

## **Grant Project Budgets and All That Jazz**

### Prepare the Budget Spreadsheet and Budget Narrative / Justification

Presented by

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When preparing a project budget, the goal should be to provide detailed, specific information that fulfills the requirements specified by the funder. Some private and corporate funders want only a brief budget for a pre-application or initial full application. The applicant may be required to prepare a more detailed, full budget if invited to submit a full application or funded in whole. Federal programs generally require very specific, detailed justification for all project, matching, and indirect costs. When constructing a budget for any funder, **FOLLOW DIRECTIONS!!!**

#### ***Think beyond the minimum***

If a project requires hiring a person for a 100% full-time equivalent position, the salary is not the only cost associated with that person. In addition to salary, costs for that one position may include salary COLA, fringe benefits, indirect, trainings, operating, space rent, furniture, computer, work phone, maintenance, general office supplies, travel and all its associated costs, professional organization membership fees, uniforms, position sub for absences, and matching/in-kind funds and resources required during and/or after the grant period to support that position. All costs need to be researched and documentation (e.g., price quotes) provided as required or as an addition that is not required, but may improve your chance for funding.

#### ***Budget information resources***

Budget information resources include, but are not limited to:

- Previous application budgets from which you can use and often copy information, then simply update or change a few details.
- The 192 page *State of Nevada, State Administrative Manual (SAM)* found at <http://budget.nv.gov> - click on the "Documents" link, then click on the SAM link.
- Per diem rates, forms, and other information for Nevada and other states can be found at the federal General Services Administration (GSA) website at <http://www.gsa.gov> - and click on a specific link on the left of the home page. Note that the Department of Defense sets rates for Alaska, Hawaii, and U.S. Territories and Possessions. The State Department sets foreign rates.
- Federal Office of Management and Budget (OMB) circulars for, among others, state and local governments and educational and non-profit institutions: <http://www.whitehouse.gov/omb/circulars>

#### ***Write for review as well as you***

As a reviewer for several federal U.S. Department of Education grant programs, my goal is to minimize my time investment to read and evaluate the quality of applications. Over the years, my streamlined review begins with first reading two sections of an application: abstract and budget narrative / justification. If these two sections do not follow funder directions and are not clear, coherent, concise, detailed with precise information, and costs are not aligned to the goals and measurable outcomes stated in the abstract, then my job as a reviewer is easy. Based on the lack of quality and detail in the two sections, the applicant essentially sends the message that they failed to do their homework or spend time to design a high-quality project based on realistic and feasible costs. The narrative is extremely likely to be of insufficient quality, detail, and clarity to score in the funding range.

### ***Award amounts may be decreased***

Make the decision prior to submitting an application if a project is feasible with an award that is less than requested. If sections of a project can be implemented and successful while searching for additional funding to cover the project sections that were set aside, then by all means submit. If the answer is no decrease is feasible, then carefully consider whether or not to submit an application. Funders frown on an applicant who wastes the funder's time and wants all or nothing. A funder may decide to award \$10,000 instead of the requested \$87,000, so decide prior to completion of an application if that is going to work. Conversely, the budget can be constructed to maximize a request (e.g., 3 personnel to be hired instead of a necessary one person) and if required to cut, it is not devastating to the project.

### ***First step in budget construction***

The critical first step in budget construction is to make a spreadsheet with all of the categories of funding that are required by the grant program. Within each budget category, list the line items that may be required, particularly those who will receive subgrants or who will contract with the applicant. Bring the grant project team together to discuss all aspects of the budget. Assign a specific person(s) as needed to provide information. Continually check and recheck EXCEL spreadsheet formulas.

### ***Budget construction process***

Create a checklist of steps required to construct a budget. Steps include, but are not limited to,

#### **• FOLLOW DIRECTIONS.**

- Create a spreadsheet listing the funder's budget categories and costs by project year.
- Know the rules and regulations for allowable costs and what items are listed in which budget categories.
- Research what is realistic and feasible. Applicants who claim to be able to implement and complete a project or parts of a project simply to get funding may end up in hot water with the funder and auditors.
- **DO NOT** include cents - decimals - in costs. Round all amounts up to the nearest whole dollar.
- **DO NOT** put dollar signs \$ in each cell. Budgets *are* dollars.
- Continually send the budget spreadsheet drafts to project team members to review.
- If matching and/or in-kind funds and resources are required during the project and/or for sustainability, obtain *letters of commitment* from the source(s) of the match.
- Obtain job descriptions for personnel to be hired and résumés of existing personnel to be grant funded (generally limit each résumé to 2 pages).
- Align measurable goals, objectives, outcomes, benchmarks, milestones, deliverables, and matching /in-kind funds and /or resources to budget costs. Not all funders require alignment in the application; however, they generally will require it in practice. It is much easier and beneficial to design a high-quality alignment during project design and budget construction than to encounter problems after the award. To impress reviewers, include alignment in the budget narrative / justification.
- Establish a working relationship with grant program personnel so they will promptly answer questions.
- For answers to questions go to the experts. It is unproductive to endlessly ponder and discuss the legitimacy of a cost, how much money to allocate to an activity, or whether or not an expenditure is legal. Write an e-mail, pick up the phone and call, or go in person to the authority where the buck stops who has the power to say yea or nay.

***The Good, the Bad, and the Ugly***

In this presentation handout are eight (8) sample grant application budgets and sections of budgets that include the “never embarrass yourself or Nevada doing something like this” (sample 1), one simple paragraph for a corporate foundation program, and a section of the 102 page budget narrative for the Nevada federal Race to the Top application. The preparation time for the budgets which spawned the samples ranged from three minutes to two months, seven days a week, 10-15 hours per day. Anyone can complete a one paragraph budget statement; however, some budgets may require the knowledge of a financial expert with project specific expertise (e.g., school finance, construction, sophisticated information technology) to complete 10-15 or more detailed budget forms. In general, the cost of consultants to write grant applications, prepare budgets, assist with project design, or perform other duties cannot be promised to be paid or actually paid by grant funds.

Note: Although State of Nevada grant projects and budgets are generally public information, some names and other information have been redacted in the samples.

**SAMPLE BUDGETS FROM APPLICATIONS**

1. AAAUUUUUGGGHHHHHHHHHHH !!!!! NO NO NO NO NO!!!
2. Corporate foundation: application 1 page, one paragraph budget.
3. Federal: application 5 pages, one page budget narrative.
4. Federal: Budget spreadsheet from which a narrative / justification was written.
5. National organization: page 1 template required by funder; narrative pages 2-3.
6. Federal: short, detailed.
7. Federal: ~\$75 million budget narrative 5 pages, additional information in appendices.
8. Federal: \$175 million budget narrative 102 pages. Each budget category required a funder budget table, with each category and items within each one aligned to grant program selection criteria.

Provide visuals when space allows. Charts are easier for reviewers to skim and process information. Because many reviewers are not familiar with states west of the Mississippi River, they do not relate to the geographic distances that pose barriers and increase costs.

**FY 2012 State of Nevada  
 Daily Motor Pool Vehicle Rates**

Rate Tier	Daily Rate \$	Per Mile \$
Compact	24	0.14
Intermediate	25	0.15
Premium	28	0.19
Specialty	37	0.20

<b>Round Trip Mileage</b> (examples)			
Carson City	↔	Reno Airport	64
Carson City	↔	Tonopah	456
Carson City	↔	Ely	636
Carson City	↔	Winnemucca	360
Carson City	↔	Austin	242
Reno Airport	↔	McCarran Airport, Las Vegas	886
Reno Airport	↔	Elko Airport	578

From Reno or Las Vegas to locations not served by commercial airlines, ground transportation is used.

