

STEPP Expanded Budget Guidance for FY27-29 Grant Cycle

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Overview

This document provides clear and consistent information for the planning, review, and management of budgets across all STEPP-funded projects. Its purpose is to ensure that STEPP grantees and Project Officers (POs) share a common understanding of budget expectations, allowable expenses, and the appropriate use of STEPP funds. This additional guidance does not supersede any organizational, County, State or Federal rules and regulations. This guidance is subject to change; please always consult your agency's fiscal staff and your STEPP PO for approvals and clarification.

Stewardship of STEPP Funds

The purpose of comprehensive tobacco control programs is to reduce disease, disability, and death related to tobacco use and eliminate tobacco/nicotine-related health disparities. The program and its grantees and contractors are responsible for being trustworthy stewards of grant funds, budgeting and utilizing funds with intention and a high degree of discernment, upholding the grant's priorities, and protecting and improving health outcomes for the people of Colorado. STEPP funds are voter-approved, state taxpayer funds allocated by [Tobacco Education, Prevention, and Cessation Programs \(§§ 25-3.5-801 — 25-3.5-810\)](#). Funds must:

- Support evidence-based commercial tobacco control interventions to promote the rapid decline of tobacco and other nicotine product use among all Coloradans.
- Align with the project and strategy(ies), and align with the intent and outcomes of the Statement of Work (SOW) and Implementation Plan (IP).
- Be used in ways that are necessary, reasonable, allocable, and allowable.
- Stand up under public scrutiny and in the public's perception.

Personal Services

Staffing and Full-time Equivalent (FTE) Guidance

Adequate staffing is essential to ensuring comprehensive tobacco control programming at the local level. STEPP outlines a required full-time equivalent (FTE) percentage for each funding tier. See page 23 of the [Community Tobacco/Nicotine Initiatives Framework for Local Public Health Agencies](#) or the Community Tobacco & Nicotine Initiatives Framework for STEPP's Community-Led Grantees document (expected to be released in late summer) for the full Funding Requirements Matrix.

Regionalization

STEPP recommends regional collaboration as a valuable approach to implementing tobacco control programs. A review and evaluation of regionalization found that it led to administrative and programmatic efficiencies, improved reach and integration into difficult-to-access communities, and improved capacity of local health organizations. STEPP contracts directly with the Lead Agency, and all participating agencies are contractually considered subcontractors of the Lead Agency. The regional budget must list the FTE for each subcontractor.

The Regional Coordinator role

One staff member at the lead agency is required to serve as the Regional Coordinator between .6 and 1.0 FTE. This position is critical to the coordination and success of the collaborative. The regional coordinator is responsible for the collaborative's performance, providing the necessary guidance and support to the region, and, when needed, addressing any performance issues.

Supplies & Operating

Equity-Focused Budget Line Items

“It is essential to involve communities that historically and currently have been left out of conversations directly impacting their own health and well-being. Developing culturally appropriate, responsive, and effective policy interventions will require tobacco control advocates to authentically engage organizations and partners that are representative of and embedded in the community.” [2030 Colorado Commercial Tobacco Education, Prevention, and Cessation Strategic Plan](#). STEPP encourages grantees to include costs associated with active and authentic community engagement.

1. Community Member Compensation

Consult early with your agency's fiscal, budgeting, and accounting staff when planning to compensate community members for their time and reimburse them for resources spent in a professional role when they are invited to inform, advise, participate, present, collaborate, or partner.

Compensation recognizes the value of lived experiences as expertise and acknowledges and respects the limited time and resources of many individuals living in communities left out by society's usual processes and policies. It is essential to involve communities that have historically and currently been excluded from conversations that directly impact their health and well-being.

Compensation is an important step toward creating more authentic community engagement and reducing barriers to community participation. It also avoids costly revisions that result from inadequate community inclusion from the start.

- Compensating community members is based on principles of equity, rather than on treating everyone the same. Not everyone will need compensation in order to fully participate.
- Community member compensation line-item totals need to reflect the level of expertise, commitment, responsibility, and degree of participation required.
- Compensating community members may include participation in a coalition or completion of a grant-related activity. For example, completing a survey or participating in a focus group as part of the Tobacco-Focused Community Assessment.
- Entities should refer to their negotiated indirect rate agreement to confirm whether or not compensation for community members should be excluded from indirect costs.

Refer to the CDPHE [Prevention Services Division Community Engagement Toolkit](#) for guidance if your agency does not have guidelines for community member compensation.

2. Language Services

To engage and partner effectively with communities, we must address barriers to access, including language barriers. The success of a project can depend on how engaged a community is from start to finish. Budgeting for language services leads to more inclusive, equitable program implementation that eliminates barriers for communities historically excluded from decision-making due to a lack of language access. Language services include:

- Translation
- In-meeting interpretation
- Transcreation of materials
- American Sign Language (ASL).

3. Reducing Barriers to Public Participation

Make sure to consider if a community member can cover the upfront costs for participating. If they are unable to cover expenses, consider compensation methods.

Reimbursement is paying back expenses that a person has already spent money on in order to participate. The following includes costs to be considered for reimbursement:

- Travel costs
- Lodging
- Parking
- Per diem/food costs
- Child/elder/dependent care costs

Merchandise

STEPP discourages merchandise purchases in the budget due to lack of evidence of effectiveness. The following guidance aligns with other programs within CDPHE's Health Promotion and Chronic Disease Prevention Branch. Merchandise in this context refers to any tangible items, goods, and products for distribution in the community, for a variety of purposes, including, but not limited to:

- To encourage engagement when in the community as an exhibitor/vendor at conferences and events
 - Connect with TA provider, Chris Jones (christopher.2.jones@cuanschutz.edu), at the Colorado School of Public Health to develop a community engagement plan.
- For promotional and marketing purposes

The total expense for merchandise purchased with STEPP funds should represent a nominal portion of the total budget, ensuring that the primary allocation of funds remains focused on core program activities. Limited exceptions may exist based on unique project and community needs and will be determined/approved by STEPP. The Description of Work cell of the budget should include a breakdown and justification for all requested merchandise items.

Encouraging Engagement at Public Events (incentives)

Incentives for engagement must be tied to an activity in the grantee's implementation plan. For example, completing a short survey or participating in a structured activity to increase community education and awareness. Being visible at community events, such as tabling, is valuable; however, it is recommended to consider other meaningful, authentic community engagement efforts.

Grant recipients should first approach partners or other funding sources to determine whether they are willing to support allowable items before requesting permission to use STEPP funds for this purpose.

Before budget development and submitting the incentive request to purchase merchandise, consider the following questions:

- How does the spending advance the project and the intended outcomes?
- Does this spending create sustainable changes in policy, systems, or practices?
- Would this spending amount and purpose be perceived as a necessary and appropriate use of voter-approved, taxpayer funds to the general public?

The following is a list of prohibited items. Please also provide a full list of items in your Incentive Request Form.

- **Prohibited Items:**
 - Faith-based materials
 - Tobacco and other nicotine products
 - Nicotine replacement therapy (Nicotine lozenges, gum, and patches)
 - Essential oils
 - Tobacco industry-sponsored materials
 - Non-nicotine vapes
 - Items that do not directly support tobacco/nicotine cessation

Accumulating and storing a reserve supply of items is considered stockpiling and is prohibited. Only purchase enough items to cover the immediate need. All items must be used within the same fiscal year. Purchasing bulk items in the last quarter of the fiscal year (April-June) will need prior approval from the PO.

Promotional and Marketing Products

Promotional products are customized merchandise branded with a logo or message. Promotional products are a marketing tool.

The following is a list of pre-approved and prohibited items. Please also provide a full list of items in your Incentive Request Form.

- **Approved Items:**
 - Sugar-free gum
 - Toothpicks
 - Local coupons
 - Stickers/decals
- **Items requiring review/approval:**
 - Water bottles (post-consumer plastic content required)
 - Keychains/Fidgets/Stress balls (post-consumer plastic content required)
 - Tote bags (post-consumer plastic content required)
 - Clothing (t-shirts, bandanas, fanny packs)
- **Prohibited Items:**
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Quit Kit Guidance

Quit Kits are ideally used as an engagement or promotional tool in an implementation plan strategy, and the Project Officer should approve the budget line before submitting the request form. Quit kits are not an evidence-based cessation strategy, but they can play supporting roles in raising awareness of and encouraging connection to tobacco/nicotine cessation.

Have questions? Need clarification? Don't hesitate to contact your Project Officer or connect with Mica Moeller at mica.moeller@state.co.us. We're here to help you make the most of these tools and ensure your efforts are a success:

- [View the Quit Kit Guidance for STEPP Grantees PDF](#) (Start here).
- [View the Quit Kit Guidance Google Doc](#) (Step 1).
- [View the Quit Kit Request Google Form](#) (Step 2).

Nicotine Replacement Therapy (NRT)

Purchasing bulk NRT for distribution is prohibited, with the exception of selected innovative contracts. Refer community members to the Colorado Quitline to obtain free NRT.

Tobacco Treatment Specialist (TTS) Training

Starting in FY27, BHWP will host annual STEPP-funded TTS trainings available to grantee partners who provide direct cessation services, or who have other pre-approved projects.

Curriculum & Programs

- **Approved:** Action for Healthy Kids (AFHK) STEPP-Approved Prevention Curricula can be found on the Action for Healthy Kids (AFHK) website and [here](#).
- Second Chance Alternative to Suspension Program Curricula (Free).
- **Prohibited:** Botvin's Life Skills Training (due to tobacco industry ties).
- **Case-by-Case:** "NOT ON TOBACCO" may be approved if focused on cessation rather than punishment.

Technology

- Computers, hardware*
- Software, licenses*
- Cell phones, hotspots

*Equipment, including software, that has a per unit acquisition cost of \$10K or greater will need further documentation, which will require additional approvals from Fiscal.

Office Supplies

Things to consider when budgeting for office supplies:

- In-person, hybrid, remote staff
- Compare prior fiscal year's budget vs actual expenses; did I budget enough? How much was actually spent?
- Is the budget amount and usage comparable to the number of staff listed on the budget?

Meeting Room Expenses

Meeting room expenses include the cost for space to host meetings. Justification is required if expenses are incurred to rent meeting space, including how it is reasonable and necessary to purchase space.

Food

- Food cannot be purchased for employee-only events.
- Reasonable costs are allowable for community engagement meetings.
- While STEPP does not set a specific limit on food costs, the proposed and planned amounts should be reasonable given the training location, the type of food requested, and the available options. For example, a half-day training in Denver can include a reasonably priced lunch at ~\$15/person or less. A two-hour training can include ~\$ 5 per person for a light snack and a drink.
- Include an explanation of how providing food supports the meeting's purpose and increases participation, and whether the cost is appropriate for the meeting's length.
- If food purchases are requested, the description of the line item must include a cost analysis of local options being considered, including the per-person price. Any food purchases should meet the local requirements of healthy food and drink policies.

Media & Communications

When using STEPP grant dollars to pay for placing ads locally or boosting social media content, a Grantee Media Plan must be submitted for review by the Tobacco Communications Specialist.

Examples include (but aren't limited to):

- Paying a local newspaper or billboard company to run a Quitline ad in your county
- Paying a radio station to run an ad that promotes a local youth vaping prevention campaign that your agency created
- Paying a local company to place ads on/in the buses in your county
- Paying a social media platform to boost posts or run anti-tobacco/nicotine ads

When using STEPP grant funds to place these ads, you're using Amendment 35 and/or Prop EE funds. These funding mechanisms have statutes that must be followed. By submitting your media plan to STEPP's Tobacco Communications Specialist, you're helping us ensure all Amendment 35/Prop EE funds are used in an allowable way. For more information, please reference the [STEPP Grantee Media Plan Guidance](#).

To submit media and/or campaigns for review, please submit the [Paid Media Placement Review form](#).

Travel

In-state STEPP/TA training, meetings, and events

- Encouraged and allowed
- STEPP contracts with state and national organizations to provide the necessary training and technical assistance for grantees.

- Follow your agency's per diem rules.

Out-of-State Tobacco-Related Conference and Events:

Allowed:

[National Conference on Tobacco or Health](#) (NCTOH): June 29-July 1, 2027

Submit a request to your Project Officer for approval. STEPP will allow a limited number of staff to attend NCTOH. Proposals must not exceed the staff FTE percentage for the STEPP grant. For example, if the staff attending the conference is at .75 FTE, the expenses associated with the conference should be no more than .75 of the cost. Grantees are not required to submit an abstract, but long-term grantees are encouraged to do so. POs/SMEs will review the abstract and may approve additional staff to attend if the abstract is accepted. For FY27:

- Conference registration and airfare are billed to FY27 and may be submitted for reimbursement on the June 2027 invoice.
- Hotel, per diem, and other travel expenses are billed to FY28.
- Please note that the two bullet points above on how to invoice for NCTOH are a one-time exception for FY27.
- Moving forward, all travel costs for conferences and events (including registration, hotel, airfare, transportation, per diem, etc.) are to be invoiced to STEPP after the event concludes.

Other public health-related out-of-state events:

Case-by-case consideration from the Project Officer and the Tobacco Cessation or Policy Supervisor for:

- For projects with a tobacco/nicotine-related poster session approved/accepted, STEPP will allow one person per grant cycle.
- For projects with a tobacco/nicotine-related abstract approved for a presentation, group, or panel presentation, STEPP will allow up to two people per grant cycle.

In-state non-STEPP events (such as Public Health in the Rockies):

For staff who have an abstract or poster session approved/accepted, STEPP will allow pro-rated travel to align with the percent of time on their STEPP contract

Prohibited:

Any conference funded or sponsored by the tobacco industry.

Contractual

This category should describe costs for subcontractors (persons not employed by the agency) needed to complete work on the Statement of Work. This includes consulting and personal services subcontracts. A formal agreement is expected between agencies and subcontractors. A copy of the contractual agreements may be requested by CDPHE.

Indirect Costs

Indirect costs are defined by an approved rate (percentage) and an approved base (the direct costs to which the percentage applies).

Three options exist:

1. **If the grantee agency has a Federal or CDPHE-negotiated indirect rate agreement**

The agency must apply the rate as described in its rate agreement. If the agency elects to use a lower rate, it must be applied to the same cost base as outlined in their rate agreement. (example: approved rate 15% of salary and fringe, but elect to assess 10%, then it must be on the same base of salary and fringe).

CDPHE-Negotiated Rate agreements are handled by CDPHE's Internal Audit Unit. Agencies can contact the Unit Manager at melissa.canaday@state.co.us with questions about their indirect rate.

2. **If the grantee agency does not have a Federal or CDPHE-negotiated indirect rate and elects to apply the De Minimis Modified Total Direct (MTDC) base.** Please note that the following costs under the definition of modified total direct costs may be allowable and may be included in your budget, but must still be subtracted from the total direct costs before indirect rates are calculated.

Modified Total Direct Costs (MTDC)

Up to 15% of modified total direct costs (MTDC.) Uniform Guidance defines MTDC as all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$50,000 of each subaward. MTDC does not include: equipment, capital expenditures, charges or patient care, rental costs, tuition remission, scholarships or fellowships, the portion of subawards in excess of the first \$50,000, and participant support costs. In addition to this list, the distribution base excludes other distorting items such as pass-through funds and subcontracts in excess of \$50,000.

3. Grantees may elect to waive indirects.

Thank you for tailoring your budget to deliver evidence-based, comprehensive tobacco control work in your community. Together, we can reduce disease, disability, and death related to tobacco use and eliminate tobacco/nicotine-related health disparities for all Coloradans.