This is Unit 15, Part II entitled “Budgetary Guidance”. This section was prepared by Bennie Hilton, a former Budget Analyst for the VISN 8 Patient Safety Center of Inquiry. The Center is affiliated with the James A. Haley VA Hospital. Bennie worked at the Center for over 15 years. The main focus of her job was managing funding obtained from grants. Bennie calculated and tracked salaries, ordered supplies and equipment, and monitored travel with grant funding which equates to approximately $1.7 million per year. During this instruction, you will hopefully gain the knowledge of how to create a budget for an Infection Control program. For Assignment #9, you will determine how many employees it will take for a specific scenario, as well as supplies and equipment needed. In the rest of this presentation, when referring to a “scenario” - this relates to the scenario you are going to select to complete Assignment #9 (there are 6 choices).

Most of us live on a budget. When creating a budget, some of the factors involved include setting a goal by deciding what you wish to pursue. Once your goal is in established, you will need to decide how much time you will need to accomplish this goal. Having figured out the timeframe, you will be able to focus on the costs involved in reaching your goal. When calculating expenses, anything and everything involved in the daily operation for the length of time you have estimated has to be taken into consideration. Equipment/supplies, travel, and most importantly, salaries for those working to accomplish your goal within your set timeframe must be calculated. The broad category of equipment and supplies will cover expenditures from workstations and chairs to computers and software. Also, paper, pens, printing, and postage fall under this category. Travel is basically self-explanatory and will be covered in detail on the next slide. Salaries will be your biggest challenge in creating your budget and will also be covered extensively on future slides. Once you have established your goal, timeframe, and salaries, you should be able to figure out the outcome for your scenario.

On this slide, Bennie has provided you with examples of some of the expenses you may face in setting up a budget for your scenario. She has provided specific examples of each category. Furniture is pretty self-explanatory. Equipment would include items such as a copy machine, fax, and computers. Repair/maintenance contracts would also be needed for copy machines, faxes, computers, and other equipment requiring maintenance. Office supplies include expendable items such as pens, paper, staples, printer cartridges. Reference materials which you might need to order would include books and magazines. Consultants may require an honorarium. Travel would need to be budgeted if there is conference attendance required. The hardest category for you to understand will probably be the Salary/Full Time Employee (FTE). We will cover how to calculate FTE and salaries extensively on a future slide. Please refer to this list when calculating funding needed in creating your budget for your scenario.
Capital & Operational Items

Capital – material items not easily expendable
- Equipment
- Furniture

Operational – items which can be expended
- Office Supplies
- Salaries

In real life, you will need to identify and track items categorized as capital because you may be required to account for these items and turn them in when replaced by newer equipment/furniture or if your project has ended.

Some examples of capital items are:
- Equipment – copy machines, scanners, fax, computers and any hardware/software items associated with them
- Furniture – workstation(s) and chair(s), file cabinets or other storage containers, etc.

Items which are classified as operational or expendable are:
- Office supplies – paper, pens, printer cartridges, and other items which can be thrown away after use.
- Salaries – See the next slide.

Full Time Employee (FTE) Equation

Multiply annual salary X 30% Benefits
Divide new annual salary by 2080 hours (annual hours) = Hourly Wage
Multiply FTE X 8 hours = ? X 10 days in a pay period (PP) = "Y"
Multiply "Y" by 26 (PP in 1 year) = N
N = total hours employee works per PP
Multiply N X hourly wage for annual salary

When budgeting salaries, you may not always be able to hire an employee full time because you don’t have enough money budgeted to do so or you don’t need them full time. The equation on this slide will help you calculate salary based on FTE (percentage of time an individual works less than a 40 hour week.) Most organizations have set salaries based on individual qualifications such as education or experience. Find out salary from the Human Resources Office (HRO). Once the annual salary is determined, multiple this figure by 30% (benefits) and add annual salary to your answer. (NOTE: Benefits may vary so you will need to check with HRO.) Divide this new figure by 2080 hours. NOTE: 2080 hours represent the number of hours an individual works if they work a normal 40 hour week multiplied by 52 weeks (1 year). This will give you Hourly Wage. When decided how much time or FTE an individual is going to work, multiply FTE by 8 hours. Then, multiply this by 10 (number of days in a pay period, if paid every 2 weeks.) Multiply this number by 26 (pay periods in 1 year) which will give you the total number of hours working per pay period. Multiply the total number of hours by Hourly Wage to determine annual salary. You can divide this figure by months or quarters, if needed.

Example #1 - Salary Calculation

Hospital Epidemiologist, MD
$75,000 annually, working .25 FTE.
$75,000 X 30% (benefits) = $22,500 + $75,000 = $97,500 (annual salary w/benefits)
$97,500 ÷ 2080 (annual hrs.) = $46.87 (hourly wage)
$.25 (FTE) X 8 (hours) = 2 X 10 (days in a pay period) = "Y"
Multiply "Y" by 26 (PP in 1 year) = N
N = total hours employee works per PP
Multiply N X hourly wage for annual salary

This and the next slide will give you practical experience in calculating salaries. Let’s say you want to hire a Hospital Epidemiologist who makes $75,000 annually but you only need them to work .25 FTE (10 hours a week). You multiply $75,000 X 30% (benefits) = $22,500 + $75,000 (full time salary) = $97,500 (annual salary w/benefits). Then, divide $97,500 by 2080 (hours in an annual year) = $46.87 which is what you will pay the Epidemiologist per hour if working full time. Since you are hiring him/her for 10 hours a week, you have to calculate the salary at .25 FTE. Multiply .25 FTE by 8 hours (normal work day) = 2. Next, multiply 2 X 10 which is the number of days in a pay period if paid every 2 weeks = 20. Multiply 20 X 26 pay periods in 1 year = 520 hours the individual will work annually. Last, multiply 520 hours the individual will work annually X $46.87 which you calculated as hourly wage earlier. This gives you an annual salary of $24,372.40 for a Hospital Epidemiologist working .25 FTE.
In this exercise, you want to hire an Infection Preventionist, RN who makes $55,000 annually but you only need them to work .5 FTE (20 hours a week). You multiply $55,000 X 30% (benefits) = $16,500 + $55,000 (full time salary) = $71,500 (annual salary w/benefits). Then, divide $71,500 by 2080 (hours in an annual year) = $34.37 which is what you will pay the Infection Preventionist, RN per hour if working full time. Since you are hiring him/her for 20 hours a week, you have to calculate the salary at .5 FTE. Multiply .5 FTE by 8 hours (normal workday) = 4. Next, multiply 40 X 26 pay periods in 1 year = 1040 hours the individual will work annually. Last, multiply 1040 hours (the individual will work annually) X $34.37 which you calculated as hourly wage earlier. This gives you an annual salary of $35,744.80 for an Infection Preventionist, RN working .5 FTE.

Now, it’s time to put what you have learned into practice by using the information above to complete a scenario. For this practice scenario, you have $250,000 funding for 1 year. You do not need to pay for facility space or utilities. At a minimum, you will need to hire a Hospital Epidemiologist and an Infection Preventionist in some FTE capacity, but not necessarily full time. Other employees to carry out daily operations can be hired at your own discretion. Use your money wisely in creating a budget to complete this practical exercise. The variables you need to assist you in creating your budget are on the next slide.

The variables listed above are to be used as a guide. You are not held to these amounts but be realistic when creating your budget. Remember, you may not need a Hospital Epidemiologist or Infection Preventionist full time, so adapt FTE to suit your practical exercise. Use your imagination and be creative...

You will be completing Assignment #9 this week. You are first to select your scenario from the Budget Instructions worksheet located within Assignment #9. Then select a scenario and create a budget specific to that scenario. What does that mean? It means that someone reading the budget would be able to figure out which scenario you selected because the description and justification are designed for that scenario. Justify all selections and use all of the allotted funds. Do not lump remaining funds under “Miscellaneous” without specifying what those funds will be used for and providing justification.
Assignment #9, your budget scenario, is worth 30 points and 5% of the course grade. In this session and in the instructions, are guidelines for completing this assignment. There is also a worksheet within the Assignment #9 for you to fill out for your scenario. Be sure to indicate the scenario you selected on the worksheet.

This completes Unit 15, Part II, the last lecture for the course! Now it is time to complete Assignment #9 on Budget.

GOOD LUCK!