

Building a Better Budget

One of the key components in any grant is the budget. A good budget will reveal whether or not the proposed project is feasible and well planned. Careful review of the Request for Proposals (RFP) or Funding Opportunity Announcement (FOA) will provide guidance and instruction on funding limits, allowable costs and any match or cost share requirements. When populating a budget table, round to whole dollars wherever possible.

In order to build a grant budget, it is important to take into account all the costs necessary to complete the work as described in the proposal. Grant reviewers look for reasonableness and will judge whether your funding request is justified by your project plan and activities.

Grant budgets have two distinct cost categories: direct and indirect costs. Direct costs are expenses that are incurred as a direct result of the grant that can be allocated and tracked. They include personnel, equipment, consultants or contractors, most materials and supplies, and travel. Indirect costs are shared expenses often incurred whether or not you do the project but will be used in part, to support the project such as administration, executive oversight and supervision, insurance, custodial services, and telecommunications. Indirect costs are calculated using a percentage or flat rate based on direct costs. Before including indirect costs in your budget, make sure to read the guidelines or contact the program officer to determine whether indirect costs are allowable and what the approved process is for including them in the budget.

Personnel costs associated with the grant project should be represented either as a percent of time or full time equivalent (FTE) for salaried employees based on their annual salary or the number of hours with an hourly rate for hourly employees. Benefits or fringe is assessed based on the salary and is either listed separately or as a total personnel cost in a budget table. Audubon currently has a fringe rate of 35% for full time, 12% for part time and 8% for temporary employees. Be advised that these rates are subject to change annually. Fringe rates typically cover vacation and sick leave, medical and disability insurance, unemployment, FICA and retirement savings plans. For multi-year grants, plan for 3-5% salary increases for cost of living allowances.

Contractual Services or Consultant costs are for outside entities that provide professional services in support of the scope of work in your grant project. Rates and fees for their services are usually assessed on a flat fee based on accepted rates for service in their professional field. They are not considered personnel and therefore should be budgeted in their own cost category. When selecting contractual services for a federal project, the contractor must not be debarred from doing business with the federal government. The website www.gsaig.gov lists suspended and debarred entities and vendors by state.

Construction costs include land or building purchase, architectural fees, inspection, demolition and site preparation, legal fees contingency fees. If construction is part of your grant proposal, exercise careful judgment and adherence to the grant guidelines and funding restrictions.

Consult the funding program officer and any additional organization personnel before submitting construction budgets.

Equipment is defined as tangible nonexpendable property that has a useful life of more than one year and an acquisition cost of \$5,000 or more. Costs are assessed on a per unit basis. Make sure you are populating this category correctly as it is common to consider GPS or computers as equipment when they meet the definition as a supply.

Travel costs should include mileage for locally owned vehicles used to execute program activities, airfare and per diem for long distance travel for meetings or conferences, and incidental travel costs such as taxis, tolls and parking costs. Consult the GSA website for determining current government approved rates for travel. (www.gsa.gov)

Supplies and Materials are consumable and non-consumable items used in project activities that have a value less than \$5000. Consumable supplies are common items such as maps, notebooks, educational material that are not typically retained after the activity or program is complete. Non-consumable supplies and materials are items that may have a useful life beyond the grant project yet fall under the \$5,000 threshold such as furniture, computers, cameras, and GPS units. Costs are assessed on a per unit base.

Other Direct Costs is a broad category to capture items that do not fit in other named budget categories. This includes items like trainings, printing, postage, telecommunication (if solely used in the grant project).

Indirect Costs are those costs that have been incurred for common or joint purposes. They are often not allowed or limited so be sure to review the grant instructions for inclusion. The National Audubon Society has a federally approved provisional rate of 22.83% of total modified direct costs. Indirect costs pay for administrative personnel both at national and at the local field level. Many funders have lower indirect cost limits than Audubon's approved rate. In most cases, the difference between the approved rate and the allowable rate can be applied as match. When developing your budget, factor indirect costs relative to the scope of work planned.