# Race to the Top Phase 3
## Application Part II -Budget Preparation Webinar

November 29, 2011

# Introductions

# Reminders

- This is <u>not</u> a competition, so we can answer State-specific questions while you are writing your plans and developing your budgets.

- Additional questions may be submitted to [racetothetop@ed.gov](mailto:racetothetop@ed.gov).

- All relevant notices, FAQs and application materials can be found at Website: [http://www2.ed.gov/programs/racetothetop/phase3-resources.html](http://www2.ed.gov/programs/racetothetop/phase3-resources.html).

# Agenda

- Recap Application Part II Requirements
- Phase 3 Budget Overview
  - Project-level Budgets
  - Budget Categories
  - Budget Summary
- Department Review of Budgets
- Part II Application Submission Process
- Q&A
- Resources and Contact Information

# Recap Part II Requirements

- State plan overview and activities selected for funding

- Performance measures

- Budget narrative and budget tables

- Signatures of the Governor, the State's chief school officer, and the president of the State board of education, or their authorized representatives
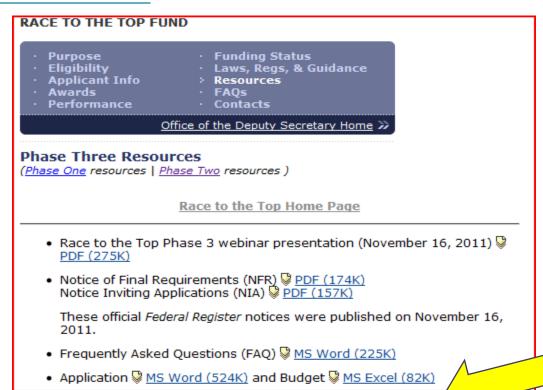
# Budget Overview

- **Same format as Phase 2 application, but tables are in <span style="color:red">Excel</span>**
- **Project-Level Budgets**
  - Table: Budget for each project, by category.
  - Narrative: Backup detail for each category in each project budget.
- **Budget Summary**
  - Table: Total proposed budget, by category.
  - Narrative: Overview of how the budget has been organized into projects.

# Budget Documents

Excel budget document available online at:
**http://www2.ed.gov/programs/racetothetop/phase3-resources.html**

# Project-Level Budgets

# Project-Level Budgets

- Each project needs its own separate "Project-level budget."

- For ease, the Excel document has been pre-set with formulae to help you complete and check your budgets.

- The Excel document includes 15 project-level budget worksheets (tabs on the bottom).

- If you are using fewer than 15 projects, be sure to DELETE the extra worksheets before submitting.

- If you need MORE than 15 projects, you must update the formula in the Budget Summary table to include all projects.

# Project-Level Budget

| | A | B | C | D | E | F | |
|---|---|---|---|---|---|---|---|
| 1 | **State Name** | | | | | | |
| 2 | **Project Name:** | | | | | | |
| 3 | | **Yr 1** | **Yr 2** | **Yr 3** | **Yr 4** | **total** | |
| 4 | 1. Personnel | $ 100.00 | $ 100.00 | $ 100.00 | $ 100.00 | $ 400.00 | |
| 5 | 2. Fringe Benefits | $ 10.00 | $ 10.00 | $ 10.00 | $ 10.00 | $ 40.00 | |
| 6 | 3. Travel | $ 100.00 | $ 100.00 | $ 100.00 | $ 100.00 | $ 400.00 | |
| 7 | 4. Equip | $ 10.00 | $ 100.00 | $ 100.00 | $ 100.00 | $ 310.00 | |
| 8 | 5. Supplies | $ 100.00 | $ 100.00 | $ 100.00 | $ 100.00 | $ 400.00 | |
| 9 | 6. Contractual | $ 100.00 | $ 100.00 | $ 100.00 | $ 100.00 | $ 400.00 | |
| 10 | 7. Training Stipends | $ 100.00 | $ 100.00 | $ 100.00 | $ 100.00 | $ 400.00 | |
| 11 | 8. Other | $ 100.00 | $ 100.00 | $ 100.00 | $ 100.00 | $ 400.00 | |
| 12 | 9. Total Direct (Lines 1-8) | $ 620.00 | $ 710.00 | $ 710.00 | $ 710.00 | $ 2,750.00 | |
| 13 | 10. Indirect Costs | $ 10.00 | $ 10.00 | $ 10.00 | $ 10.00 | $ 40.00 | |
| 14 | 11. Funding for Involved LEAs | $ 5.00 | $ 5.00 | $ 5.00 | $ 5.00 | $ 20.00 | |
| 15 | 12. Supplemental Funding for Participating LEAs | $ 5.00 | $ 5.00 | $ 5.00 | $ 5.00 | $ 20.00 | |
| 16 | 13. Total Costs  (lines 9-12) | $ 640.00 | $ 730.00 | $ 730.00 | $ 730.00 | $ 2,830.00 | |
| 17 | | | | | | | |
| 18 | | | | | | | |
| 19 | **Fringe - Check** | | | | | | |
| 20 | Rate | **10.00%** | | | | | |
| 21 | | **Yr 1** | **Yr 2** | **Yr 3** | **Yr 4** | **total** | |
| 22 | | $ 10.00 | $ 10.00 | $ 10.00 | $ 10.00 | $ 40.00 | |
| 23 | | | | | | | |
| 24 | **Indirect - Check** | | | | | | |
| 25 | Rate | **10.00%** | | | | | |
| 26 | | **Yr 1** | **Yr 2** | **Yr 3** | **Yr 4** | **total** | |
| 27 | | $ 10.00 | $ 10.00 | $ 10.00 | $ 10.00 | $ 40.00 | |
| 28 | | | | | | | |
| 29 | | | | | | | |

# Project-Level Budget

| | A | B | C | D | E | F |
|---|---|---|---|---|---|---|
| 1 | State Name | | | | | |
| 2 | Project Name: | | | | | |
| 3 | | Yr 1 | Yr 2 | Yr 3 | Yr 4 | total |
| 4 | 1. Personnel | $ 100.00 | $ 100.00 | $ 100.00 | $ 100.00 | $ 400.00 |
| 5 | 2. Fringe Benefits | $ 10.00 | $ 10.00 | $ 10.00 | $ 10.00 | $ 40.00 |
| 6 | 3. Travel | $ 100.00 | $ 100.00 | $ 100.00 | $ 100.00 | $ 400.00 |
| 7 | 4. Equip | $ 10.00 | $ 100.00 | $ 100.00 | $ 100.00 | $ 310.00 |
| 8 | 5. Supplies | $ 100.00 | $ 100.00 | $ 100.00 | $ 100.00 | $ 400.00 |
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| 15 | 12. Supplemental Funding for Participating LEAs | $ 5.00 | $ 5.00 | $ 5.00 | $ 5.00 | $ 20.00 |
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| 20 | Rate | 10.00% | | | | |
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| 22 | | $ 10.00 | $ 10.00 | $ 10.00 | $ 10.00 | $ 40.00 |
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| 26 | | Yr 1 | Yr 2 | Yr 3 | Yr 4 | total |
| 27 | | $ 10.00 | $ 10.00 | $ 10.00 | $ 10.00 | $ 40.00 |
| 28 | | | | | | |
| 29 | | | | | | |

Each Project-level Budget should have its own tab in the Excel budget.

Make changes in the WHITE and YELLOW cells only – do not change the purple cells.

Be sure to include the FRINGE and INDIRECT COST rates in each project-level budget, if relevant.

11

# Project-Level Budget Narrative

- In your Part II Application, provide a budget narrative that accompanies each Project-Level Budget Table and backup detail associated with each budget category in the Project-Level Budget. [See application p. 27, as below.]

**PROJECT LEVEL BUDGET**

The supporting project-level detail is required as back-up to the budget summary. For each project that the State is proposing in order to implement the plans described in its Race to the Top Phase 3 application, the State should complete the following:

Project-Level Budget Table. Attached to this Application Package is a template for project-level budgets in Excel format. States should complete a project-level budget table for each project, by budget category and for each year for which funding is requested.

Project-Level Budget Narrative: Provide a budget narrative that accompanies the Project-Level Budget Table and backup detail associated with each budget category in the Project-Level Budget.

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26

12

# Budget Categories

**1) Personnel**

- Include: Title, salary, time on project (hours or percentage of time), and any additional basis for cost estimates or computations

- Across the years, be sure to account for:
  - Raises—amount and timing
  - The start/end date of the position, including the likely number of months in each project year that person is likely to be employed or an overall %FTE allocated for that position over the course of the year.

- Including an organizational chart is helpful

# Budget Categories (cont.)

**2) Fringe Benefits**

- Percentages should be indicated and described for all personnel
- Clearly include the basis for cost estimates or computations
  - ➤ Fringe benefits should include a list of itemized estimated costs associated with each benefit, that is consistent (as appropriate) across employees and projects

# Budget Categories (cont.)

## 3) Travel

- Estimated number of trips
  - For each trip – estimate of transportation, lodging, and meal costs
  - Estimates for similar line items should be the same across trips in different project-level budgets unless otherwise justified (e.g. average hotel cost in the same city should be the same in all budgets)
  - Consider cost efficiency of various meeting locations and select the best option (e.g. most centrally located to limit average travel, largest concentration of likely attendees, city with low hotel rates, etc.)
- Any additional basis for cost estimates or computations

# Budget Categories (cont.)

**4) Equipment**

- Type of equipment
- Estimated unit cost
- State's definition of equipment
- Any additional basis for cost estimates or computations

**5) Supplies**

- List materials and supplies by nature of expense or general category (*e.g.*, instructional materials, office supplies)
- The basis for cost estimates or computations

# Budget Categories (cont.)

**6) Contractual**

- Describe products and/or professional services to be provided (tied to your plan) and explain the purpose and relation to the project.

- Estimated cost per expected procurement and detailed basis for cost estimates

- For professional services contracts, the amounts of time to be devoted to the project, including the costs to be charged to this proposed grant award

- A brief statement that the State has followed the procedures for procurement under 34 CFR Parts 74.40 - 74.48 and Part 80.36

Note: Because grantees must use appropriate procurement procedures to select contractors, applicants should not include information in their grant applications about specific contractors that may be used to provide services or goods for the proposed project if a grant is awarded.

# Budget Categories (cont.)

**7) Training Stipends**

- Descriptions of training stipends to be provided
- The cost estimates and basis for these estimates

**8) Other**

- Other items by major type or category (*e.g.*, communications, printing, postage, equipment rental)
- The cost per item (*e.g.*, printing = $500, postage = $750)
- Any additional basis for cost estimates or computations

**9) Total Direct Costs**

# Budget Categories (cont.)

**10) Indirect Costs** - See FAQ document (question B-7)

**11) Funding for Involved LEAs**

- Specific activities to be done by involved LEAs
- The estimated cost of each activity
- The approximate number of LEAs involved in each activity
- The total cost of each activity (across all involved LEAs)
- Any additional basis for cost estimates or computations

**12) Supplemental Funding for Participating LEAs**

- The type of activity
- The estimated cost of each activity, and its cost basis
- The approximate number of LEAs involved in each activity

# Budget Categories– Examples

## **Personnel**

| Personnel: The following requested personnel will all be hired as employees of the project. | % FTE | Base Salary | Total |
|---|---|---|---|
| Project Director (1): Jane Doe will be responsible for the overall leadership and management of the Performance-Based Teacher and Principal Compensation Program. She is an expert in this area and has worked on this issue for six years. She will report to the Race to the Top project director and be responsible for negotiating details related to the performance-based programs proposed in the plan associated with (D)(2). Her qualifications are described in detail in the project management plan on page A-24 of the Appendix. | 80% | $65,000 | $52,000 |

# Budget Categories – Examples (cont.)

**Travel**

| Travel: Travel expenses include the average mile reimbursements of $100 each, in addition to an amount of per diem of $50. | # Trips | $ per Trip | Total |
|---|---|---|---|
| A kick-off conference will provide technical assistance to our participating 325 districts. The conference will last two full days. A more detailed justification for this trip is explained in the narrative for selection criterion (A)(2). | 325x3 people (1 Project Dir. & 2 staff per district.) | $200 | $195,000 |

# Participating LEA Budgets

- States are not required to provide budgets describing how participating LEAs will use their section 14006(c) funds (see line 14 of the Budget Summary Table).

- States are required to monitor and track all expenditures to ensure that participating LEAs spend these funds in accordance with the State's plan and the scope of work described in the agreement between the State and the participating LEA.

- Participating LEAs will have up to 100 days to complete final scopes of work, workplans, and budgets. At the conclusion of that period, States will notify LEAs of their final section 14006(c) subgrants.

# Project-Level Budgets: Tips from Phase 1 and 2

- Have the "right" people in the room when developing your budgets.

- The number of projects will vary from State to State. That's fine –just make sure your projects tie directly to your plans.

- Think through your budget timelines – time to staff up, time to draft and issue RFPs, etc.

- Make sure that the start and end dates of the *grant* <u>and</u> *each project* are properly accounted for in the budget.

- Make sure budget aligns with activities (for example, activities set to occur in Years 2-4 are not budgeted in Year 1) and are appropriate to the ambitious yet achievable plan.

# Project-Level Budgets: Tips from Phase 1 and 2

- Use consistent estimates for similar items (for example, similar equipment should be estimated at the same cost throughout).

- Check to ensure that the figures you describe in the narrative match what you use in the budget table.

- Ensure that costs are categorized correctly within the budget table (as contractual, personnel, etc.).

- Ensure that numbers in the budgets add-up correctly.

- Justify all costs, including contractual costs.

# Budget Summary

# Budget Summary - Table

**This table will be calculated automatically in the "Total" tab of the Excel budget.**

| | A | B | C | D | E | F |
|---|---|---|---|---|---|---|
| 1 | STATE NAME | | | | | |
| 2 | | | | | | |
| 3 | TOTAL | Yr 1 | Yr 2 | Yr 3 | Yr 4 | total |
| 4 | 1. Personnel | $ 1,500.00 | $ 1,500.00 | $ 1,500.00 | $ 1,500.00 | $ 6,000.00 |
| 5 | 2. Fringe | $ 150.00 | $ 150.00 | $ 150.00 | $ 150.00 | $ 600.00 |
| 6 | 3. Travel | $ 1,500.00 | $ 1,500.00 | $ 1,500.00 | $ 1,500.00 | $ 6,000.00 |
| 7 | 4. Equip | $ 10.00 | $ 1,500.00 | $ 1,500.00 | $ 1,500.00 | $ 4,740.00 |
| 8 | 5. Supplies | $ 1,500.00 | $ | | | 000.00 |
| 9 | 6. Contractual | $ 1,500.00 | $ | | | 000.00 |
| 10 | 7. Training Stipends | $ 1,500.00 | $ | | | 000.00 |
| 11 | 8. Other | $ 1,500.00 | $ | | | 000.00 |
| 12 | 9. Total Direct (1-8) | $ 9,390.00 | $ | | | 340.00 |
| 13 | 10. Indirect | $ 150.00 | $ 150.00 | $ 150.00 | $ 150.00 | $ 600.00 |
| 14 | 11. Involved LEAs | $ 75.00 | $ 75.00 | $ 75.00 | $ 75.00 | $ 300.00 |
| 15 | 12. Supplements to particpating LEA | $ 5.00 | $ 5.00 | $ 5.00 | $ 5.00 | $ 300.00 |
| 16 | 13. Total Costs (lines 9-12) | $ 9,690.00 | $ 10,950.00 | $ 10,950.00 | $ 10,950.00 | $ 42,540.00 |
| 17 | 14. Funding Subgranted to Participating LEA's (50% of Total Grant) | $ 50.00 | $ 50.00 | $ 50.00 | $ 50.00 | $ 200.00 |
| 18 | 15. Total Budget (lines 13-14) | $ 9,740.00 | $ 11,000.00 | $ 11,000.00 | $ 11,000.00 | $ 42,740.00 |

**Includes totals across all project-level budgets.**

26

# Budget Summary Narrative

- Describe the overall structure of, and rationale for, the State's proposed Race to the Top Phase 3 budget, including:
  - The list of projects that have project-level budgets.
  - Anything that is not covered elsewhere in the project-level budget descriptions.
  - How it plans to direct a meaningful share of its Phase 3 award to advance STEM education in the State.

- Provide sufficient detail:
  - Ensure consistency between budget narratives and figures in budget tables.
  - Explain how other Federal, State, and local funds will be leveraged to further support Race to the Top education reform plans.

# Budget Summary Narrative cont.

Include Budget Summary Narrative in the State's Part II
Application.

**V.      RACE TO THE TOP PHASE 3 BUDGET**

**BUDGET SUMMARY**

Budget Summary Table:   Attached to this Application Package is the Budget Summary Table in Excel format (titled Race to the Top Phase 3 Budget).   States should complete the Budget Summary Table as the final step in their budgeting process, and include this table as the first page of the State's budget.

The State must include, on Line 14 of the Budget Summary Table, the amount of funding to be subgranted to its participating LEAs based on their relative shares of funding under Part A of Title I of the ESEA for the most recent year (that is, FY 2011), as required under section 14006(c) of the ARRA.   States are not required to provide budgets for how the participating LEAs would use their funds.   However, the Department expects that, as part of the administration and oversight of the grant, States will monitor and track all expenditures to ensure that participating LEAs spend these funds in accordance with the State's plan and the scope of work described in the agreement between the State and the participating LEA.

| Budget Summary Narrative:   A budget narrative that accompanies the Budget Summary Table should provide an overview of the projects that the State has included in its budget.   Applicants should use their budget narratives to provide a detailed description of how they plan to use their Federal grant funds and how they plan to leverage other Federal, State, and local funds to achieve their reform goals.   The budget narrative should be of sufficient scope and detail for the Department to determine if the costs are necessary, reasonable, and allowable.   The State must also include how it plans to direct a meaningful share of its Phase 3 award to advance STEM education in the State. |
| Enter text here. |

# Department Budget Reviews

# Department Review of Budgets

- The Department is required to conduct a review of the budgets in discretionary grant awards.

- The Department will review in each applicant's detailed plan and budget how it will allocate a meaningful share of its Phase 3 award to advance STEM education in the State.

- Potential grantees must cooperate with the Department during the budget review process until budgets are finalized (this may include a number of post-December 16th follow up conversations and request for additional information/rationale).

- The Department has discretion in determining the final amount of any competitive grant award.  The Department has authority to reduce budgets.

# Department Review of Budgets

- **Allowable** (or not prohibited) by the statute, regulations, or governing cost principles
  - *Is the cost allowed (or not prohibited) by statute, regulation, or the governing cost principles?*
- **Allocable** to the project
  - *Does the item or activity specifically benefit this project?*
- **Necessary and reasonable** for the proper and efficient administration and performance of the grant
  - *Would a prudent person have paid this price?*
  - *Are the costs adequately documented and justified?*
- **Consistent treatment**
  - *Is the cost being treated consistently by the grantee?*

# Application Submission Procedures

# Application Submission Procedures

- Part II of the Phase 3 application must—

  - Be submitted in electronic format on a CD or DVD that includes a PDF copy of the completed application, a PDF document containing all of the required signature pages; and

  - Include copies of the completed <u>Excel budget spreadsheets</u>.

  - Be **received** (not postmarked!) by 4:30 pm, Washington, DC time on December 16, 2011.

  - Indicate CFDA number 84.395A.

# Questions

# Resources and Contact Information

- Website: http://www2.ed.gov/programs/racetothetop/phase3-resources.html

- For more information about indirect cost rates, please refer to the Department's Cost Allocation Guide for State and Local Governments.  This guide may be found at: http://www2.ed.gov/about/offices/list/ocfo/fipao/guideigcwebsite.pdf.

- Email: Racetothetop@ed.gov or Meredith.farace@ed.gov

- Telephone: 202-401-8368 (Meredith Farace's direct line)

- Your Program Officer