Section I.
Grant Budget Instructions

The budget should include all costs required to achieve the project goals, the amount to be reimbursed by Masstech, and the amount to be funded by Match sources (which must be at least the minimum amount required by the RFP).

A.   General Instructions

The budget should be submitted on Masstech's Standard, Grant Budget/Invoice Template, which is an Excel workbook supplied to all Applicants with the RFP.

1. In general, blue cells are entry cells, and green cells are calculation cells. Do not edit green cells unless there is a change to overhead or fringe calculation; in this event please provide an explanation on the Budget Assumptions tab.

2. An Applicant's budget template workbook will eventually be used as its invoice template. At the time of budget submission, leave the columns for quarterly invoicing empty. If awarded, this section will be used for invoicing and you will list expenses as they are incurred within the applicable period.

3. Use the attached Budget Assumptions tab as needed, for details or descriptions on line items requiring further explanation. Examples include: cost allocation methodologies (such as Overhead and Fringe), any significant assumption changes in cost category from one project-year to the next, or projected changes in the rates during the life of the project.

4. MassTech reimbursement is limited to Applicant's actual costs incurred to achieve the project objectives and is not intended to cover billable rates that include mark-up charges or profit margins.

5. All expenditures must be ones that are accounted for by the Applicant on its financial records under Generally Accepted Accounting Principles.

6. If awarded, spending should be consistent with cost categories and line items presented in the approved budget. Variance in spending across cost categories is allowable up to a 10% threshold with explanation on the supporting schedule, to the extent total budget amount is not exceeded. For any new line items or variance above the 10% threshold, the Applicant must seek MassTech's prior written approval.

B.   Budget Invoice Reimbursable Cost Tab

<u>Applicant Information</u>

Provide the name of the applicant and the title of the proposed project.

Budget Cost Categories

These are the categories of cost elements that are included in the budget template. The budget should include total project costs. The project costs not covered by MassTech funding should be included as cost share.

Direct Labor Costs

This category is for the time and payroll expense of the applicant's employees that will be performing tasks directly related to the project.

1. List each individual, title/category, or type of labor that will be required to complete the project.

2. Indicate the estimated number of hours that will be required of each individual, category, or type of labor.

3. Input the *actual* hourly rate for each individual, category, or type of labor. This rate must include direct payroll costs only. It should **not** be a billable rate that includes other overhead expenses or a profit margin.

4. Identify any proposed escalation in salary or percent effort and the basis for such an escalation for multi-year awards within the Budget Assumptions tab in the workbook.

Direct Labor Fringe Cost

This category is for the allocated costs of fringe benefits associated with the employees that are performing direct services related to this project. This allocation must be based upon an approved rate or based upon actual costs of such benefits assessed on the direct labor costs charged to the project. Applicant must provide information in the Budget Assumptions tab which specifies the basis of the fringe rate. If applicable, submit documentation of state or federal agency approval with the Budget Template.

Subcontractors / Consultants Costs

This category is for costs related to project services provided to the applicant by subcontractors or consultants. The basis for each of these costs and relevance to the project should be specified in the line item or in the Budget Assumptions tab.

1. List the name of the firm who will be actively participating in this project if known at the time of the application. If not, list the type of services to be contracted for and an estimated total value of such services.

2. When known, input the quoted rate per hour for each subcontractor/consultant and the projected number of hours. If the specific hourly rate is not known, please provide a total estimated cost of each service.

Applicant must seek MassTech's prior written approval for any actual rates that vary more than 20% from the estimated rates.

Direct Materials

This category is for purchased items uniquely associated with the proposed project. In general, it is not MassTech's policy to compensate for general purpose facilities or equipment. Include a description of the item(s), proposed vendor, quantity needed, unit cost, basis for cost, and the total cost. The basis for each of these costs and relevance to the project, should be specified in the line item or in the Budget Assumptions tab.

Travel

This category is for Applicant's costs for travel required to achieve the project goals and to complete activities identified in the project plan.

1.   Mileage reimbursement will be granted at no more than the federally approved rates in effect at the time of travel.

2.   Include a description indicating the need for the proposed travel, the estimated number of person-trips required, destinations, mode of travel, and cost basis of the transportation.

3.   Alcohol is an explicitly unallowable expense and is not reimbursable.

Other Direct Costs

This category is for other project costs directly related to the project. These items may include printing, postage, publications, graphics, etc. required for the project (incremental over normal operating costs which should be covered through the Indirect Cost/Overhead Expense category). The basis for each of these costs and relevance to the project should be specified in the line item or in the Budget Assumptions tab.

Indirect Cost/ Overhead

This category is for overhead costs related to the administration and management of the project. MassTech will allow such rates as the Participant may periodically calculate, consistent with appropriate federal guidelines of generally accepted accounting principles, and as charged to other grants. Applicant must provide information in the Budget Assumptions tab which specifies the basis of the indirect costs/overhead rate and submit documentation of state or federal agency approval, if applicable, with the Budget Template.

The budget template calculates overhead on Salary and Fringe. To the extent your institution assesses overhead using some other methodology, please

modify the formula based on any stipulations stated in the approved rate agreement or your institutional allocation policy. These changes should be explained on the Budget Assumptions tab and backed with supporting documentation.

C.   Summary of Cost by Fiscal Year Tab

Projected costs should be broken down by fiscal year within this tab. Please explain on the Budget Assumptions tab invoicing intentions if the reimbursable cost is not being expended ratably with match expenditures as required in the contract.

D.   Budget Assumptions

The Budget Assumptions tab should be included with your proposal to provide additional context around the line items of the budget, including basis for costs and descriptions of expenditures proposed. (Note: examples provided in the template should be deleted prior to submitting the form with your proposal.)

E.   Budget Guidelines

This tab is intended to provide helpful information on MassTech's budget practices and requirements. It provides cost category descriptions, applicable guidelines and documentation requirements. This can be used in the development of the budget as well as management of the award and invoicing.

Section II.

Grant Invoicing Instructions

A.   General Instructions

Invoices must be submitted on MassTech's Standard Grant Budget/Invoice Template, which is an Excel spreadsheet MassTech will supply at time of contracting.

1. In general, blue cells are entry cells, and green cells are calculation cells. Do not edit green cells unless a change to overhead or fringe calculation is required; in this event please provide an explanation on the Supporting Schedule, tab.

2. A Participant's invoice template will be the same Excel spreadsheet used for the proposal budget and received with the contract. There are columns for each quarter, spanning the life of the award, some of which may be hidden. Please unhide these columns as appropriate, as this is where you will list reimbursable expenses as they are incurred within the period.

3. Use the Supporting Schedule tab, to provide explanations on expenditures that vary from the approved budget, in the following ranges: hourly rate variance up to 5%, consulting hourly rate variance up to 20%, and any categorical variance up to 10%. Any expenditure over the allowable variance thresholds listed above, requires MassTech written approval prior to invoice submission.

4. MassTech reimbursements are limited to actual costs incurred in order to achieve the project objectives and are not intended to cover billable rates that include mark-up charges or profit margins. All expenditures entered on the invoice template must be for actual costs incurred by line item.

5. The costs for each line item in the budget should be input for the period and should tie to Applicant's documentation, which must include invoices/detailed system-generated reports.

6. A complete invoice package includes the following: (1) the invoice excel file with the "Budget_Invoice_Reimb_Costs" completed for the period, and the "supporting schedule" tab completed as needed (2) copies of invoices or detailed system-generated reports that tie to invoice and match amounts listed on the excel tabs, (3) appropriate signature on the certification located on the invoices to be submitted. This should only be executed following a review of all the documentation in the packet, as stated above.

B.   Budget Invoice Reimbursable Cost Tab

This tab is intended to summarize the reimbursable expenditures incurred for the project. Any expenditures entered here should also be recorded on the Participants books as a project expenditure, and the amounts must be verifiable through the supporting documentation.

The column furthest to the right will alert you to any variance over the budgeted amount for each cost category listed below, as well as variance to the approved rates for direct labor and consultants. If it is within the allowable thresholds as stated in Section II. A. 3. above, it will shade yellow. Yellow indicates that you must explain the variance within the Supporting Schedule tab. If the allowable variance has been exceeded for categories or rates, it will shade red. Red indicates that you must seek MassTech written approval of the budget variance prior to submission of the invoice. In all categories below, you should seek MassTech written approval of any new line items of costs incurred that were not included in the approved budget, prior to invoice submission.

Direct Labor Costs

Enter the labor for the period by line item, for each project team member. On the Supporting Schedule tab explain variances up to 5% from the approved budget for salary rates.

Direct Labor Fringe Costs

Enter the fringe assessed on direct labor for the period, by line item. This should be based upon rates that have been documented already.

Subcontractors / Consultant Costs

Enter the subcontract/consultant expenditures for the period, by line item. On the Supporting Schedule tab explain any variance up to 20% from rate or total estimated cost listed in the budget. The backup documentation should support the line items for all 'Subcontractors and Consultant Costs' incurred.

Direct Materials Costs

Enter the direct material expenditures for the period, by line item. The backup documentation should support the line items for all 'Direct Material Costs' incurred.

Travel Costs

Enter the travel expenditures for the period, by line item. Mileage reimbursement will not exceed the federally approved rates in effect at the time of travel. The backup documentation should support the line items for all 'Travel Costs' incurred.

Other Direct Costs

Enter the Other Direct Cost expenditures for the period, by line item. The backup documentation should support the line items for all 'Other Direct Costs' incurred.

Indirect Costs / Overhead

Enter the total Indirect Cost/Overhead for the period. This should be based upon rates that have been documented already. If there is any change to the rate agreement/allocation policy, explain on the Supporting Schedule tab and supply supporting documentation with the invoice.

C.   Invoice Supporting Schedule

This tab should be used to provide any additional explanation – for example, when a variance to the contract budget occurs. The invoice tab alerts, in column BD, will direct you to provide an explanation when a category is overspent, but there may also be times when explanations would be beneficial even when there is not a category overage.

The budget template will alert you to line item and categorical variance from the contract budget. Within the thresholds, the Participant should provide an explanation for any

expense that was incurred differently than originally specified. Any variance above the thresholds as stated in Section II. A. 3. must be approved prior to invoice submission. Providing the explanation/approval as part of the invoice submission, is intended to reduce delays that may occur when there are questions on the invoiced amounts. Any expenditures on new line items, not listed in the approved budget, must also have MassTech's written approval, prior to invoicing. All approvals obtained shall be submitted with the invoice.