTR) is an informal document used by the Contractor to indicate budget transfer costs of existing project funds without the need to process a formal amendment. The BTR is only used when there is no increase in the funding level and/or no change in the scope of the project. The BTR enables the Contractor to adjust the line item budget to reflect actual expenditures. The BTR must be approved by the Deputy Director or equivalent of the CDCR Program.

The Line Item Budget Guide includes a copy of the BTR form. You must include all applicable supporting documentation when submitting a BTR for review.

4. What are allowable budget transfers?

Transfers either within or across categories, and up to 15% of original bid per fiscal year, will be allowed each fiscal year without submitting an immediate BTR. The 15% is cumulative for each fiscal year budget. All transfers exceeding 15%—excluding “Personnel”—must be documented on the BTR form. If necessary, allowable transfers may be accomplished by transferring funds across the established categories.

For audit purposes, the Contractor shall maintain documentation concerning their BTR. At the end of each quarter within the fiscal year, the Contractor will reconcile...
their budgets with CDCR. The CDCR Accounting Office will pay invoices based on monies available in the overall category and not by line item amount.

Transfers moving funds into/from the Indirect Cost, Profit Fee, and/or Operating Reserve/Contingency Fund categories to/from any other line item are not allowed.

5. How soon do I need to file a BTR?

Prior written approval for any type of transfer or change not identified below must be requested from the Deputy Director of the Program. If the request is approved, the Contractor will be provided written notification to process a BTR for the requested transfer or change.

The following actions require an immediate BTR and approval from the Deputy Director or equivalent of the CDCR Program:

- An adjustment to budget costs across established budget categories greater than 15% of original total for that category. (e.g., “Operating Costs”; “Subcontractor/Consultant Costs”, etc., but excluding “Personnel” category).
- Adding new line item(s) in any one of the budget categories.
- An increase in benefits only for the following documented circumstances:
  a. An increase in employee health care or workers’ compensation costs.
  b. An increase in social security or unemployment insurance costs.
  c. An increase in employee payroll taxes.

Documented proof of increased costs must be provided (i.e., tax documents, invoices, etc.).

- An addition of new budgeted positions that do not have a significant impact on contracted services or contract deliverables and do not require duties and/or qualifications to be identified in the scope of the project.
- An increase in a budgeted position’s time base (e.g., from 50% to 75%, etc.).

6. What are the Contractor’s responsibilities concerning a BTR?

The Contractor shall submit a BTR once each quarter to reconcile any movement of funds not requiring the submittal of an immediate BTR. No later than 15 business days after the end of each quarter, the Contractor will submit their quarterly BTR to the Contract Manager. The BTR must reflect budget transfer costs of existing project funds, provide justification and supporting documentation for each budget transfer, and submit a revised budget for the affected fiscal years. The justification/documentation memorandum must accompany the BTR and be signed by the Contractor’s Director or designee. **If no movement of funds occurred during any quarter, the Contractor will indicate this on their last monthly invoice for that quarter.**
7. **What are CDCR’s responsibilities concerning a submitted BTR?**

CDCR Contract Managers must submit a copy of all approved BTRs, along with a revised budget, to the CDCR Accounting Services office and the Office of Business Services (OBS). OBS will review all BTRs and revised budgets to ensure that they are in accordance with the guidelines. Any approved BTR that is deemed inappropriate will be noted and directed to the OAC for audit exceptions. OBS will notify the CDCR Contract Manager of any BTR that has been forwarded to the OAC.

The Accounting Office will not pay invoices exceeding the budgeted category amounts until an approved BTR and revised budget have been received from the CDCR Contract Manager. The Accounting Office will only pay invoices for categories that are reflected in the current approved line item budget that have sufficient funds. All BTRs and revised budgets will be maintained in the contract file.

BTRs are effective for the entire fiscal year of request. BTRs for the last quarter of any given fiscal year, or upon term end of contract, must be received by CDCR’s Accounting Office and OBS (after program review and approval) no later than 90 days after the fiscal year end. BTRs received after 90 days of the fiscal year end must be accompanied by a signed late justification memorandum, submitted by the contractor for approval by the Deputy Director or equivalent of the CDCR Program.

8. **How do I include duties performed for a vacant position?**

A vacant position's duties may be temporarily performed:

- By an *existing* position whose time base is currently less than 100% *(e.g., time base of 75% increased to 100% and the existing position’s budgeted amount would also increase by transferring costs from the vacant position)*; or,

- By allowing existing staff to work overtime; or

- By employing temporary help.

9. **What are allowable salary rate increases?**

Salary increases *not included in the budget at the time of bid* will only be allowed during the term of the contract under the following conditions:

- CDCR increases contract responsibilities which results in increased responsibilities of the established budgeted positions; or,

- The project is legislatively approved for cost of living adjustments; or,

- The Contractor experiences documented recruitment or retention problems; or,
• Salary increases are required by the Contractor's agreement with its employees' unions.

Salary increases over 15% of the high range, other than those included in the budget at the time of bid, must have prior amendment approval before making commitments to staff.

10. What can cause a change in the number of budgeted positions?

The number of established budgeted positions may increase (e.g., from 3.5 to 5 full time employee positions) due to an increase in the quantity of services.

An employee's percentage of time worked may increase (e.g., from 75% to 100%) when performing additional duties.

11. When can new budget line items be added?

New positions, excluding temporary help, may be added to a project budget during the contract amendment process due to a change in the scope of work. A new position’s salary range, percentage of time and number of months must be shown on the project budget. A new position’s salary range must be in line with the established salaries identified in the project budget.

Additional budget line items and associated costs may be added by an amendment to reflect the actual increased costs associated with providing services.

The Contractor is allowed to add new line items by utilizing existing funds within each FY budget without the need to process an amendment.

All new line items must be reflected in a BTR.

12. How do I configure monthly invoices for contract expenditures?

The Contractor may use CDCR's monthly invoice form entitled, “Monthly Invoice for Contract Expenditures” (included in this guide) or may develop a similar monthly invoice form. If a Contractor elects to develop their own monthly invoice, the monthly invoice must include the same data information and associated costs as indicated on CDCR’s monthly invoice. The CDCR Accounting Office will pay invoices based on monies available in the overall category and not by line item amount.
SAMPLE DOCUMENTS

Project Budget Proposal
Exhibit AA – Non-Expendable Equipment
OBS 250 - Budget Transfer Request
Quarterly Budget Transfer Request
Monthly Invoice for Contract Expenditures
Bidder's Name: ___________________ Bid Number ____________

Project Budget Proposal
(Cost Reimbursement Budget)
Bid for ____________
Fiscal Year 20__/20__

<table>
<thead>
<tr>
<th>A. PERSONNEL</th>
<th>Number of Positions</th>
<th>Monthly Salary *</th>
<th>% of Project Time *</th>
<th>Number of Months *</th>
<th>Total</th>
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Total Staff Salaries
Total Staff Benefits (____% of Total Staff Salaries)

TOTAL PERSONNEL COSTS (A)

B. SUB-CONTRACTORS/CONSULTANTS COSTS

TOTAL SUB-CONTRACTORS/CONSULTANTS COSTS (B)

C. OPERATING COSTS
   - Travel
   - Facility Lease/Rent
   - Maintenance/Repair
   - Communications
   - Utilities
   - Insurance
   - Supplies/Expendable Equipment
   - Non-Expendable Equipment (per Exhibit AA)
   - Household Supplies
   - Food Costs
   - Linen Services

TOTAL OPERATING COSTS (C)

SUBTOTAL ANNUAL DIRECT EXPENSES (A+C)

D. TOTAL INDIRECT COSTS (____% of Subtotal Annual Direct Expenses)

E. PROFIT FEE (____% of Subtotal Annual Direct Expenses)

F. OPERATING RESERVE/CONTINGENCY FUND (____% of Subtotal Annual Direct Expenses)

TOTAL BUDGET FOR FISCAL YEAR _____ (A+B+C+D+E+F)

(Rev. January 2010)
NON-EXPENDABLE EQUIPMENT

List all types of non-expendable equipment used with this project. Budgeted costs for non-expendable equipment reflect payment made per month during the term of the contract. Attach additional sheets if necessary.

<table>
<thead>
<tr>
<th>EQUIPMENT ITEM and SERIAL NUMBER</th>
<th>RENT COST or LEASE COST</th>
<th>DEPRECIATION</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Indicate monthly cost.</td>
<td>If not using the straight line method, you will be required to submit support justification indicating the method of depreciation.</td>
</tr>
<tr>
<td>Rent Cost:</td>
<td></td>
<td>Acquisition Cost: $_____________</td>
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<tr>
<td>$________________ per month</td>
<td></td>
<td>Useful Life: ___ years</td>
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<tr>
<td>Lease Cost:</td>
<td></td>
<td>Depreciation Cost: $_________ per month</td>
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<td>$________________ per month</td>
<td></td>
<td></td>
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<tr>
<td>Rent Cost:</td>
<td></td>
<td>Acquisition Cost: $_____________</td>
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<tr>
<td>$________________ per month</td>
<td></td>
<td>Useful Life: ___ years</td>
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<tr>
<td>Lease Cost:</td>
<td></td>
<td>Depreciation Cost: $_________ per month</td>
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<td>$________________ per month</td>
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<td></td>
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<tr>
<td>Rent Cost:</td>
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<td>Acquisition Cost: $_____________</td>
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<td>$________________ per month</td>
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<td>Useful Life: ___ years</td>
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<td>Lease Cost:</td>
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<td>Depreciation Cost: $_________ per month</td>
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<td>Rent Cost:</td>
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<td>Acquisition Cost: $_____________</td>
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<td>$________________ per month</td>
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<td>Useful Life: ___ years</td>
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<tr>
<td>Lease Cost:</td>
<td></td>
<td>Depreciation Cost: $_________ per month</td>
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<td>$________________ per month</td>
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</table>

Revised January 2010
# BUDGET TRANSFER REQUEST

## (Cost Reimbursement Budgets)

**PLEASE PRINT LEGIBLY**

<table>
<thead>
<tr>
<th>SUBMITTED TO:</th>
<th>FROM (Contractor’s Official Name as Written on Contract):</th>
</tr>
</thead>
<tbody>
<tr>
<td>California Department of Corrections and Rehabilitation</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CDCR DIVISION OR PROGRAM (Managing Contract):</th>
<th>PREPARED BY:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>TELEPHONE NUMBER:</td>
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<table>
<thead>
<tr>
<th>MAILING ADDRESS:</th>
<th>MAILING ADDRESS</th>
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<tr>
<th>CITY, STATE, &amp; ZIP CODE:</th>
<th></th>
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<thead>
<tr>
<th>ATTENTION (Program / Program Manager):</th>
<th>PHONE NUMBER:</th>
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<thead>
<tr>
<th>CONTRACT # / AMENDMENT #</th>
<th>FISCAL YEAR(S):</th>
</tr>
</thead>
</table>

## TYPE OF BUDGET TRANSFER REQUEST (BTR)

*Note: All BTRs require PRIOR approval from CDCR’s Deputy Director or equivalent for the Program.*

CHECK ALL THAT APPLY:

- [ ] Adjust budget costs across established budget categories greater than 15% of original category total (excluding Personnel category). Note that transfers to/from Indirect Costs, Profit Fees, and/or Operating Reserve/Contingency Fund to/from other line items are not allowed.

- [ ] Add new line item(s) in any one budget category.

- [ ] Increase benefits for any of the following (*and provide documentation*):
  - [ ] 1. Increase in employee health care or workers’ compensation costs.
  - [ ] 2. Increase in social security or unemployment insurance costs.
  - [ ] 3. Increase in employee payroll taxes.

- [ ] Add new budgeted positions (these do not have a significant impact on contracted services or contract deliverables, nor do they require duties and/or qualifications to be identified in the scope of this project).

- [ ] Increase a budgeted positions’ time base (e.g., from 50% to 75%).

## DEPUTY DIRECTOR or EQUIVALENT OF PROGRAM APPROVAL

<table>
<thead>
<tr>
<th>APPROVED</th>
<th>DENIED</th>
<th>DATE:</th>
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<tr>
<th>DEPUTY DIRECTOR NAME:</th>
<th>DEPUTY DIRECTOR SIGNATURE:</th>
<th>PHONE NUMBER:</th>
</tr>
</thead>
</table>

*Attach a revised line-item budget for each fiscal year affected. All pages must include contract and BTR numbers.*

**DISTRIBUTION:**
- [ ] Program
- [ ] Contractor
- [ ] OBS Contract Analyst
- [ ] Accounting (original)
A. PERSONNEL

<table>
<thead>
<tr>
<th>Number of Positions</th>
<th>Monthly Salary *</th>
<th>% of Project Time *</th>
<th>No. of Months *</th>
<th>Original Total</th>
<th>1st QTR BTR</th>
<th>2nd QTR BTR</th>
<th>3rd QTR BTR</th>
<th>4th QTR BTR</th>
<th>New Total</th>
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</tr>
</tbody>
</table>

Total Staff Salaries

Total Staff Benefits (___% of Total Staff Salaries)

TOTAL PERSONNEL COSTS (A)

B. SUB-CONTRACTORS/CONSULTANTS COSTS

TOTAL SUB-CONTRACTORS/CONSULTANTS COSTS (B)

C. OPERATING COSTS

<table>
<thead>
<tr>
<th>Travel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facility Lease/Rent</td>
</tr>
<tr>
<td>Maintenance/Repair</td>
</tr>
<tr>
<td>Communications</td>
</tr>
<tr>
<td>Utilities</td>
</tr>
<tr>
<td>Insurance</td>
</tr>
<tr>
<td>Supplies/Expendable Equipment</td>
</tr>
<tr>
<td>Non-Expendable Equipment (per Exhibit AA)</td>
</tr>
<tr>
<td>Household Supplies</td>
</tr>
<tr>
<td>Food Costs</td>
</tr>
<tr>
<td>Linen Services</td>
</tr>
</tbody>
</table>

TOTAL OPERATING COSTS (C)

SUBTOTAL ANNUAL DIRECT EXPENSES (A+C)

D. TOTAL INDIRECT COSTS (___% of Subtotal Annual Direct Expenses)

E. PROFIT FEE (___% of Subtotal Annual Direct Expenses)

F. OPERATING RESERVE/CONTINGENCY FUND (___% of Subtotal Annual Direct Expenses)

TOTAL BUDGET FOR FISCAL YEAR _____ (A+B+C+D+E+F)

- These Personnel changes should be noted on BTR narrative

(Rev. January 2010)
MONTHLY INVOICE FOR CONTRACT EXPENDITURES
(COST REIMBURSEMENT BUDGETS)

TO: California Department of Corrections and Rehabilitation

CDCR DIVISION OR PROGRAM

MAILING ADDRESS

CITY, STATE, ZIP CODE

INVOICE NUMBER:__________________

PREPARED BY (NAME)

TELEPHONE NUMBER

CONTRACTOR'S OFFICIAL NAME

MAILING ADDRESS

CITY, STATE, ZIP CODE

ATTENTION

HEADQUARTERS ACCOUNTING SERVICES SECTION

In accordance with the above-referenced contract, payment is requested for satisfactory services provided in the MONTH of __________________, 20_____

AMOUNT DUE $____

A. PERSONNEL COSTS

<table>
<thead>
<tr>
<th>STAFF POSITIONS &amp; BUDGETED MONTHLY SALARIES</th>
<th>PROJECT BUDGET</th>
<th>YEAR TO DATE EXPENDITURES (EXCLUDE CURRENT MONTH)</th>
<th>CURRENT MONTH EXPENDITURES</th>
<th>BALANCE AVAILABLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee’s NAME, Position TITLE and TIME Base (% or Hours)</td>
<td></td>
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<tr>
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<td>$____</td>
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<tr>
<td></td>
<td>$____</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL STAFF SALARIES</td>
<td></td>
<td>$____</td>
<td>$____</td>
<td></td>
</tr>
<tr>
<td>STAFF BENEFITS</td>
<td>% of Total Staff Salaries as stated in the budget</td>
<td>$____</td>
<td>$____</td>
<td></td>
</tr>
</tbody>
</table>

TOTAL PERSONNEL COSTS = $____

B. SUB-CONTRACTORS/CONSULTANTS COSTS

| (attach additional sheets if necessary) | |
|----------------------------------------| |
| Travel | $____ |
| Facility Lease/Rent | $____ |
| Maintenance/Repair | $____ |
| Communications | $____ |
| Utilities | $____ |
| Insurance | $____ |
| Supplies/Expendable Equipment | $____ |
| Non-Expendable Equipment (per Exhibit AA) | $____ |
| Line Item Additions: | $____ |
| | $____ |

TOTAL OPERATING COSTS = $____

C. OPERATING COSTS

D. INDIRECT COSTS | % of (A+C) | $____ |

E. PROFIT FEE | % of (A+C) | $____ |

F. OPERATING RESERVE/CONTINGENCY FUND | % of (A+C) | $____ |

TOTAL COSTS = $____

FOR ACCOUNTING OFFICE USE ONLY

LESS ADVANCE PAYMENT | (if applicable, advance payment must be deducted as set forth in the contract) | $____ |

AMOUNT OF PAYMENT DUE | (must match “Amount Due” above) | $____ |

The undersigned certify, by review and verification of the attached documentation, satisfactory service has been provided in accordance with the above-referenced contract.

SIGNATURE AND PRINTED NAME OF CONTRACTOR’S FISCAL OFFICER | DATE SIGNED |

SIGNATURE AND PRINTED NAME OF CDCR PROGRAM MANAGER | TITLE | DATE SIGNED |

* SUPPORTING DOCUMENTATION REQUIRED WITH SUBMITTAL OF MONTHLY INVOICE

CHECK THIS BOX ON THE LAST MONTHLY INVOICE OF THE QUARTER WHEN THERE HAS BEEN NO MOVEMENT OF FUNDS FOR THE QUARTER.
MONTHLY INVOICE FOR CONTRACT EXPENDITURES (COST REIMBURSEMENT BUDGETS)

INSTRUCTIONS

CONTRACTOR COMPLETES:

INVOICE NUMBER: Enter an invoice number (for tracking purposes).

TO: Enter the CDCR Division or Program administering the contract. Mail to the address identified in the contract’s General Terms and Conditions. Attention: Accounting Department.

PREPARED BY: Enter the name and telephone number of the individual responsible for preparing the monthly invoice. Individual identified will serve as the contact person and should be able to answer questions regarding the monthly invoice.

CONTRACTOR’S OFFICIAL NAME AND MAILING ADDRESS: Enter the business name and mailing address as stated on the contract documents. If mailing address changes during the course of the contract, Contractor will be responsible for notifying CDCR of the new address.

CONTRACT NUMBER AND AMENDMENT NUMBER: Note on each monthly invoice submitted.

WHEN SERVICES PROVIDED AND AMOUNT DUE: Identify the month, year and the amount of payment due.

---

<table>
<thead>
<tr>
<th>Project Budget Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>For the following budgeted costs, do not send supporting documentation with the monthly invoice, but retain files in the Contractor’s headquarters office based in California or at the project service location where services are being provided.</td>
</tr>
</tbody>
</table>

**EXCEPTION: Required to submit supporting documentation for “Travel Costs” and “Sub-Contractors/Consultant Costs.”**

PERSONNEL COSTS: List the name, position title, time base percentage (or hours worked). Each approved position must be listed whether staffed or vacant. To justify the use of salary savings, the Contractor must obtain prior approval through the Budget Transfer Request process. Monthly invoice for salary costs of vacant positions cannot be reimbursed, or claimed for personnel services not rendered during the vacancy period. Attach additional lines as necessary.

STAFF BENEFITS: Enter the percentage of Total Staff Salaries as stated in the budget. If a percentage range was established (due to some staff benefit premiums being paid on a quarterly or annual basis), the monthly amount paid can not exceed the established high range.

SUB-CONTRACTOR/CONSULTANT COSTS: Enter the associated costs. Submit supporting documentation for all expense reimbursements of associated costs claimed with the monthly invoice and retain a copy at the Contractor’s headquarters or at the project service location where services are being provided for audit purposes.

OPERATING COSTS:

TRAVEL - Enter the costs directly related to the project. Travel costs must be supported by travel expense vouchers, purpose of travel, location (to and from destinations), dates, time of travel, rates claimed, mileage and any applicable receipts. Submit supporting documentation for travel costs claimed with the monthly invoices and retain a copy at the Contractor’s headquarters or at the project service location where services are being provided for audit purposes.

FACILITY LEASE/RENT - Enter the monthly lease/rent costs applicable to the occupied space for the project. If Contractor occupies space(s) which will only be partially used by the CDCR project, the allowable space costs must be based on the percentage of space used for the project. If the facility is owned by the Contractor, the Contractor may be compensated for the use of buildings through depreciation and current interest expense related to the purchase of the facility. The computation of depreciation will be based on total facility acquisition cost, less land cost. Adequate property records must be maintained and a straight line method of computing depreciation must be used, in accordance with Internal Revenue Code. The method of computing depreciation must be consistently applied.

MAINTENANCE/REPAIR - Enter the costs that reflect expenses for the upkeep of the facility and/or the repair of non-expendable equipment.

COMMUNICATIONS - Enter the costs associated for the operation of the project. Costs include, but are not limited to, telephone service, postage costs and messenger service.

UTILITIES - Enter the costs associated for the operation of the project. Costs include, but are not limited to, gas, electricity, water and trash collection.

INSURANCE - Enter the costs associated in maintaining insurance coverage for the operation of the project.

SUPPLIES/EXPENDABLE EQUIPMENT - Enter the purchase price of office supplies and/or expendable equipment (acquisition cost of less than $5000 per unit) necessary to meet the project’s required expenditures.

NON-EXPENDABLE EQUIPMENT - Enter the costs as indicated in the approved budget for the method of charge (rent/lease or depreciation).

LINE ITEM ADDITIONS - Enter those costs deemed necessary to provide contracted services as indicated in the approved budget.

INDIRECT COSTS - Will be allowed to the extent specified in the approved contract budget. Enter the associated costs and list the indirect cost rate (percentage of costs) which is based on the combinations of Total Personnel Costs and Total Operating Costs.

PROFIT FEE (For profits only) - Will be allowed to the extent specified in the approved contract budget. Enter the profit or service fee rate (percentage of costs), which is based on the combinations of Total Personnel Costs and Total Operating Costs. Enter the associated total costs. Note that non-profits and government agencies are not allowed to claim profit or service fees.

OPERATING RESERVE/CONTINGENCY FUND (For non-profits and government agencies) – May include this line item. The fund/reserve can be up to 5% of the cost of operating the project, exclusive of indirect and subcontractor costs.

FISCAL OFFICER’S SIGNATURE - Contractor’s fiscal officer must review and certify with their signature that expenditures claimed are in accordance with the provisions identified in the contract budget. Fiscal officer must print and sign their name and date each monthly invoice. Send the signed original and two (2) copies to accounting.

IF NO BUDGET CHANGES OCCURRED DURING THE QUARTER – If there were no movement of funds during the quarter, including amendments, the Contractor will indicate this on their last monthly invoice for that quarter by checking the box at the bottom of the invoice. If there were movement of funds, leave blank. (Check only for last monthly invoice of the quarter).

CDCR STAFF COMPLETES: The CDCR Contract Manager or their authorized designee must review Contractor’s monthly invoice and certify with their signature that based upon their review and verification of the attached documentation, satisfactory service as been provided in accordance with the provisions of the contract budget. The individual authorizing the payment of the monthly invoices must sign, along with entering their title and date of signature. Forward to accounting the approved invoice and retain support documentation for your project records. The CDCR Accounting Office will pay invoices based on monies available in the overall category and not by line item amount.