

Phase 0 Program

Department of Homeland Security SBIR Applicants



Preparing your DHS SBIR budget

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AGENDA

- Solicitation Update
- DHS Public Portal document
- What information will you need for your budget?
- Overview of concepts
- Seeking assistance, if this is new to you



Start here!



Department of Homeland Security (DHS)
Science & Technology (S&T)
Office of the Chief Information Officer (OCIO)
Applications Branch (Apps Branch)

**Small Business Innovation and Research
(SBIR)**

**Public Portal
Registration and Submissions
Training Guide
May 2024**



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What information will you need? Pg 39

- Direct Labor
- Labor categories
- Rate
- Total Hours

Year 1 | Year 2

Section A | Section B | Section C | Section D | Section E | Section F | Section G | Summary Year 1

Section A

Direct Labor

Instructions:
Enter labor categories proposed (e.g., Principal Investigator, Project Manager, Research Assistant, Laboratory Assistant, Analyst, Administrative Staff), labor rates and the hours for each labor category.

No Direct Labor Cost

Labor Category	Hours	Rate per Hours	Cost
Developer	1920	56	107520
Manager	1920	100	192000
Total Hours			Total Cost
3840.00			299520.00

+ Add Category

Back to Dashboard

Figure 40 - Section A: Direct Labor

Definitions

Term	Definition
Direct Labor	Work done specifically in executing the tasks described in the technical proposal
Labor Category	The title associated with that competency. These can be readily found in the Bureau of Labor Statistics. Examples: Computer Programmer; Microbiologist
Hours	Time to be spent by each labor category in executing this project
Hourly Rate	The rate to be paid per hour before taxes. Commonly used in calculating salary Have a solid basis for the rate being paid. (See Bureau of Labor Statistics for rates)

Input this information into the portal and it will perform calculations

Think ahead - Start an Excel

Person	Labor category	Hours	Rate	Subtotal	Fringe	OH
John Smith	Microbiologist	866	\$44.89	\$38,874.74	?	?
Samantha Ford	Computer Programmer	866	\$51.80	\$44,858.80	?	?
?						
SUBTOTALS				\$83,733.80		

I recommend that
You always include
7% for Fee = Profit

Or \$12,250 from the top

\$175,000

\$ 12,250

\$162,750 for everything
else

REMEMBER – Total budget for Phase I is \$175,000 for 5 months work
People calculate full time hours in different ways – I use 2080
That is 173.33 hrs. per month; 5 months full time is 866 hours

Why is fee important?

- You can use it on any number of business items
 - Important for unexpected items that come up
- All other expenses can only be used for the designated purpose(s)

Now Add Fringe and/or Overhead

What is Fringe?
What is Overhead?



Section A Section B- Section C Section D Section E Section F Section G Summary Year 1

Successfully Saved

Your data has been successfully saved.

Section B

Fringe Cost

Instructions:

Specify current rate and base. Use current rate(s) negotiated with the cognizant federal negotiating agency, if available, OR provide a number for total estimated fringe costs to execute the project.

Previous Calculations:

- Section A / Direct Labor Cost: \$299,520.00

Percentage of Direct labor

Cost (Dollars)

Percentage of Direct labor

2.60

Fringe Cost

7787.52

Overhead Cost

Instructions:

Specify current rate and base. Use current rate(s) negotiated with the cognizant federal negotiating agency, if available, OR provide a number for total estimated overhead costs to execute the project.

Previous Calculations:

- Section A / Direct Labor Cost: \$299,520.00

Percentage of Direct labor

Cost (Dollars)

Percentage of Direct labor

3.34

Overhead Cost

10000.00

Explanation

1 Characters | 1,000 Characters Maximum

e

Fringe = benefits

- The types of things commonly considered as benefits are
 - Vacation
 - Holidays
 - Medical Benefits
 - Life Insurance
 - Retirement plans: IRAs
 - And many others
- When I started my firm, my fringe was very low as I could not afford much. Over time, I added more benefits – which may be how you approach fringe, if you are a start-up
- Fringe can be expensive

Planning: List the benefits you provide or will provide

- Calculate the cost of annual benefits per employee
- Some rates may vary depending on tenure
 - Contributions to retirement plan may increase with tenure
 - Vacation days may increase over time
- Others may vary based on the policies people select
 - Health insurance (cost split with employee)

Fringe benefits

- You cannot arbitrarily select a fringe rate
- You need to calculate your own – for the period to be covered by the proposal should you win an award
- You can input fringe information either as a defined cost for that individual or as a percentage
- Percentage is usually calculated across all employees
- Work with an SBDC, SCORE, or APEX accelerator

In your area if you have never done this before



Think ahead – Estimate and add Fringe

Person	Labor category	Hours	Rate	Subtotal	Fringe	OH
John Smith	Microbiologist	866	\$44.89	\$38,874.74	\$9,718.69	?
Samantha Ford	Computer Programmer	866	\$51.80	\$44,858.80	\$11,214.70	?
?						
SUBTOTALS				\$83,733.80	\$20,933.39	

- In this example, I have used a fringe rate of 25%
- I multiplied the subtotal value by the fringe rate to secure the cost of fringe
- My running subtotal is now \$104,666.93
- If, I am going to set aside 7% for fee, I can spend \$162,750



Well, what is overhead (OH)?

- This is handled in different ways too
 - Some companies just use OH, others use OH and G&A
- Most commonly these expenses are associated with the cost of doing business
 - Rent
 - Equipment
 - Electricity
 - Internet expenses
 - Subscriptions
 - Insurances
 - Printing
 - Etc
- It also includes non-direct labor
 - Secretarial support, finance, company management
- **G&A = General and Administrative**
 - Are business functions that benefit the company as a whole
 - Small businesses that working with contracting agencies tend to use both OH and G&A



So what do you handle OH?

- OH increases with business growth.
- Some of you are startups; others are going concerns
- If you do not developed your list of OH items and/or developed an OH rate – then consult again with a local SBDC or SCORE to develop what is reasonable for your company at this stage of development

Some questions for DHS?

- Do new awardees go through a DCAA audit?
- Do you recommend using both OH and G&A or can a company just use OH?
- Any additional guidance



Develop and Add OH rate

Person	Labor category	Hours	Rate	Subtotal	Fringe	OH
John Smith	Microbiologist	866	\$44.89	\$38,874.74	\$9,718.69	15%
Samantha Ford	Computer Programmer	866	\$51.80	\$44,858.80	\$11,214.70	15%
?						
SUBTOTALS				\$83,733.80	\$20,933.39	\$15,700.04

Running total
\$120,366.96

- Remember, you have to calculate your OH rate, based on historic and/or anticipated expenses
- In this example I have used an OH rate of 15% and a base equal to Labor and Fringe
- Goal is still to use 7% fee, I can spend \$162,750
- Looks like I will have wiggle room and can add more staff or consultants, subcontractors

Phase 0 Program

Department of Homeland Security SBIR Applicants

Other Direct Costs

This section includes:

- Direct Material
- Special Testing
- Special Equipment
- Travel
- Subcontractors
 - EXCLUDE TABA
- If you are NOT using, you check off.
- If you ARE using, you add company name and provide an explanation

The screenshot displays the 'Other Direct Cost (ODCs)' section of the application form. The form is organized into several subsections, each with a 'No [Category]' checkbox and a table for 'Category Name' and 'Cost'. A green 'Add Category' button is present at the bottom of each subsection.

- Section C: Other Direct Cost (ODCs)**
 - a. Direct Material:** 'No Direct Material' is checked. Category Name: N/A, Cost: 0.
 - b. Special Testing:** 'No Special Testing' is checked. Category Name: N/A, Cost: 0.
 - c. Special Equipment:** 'No Special Equipment' is checked. Category Name: N/A, Cost: 0.
 - d. Travel:** 'No Travel' is unchecked. Two entries are listed:

Category Name	Cost	Action
Flight to Washington DC - Dec 2020	300	Remove
Flight to Washington DC - June 2021	450	Remove
 - e. Sub Contractors:** 'No Sub Contractors' is checked. Category Name: N/A, Cost: 0.

Add Other Direct Costs

Person	Labor category	Hours	Rate	Subtotal	Fringe	OH	ODC
John Smith	Microbiologist	866	\$44.89	\$38,874.74	\$9,718.69	15%	
Samantha Ford	Computer Programmer	866	\$51.80	\$44,858.80	\$11,214.70	15%	
Subcontractor							20,000
Special Testing							\$10,000
SUBTOTALS				\$83,733.80	\$20,933.39	\$15,700.04	\$30,000

- Goal is still to use 7% fee, I can spend \$162,750

Running total
\$150,366.96

General and Administrative (G&A)

NOTICE: The system
Brings over previously
Calculated values



Back to Dashboard Year 1 Year 2 Other Info

Section A Section B Section C Section D Section E Section F Section G Summary

successfully Saved
Your data has been successfully saved.

Section D

General and Administrative (G&A)

Instructions:
Specify current rate and base. Use current rate(s) negotiated with the cognizant federal negotiating agency, if available. OR provide a number for total estimated general & administrative costs to execute the project.

Previous Calculations:

- Section A / Direct Labor Cost:78216
- Section B / Overhead Cost:297.22
- Section C / Other Direct Costs(ODCs):750

Percentage of Subtotal Section A-C (Current \$ 79263.22)

Cost (Dollars)

Percentage of Subtotal Section A-C

Cost (Calculated)

0 0.00

Back to Dashboard Back Save and Continue Save

G&A are business functions that benefit the company as a whole
How do I handle that – For staff that are 100% G&A, I also include the expenses associated
With their workspace

Add G&A (assume 10%)...but in practice, you must calculate!

Person	Labor category	Hours	Rate	Subtotal	Fringe	OH	ODC	G&A
John Smith	Microbiologist	866	\$44.89	\$38,874.74	\$9,718.69	15%		
Samantha Ford	Computer Programmer	866	\$51.80	\$44,858.80	\$11,214.70	15%		
Subcontractor							20,000	
Special Testing							\$10,000	
SUBTOTALS				\$83,733.80	\$20,933.39	\$15,700.04	\$30,000	\$15,036

- Goal is still to use 7% fee, I can spend \$162,750
- **I will need to reduce fee – I have \$9,597.04 available for fee**

Running Total = \$165,402.96

Profit or Cost sharing?

NOTICE:

Previous totals are
carried forward

You can select how you
Represent profit – as a fixed
amount or as a percentage

The screenshot shows a web application interface for budgeting. At the top, there are navigation buttons: "Back to Dashboard", "Year 1" (selected), and "Year 2". A green navigation bar contains tabs for "Section A", "Section B", "Section C", "Section D", "Section E" (selected), "Section F", "Section G", and "Summary".

The main content area is titled "Section E" and contains the following sections:

- Profit**
Instructions: Profit will be added to total budget.
Previous Calculations:
 - Section A / Direct Labor Cost:78216
 - Section B / Overhead Cost:297.22
 - Section C / Other Direct Costs(ODCs):750
 - Section D / General and Administrative (G&A):0

Options for representing profit:

 - Percentage of Subtotal Section A-D (Current \$ 79263.22)
 - Cost (Dollars)

Input fields for "Percentage of Subtotal section A-D" (value: 0) and "Cost (Calculated)" (value: 0.00).
- Cost Sharing**
Instructions:
 - No Cost Sharing

Amount (Dollar) input field (value: 0.00).

Explanation: 0 Characters | 1,000 Characters Maximum

At the bottom of the page, there are three buttons: "Back to Dashboard", "Back", "Save and Continue", and "Save".



Questions for DHS?

- Can you provide an example of a cost sharing entry?
- Are companies expected to cost share?
- Are companies penalized if they don't cost share?



TABA does **NOT** count towards \$175,000

TABA = Technical and Business Assistance
An addition \$6,500 for a vendor

Back to Dashboard Year 1 Year 2 Other Info

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Section F

Technical and Business Assistance (TABA)

Instructions:
If proposing a Technical and Business Assistance vendor, provide the subcontractor and amount (up to \$6,500) below.

No Technical Assistance

Category Name	Cost
Sub Contractor - Ventilation expert	4000

+ Add Category

Back to Dashboard Back Save and Continue Save

Figure 16 Section F: TABA Cost

Guidelines regarding TABA

In order for an awardee TABA request to be approved, the request must comply with Section 9(b) of the Policy Directive. If approved, the awardee shall be required to comply with the reporting requirements from Section 9 (b) and may not be eligible to participate in the DHS provided TABA (referred to as the Commercialization Assistance Marketplace, see **Section 5.12**).

These subcontract costs must be clearly identified as TABA accounted for in the Cost Proposal; however, profit or fee, or indirect rates, shall not be applied to TABA. Offerors must provide a budget justification, details of the specific services technical assistance to be provided, and the detailed qualifications and experience of the proposed subcontractor/consultant being requested. Failure to provide sufficient information may result in the request for TABA to not be approved.

Information is from pre-solicitation

Happy Holiday!

-
- Thanks for joining us today!
- Please provide your feedback on today's webinar

<https://forms.office.com/r/uvHuZWS5x4>