Grant Budgets: Planning & Preparation

Provided by:
Principal Investigators Association™

Principal Investigators Association
3565 10th St. N., Ste B
Naples FL 34103
800-303-0129
DISCLAIMER

© 2010 Principal Investigators Association. The entire contents of this presentation are protected by Copyright, worldwide. All rights reserved. Reproduction or further distribution by any means, beyond the paid customer, is strictly forbidden without written consent of Principal Investigators Association. This presentation includes photocopying and digital, electronic and/or Web distribution, dissemination, storage, or retrieval. This is a resource provided by Principal Investigators Association. The opinions contained in this presentation are those of the speaker and do not necessarily reflect those of the Principal Investigators Association. Due to necessity, the information presented at this conference is general and may not apply to all situations. For questions or comments, please contact Tammy Arthur, Business Operations Manager, at audio@principalinvestigators.org.

You must be totally satisfied at all times or receive a cheerful 100% refund of every penny paid.
Grant Budgets: Planning and Preparation

Cheryl L. Kester, CFRE
*Thomas Forbes & Kester, LLC*

Tia A. Cavender, MA, GPC
*Chase Park Writing Services, LLC*
Why the Budget?

• Key Place to Tell Your Story
• Reviewers Often Read Budget First!
• Integral Part of Proposal
• Less Experienced Applicants Often Underestimate True Costs or Overlook Key Elements
Excellent Budgets

- Present Total Costs of the Project
- Identify What the Requested Funds Will Cover
- Demonstrate Plan for Obtaining Remainder of Funds (Sustainability)
- Indicate Organizational Support/Match
- Help Direct the Project After it’s Funded
Today’s Presentation

• Accurately estimating/planning project costs - esp. personnel: percent effort, fringe, etc.
• Providing sufficient detail in the budget narrative
• Navigating internal processes
• Indirect Costs
• If the budget needs to be changed after you get the grant
Standard Direct Costs

- Things purchased/paid for that are directly linked to a project activity
- Personnel salaries
- Supplies to be used only on project
- Anything clearly linked to the cost of implementing the project

TIP: Maximize Direct Costs
Indirect Costs

Soft “costs” of conducting the research:

- Often called Facilities & Administration (F&A)
- Capture costs associated with increased use of:
  - facilities & campus resources
  - IT support
  - building utilities & depreciation, etc.
  - admin support (HR, admin staff)

Catches: Not Allowed by Some Funders
Capped by Some Funders
Institutional Policies
Some grants require that different indirect rates be applied to different costs.

“This is the easy part. The challenge will be figuring out the indirect cost for the grant proposal.”

CAROL CABLE
Other Budget Tips

• If matching funds are required, first check if you can include in-kind support
• Usually a ratio ($1 applicant : $1 federal)
• Try to exceed ratio by calculating ALL associated costs (especially in-kind)
• It’s always good to calculate in-kind support to substantiate your org’s commitment
Tips About Budget Narratives

• Justification = written rationale
• Use it to explain potentially confusing items
• It’s your chance to prove that:
  – The costs you estimated are reasonable
  – You’ve adequately planned for the project
  – You’ve done this before
• Provide details for how figures were derived – The MORE detail, the BETTER
• Follow the same order as the budget
Tips About Budget Narratives

• Make sure the project narrative and the budget narrative match
• When outlining personnel expenses, include info about ALL research staff & their role in the project (not just key personnel)
• Explain how the matching funds will be covered
• Explain other gifts, pledges or organization’s financial commitment

Budget Narrative section is often not included in page limit – use this to your advantage!
Accurately Estimating Costs

• Tied directly to research design
• Create the budget simultaneously with designing the research methods
• Don’t wait until last or leave to finance staff
• Ask others to help think of every possible cost. For example,
  – What costs are associated with hiring new research staff? (HR staff, fringe, grad assts)
  – What does it cost to add & operate a piece of major equipment? (maint contracts; supplies)
Personnel Planning

- Personnel costs are often underestimated
- Usually biggest expense
- To allocate adequate percent FTE:
  - Estimate # of hours/week, convert to % FTE
  - If you change allocations often (monthly/quarterly), seek help from HR staff
  - Calendar year versus academic year
  - Funding can’t exceed 100%, so make sure you know about pending support
  - If a small role (e.g., 2 out of 12 mos), easier to reduce # of mos than spanned over a year
Items Often “Forgotten”

- Fringe benefits (PT staff & grad assts)
- Local travel (mileage, parking, tolls)
- Equipment (anything >$5,000/ea)
- Office supplies, lab materials, field supplies
- Phones & long-distance costs
- On-line subscriptions
- Computers, printers, computer accessories
More Items Often “Forgotten”

- Recording equipment (camera, audio recorder)
- Transcription costs
- Construction/Renovation
- Postage/Courier service/Overnight Delivery
- Consultants
- Evaluator
- Data analyst
- Costs associated with disseminating results (i.e., travel to national conferences to share results, dedicated time to write manuscripts)
Tips to Avoid Forgetting Items

• Have someone else review it
• Use an existing budget as your guide… but don’t make the same mistakes twice
• Have a brainstorming session
• Often, the budget development process helps solidify your research design

Even if you can’t include it in the request – still document it as in-kind support!
Create an Internal Budget

• Prepare total budget on a spreadsheet
• Check, check, and re-check the formulas
• This is for Your Planning
• Details, Notes, and More Details
• Make Numbers as “Real” as Possible
  – HINT: Funders find round numbers suspicious
• Plan ALL Years of Multi-Year Projects
Condense Budget

• “Official” budget combines line items into funder’s categories for forms
• BUT – present line item detail in Budget Narrative
Federal Budgets

- Must Use Federal Form SF-424A (or agency form)
- Three Columns:
  - Federal (funder’s column comes first)
  - Non-Federal (institutional support, matching support, other grants) – NOT always required
  - Total combined
- Detail often not required for multiple years, but must plan for it anyway (must indicate totals required in all years)
Federal Budgets

You Must Condense Your Detailed Budget Into Federal Budget Categories

- Personnel
- Fringe Benefits
- Travel
- Equipment (ONLY items over $5,000)
- Supplies
- Contractual
- Construction (extremely rare)
- Other
Federal Budget Narratives

• Provide Detailed Calculations
  ▪ Use federal or institutional per diem rates for travel (check institutional policy)
  ▪ When possible, use “real costs”
  ▪ Especially for consultants

• Clearly Linked to Project Narrative
  ▪ No new information
  ▪ No costs not explained earlier
  ▪ Don’t give reviewers a reason to question your estimates
## Sample Detailed Travel Budget

<table>
<thead>
<tr>
<th></th>
<th>TRAVEL</th>
<th>FEDERAL</th>
<th>NON-FED</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>3 Staff/Board to DC Workshop</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Airfare (3 tickets x 500)</td>
<td>$1,500</td>
<td>$1,500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meals @ 3 x $64 per day x 3 days</td>
<td>$576</td>
<td>$576</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lodging $192 x 3 days x 3 rooms</td>
<td>$1,728</td>
<td>$1,728</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ground Transport/Airport Parking</td>
<td>$150</td>
<td>$150</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Travel to Other Networks</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>(Four Network Visits)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Airfare (2 tickets x 3 trips x $500 ea)</td>
<td>$3,000</td>
<td>$3,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Franklin, Louisiana</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meals @ 2 x $44 per day x 2 days</td>
<td>$176</td>
<td>$176</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lodging $71 x 2 days x 2 rooms</td>
<td>$284</td>
<td>$284</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sub-Total Travel</strong></td>
<td>$9,477</td>
<td>$9,477</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

NOTE: If cannot provide detail on budget form, provide in narrative.
Multi-Year Projects

- Account for COLA increases for staff
- Fringe increases with COLA
- Increased utilities costs
- Costs shift during multiple years
  - e.g. maybe high travel & contractual first 2 years while starting up and less in later years
- Provide one “sheet” per year, plus Summary/Totals for yourself
If Match is Required

• Some grants require cash; others allow in-kind. The RFP will state clearly.

• Consider all “in-kind” expenses, such as:
  – Staff time to monitor project
  – Is the institution providing lab space?
  – An office with furniture for project staff?
  – Services from another institutional department? (e.g. IT, research center)
  – All of this can have a value placed on it
# Sample Partial Project Budget

<table>
<thead>
<tr>
<th></th>
<th>Applicant Match</th>
<th>NSF</th>
<th>Total Project Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>I. Salaries</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interim Director (10% FTE)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(4 hrs/wk, 12 mo. @ 10% of annual salary of $140,000)</td>
<td>$14,000</td>
<td>$0</td>
<td>$14,000</td>
</tr>
<tr>
<td>Program Coordinator</td>
<td>$0</td>
<td>$30,000</td>
<td>$30,000</td>
</tr>
<tr>
<td>Administrative Assistant</td>
<td>$11,111</td>
<td>$0</td>
<td>$11,111</td>
</tr>
<tr>
<td><em>don't forget fringe benefits</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>II. Supplies</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Instructional Supplies</td>
<td>4,000</td>
<td>5,000</td>
<td>9,000</td>
</tr>
<tr>
<td><strong>III. Contractual</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fellowships</td>
<td></td>
<td>9,000</td>
<td>9,000</td>
</tr>
<tr>
<td>Speaker’s Honoraria</td>
<td></td>
<td>10,000</td>
<td>10,000</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td>39,689</td>
<td>38,000</td>
<td>77,689</td>
</tr>
</tbody>
</table>
Some Budget “Gotchas”

- No personnel can be over 100% time
- Budgets Over Maximum Amount (or under minimum)
- Math/Rounding Errors (check Excel)
- Cost Increases during Multi-Year Projects
- Not Consistent with Project Narrative
- Unallowable Costs – review the guidance multiple times
- Keep your notes for later (will help with revisions & while conducting the project)
Example Narrative for Travel

(c) Travel - Travel includes funds for attending the grantee technical assistance workshop in Washington, DC for 1 staff and 2 research assistants. All other travel funds are budgeted under the site visit category. Three visits require air travel; one is within driving distance. All lodging and meals costs are based on the 2006 Federal Per Diem tables; airfare is average coach class travel from XYZ Airport.
Resources for Per Diem

Sources of Federal Per Diem Tables:

- [www.gsa.gov](http://www.gsa.gov) (click on “per diem rates”)
  - Can click on state on map
  - Can download most current spreadsheet
Budget Narrative - Example

Personnel—

**Key Staff Salaries:** Includes 20% effort by the organization’s existing Director of Healthy Living to supervise the project activities and personnel. This is contributed in-kind by the applicant = $16,500. Salaries also include a .5FTE researcher to collect and organize the health care data that will populate the project website and enter it into the database = $24,750.

*(Complete sample budget narrative incl. as a handout.)*
Navigating Internal Processes

What other departments must be informed?
1) Office of Sponsored Research and Programs
2) Grants & Contracts Office
3) IRB Office
4) Development / Advancement Dept
5) Other related departments per organizational policies (Risk Mgmt)
6) Finance/HR/Purchasing/IT Depts
Navigating Internal Processes

- You may have to negotiate indirect costs internally, especially if:
  - Funding agency caps the indirect rate
  - Agency rate doesn’t match institution’s negotiated rate (10% vs 54%)
- Approval needed if matching required
- CYA: Get written commitments of match/in-kind
- Additional forms; signatures required
Navigating Internal Processes

Internal routing requirements can sometime cause delays and undue, last-minute stress. Ways you could circumvent potential snags:

– Leave time for required reviews
– Don’t have to wait until the final version is complete
– Call departments ahead of time to let them know it’s coming
– Find out if reps authorized to sign are available
– If they aren’t, make arrangements for them to sign early or to give someone else authority to approve.
– Have a courier service on stand-by to hand deliver materials rather than rely on inter-office mail
Post-award budget requirements – Other Support Page

– Converting FTE into calendar months
Post-Award Changes

• Usually need permission
• Some leeway (usually 10% in a federal “category”); depends on agency
• Often personnel not hired immediately
• People go to jail! MUST spend funds as promised

A grant award is a contract

• Reports will be required
• Expect an audit
Post-Award Emergencies

- What if P.I. or key personnel leave?
  - Be prepared to “sell” the new staff
  - Don’t wait to inform funder until new staff hired

- What if you can’t spend it all?
  - Go to program officer with concrete, project-related alternate way to spend remaining funds

- What if someone else spends your funds?
  - Call the program officer immediately
  - Record details about corrective actions
Your Presenters

Cheryl L. Kester, CFRE
Thomas-Forbes & Kester, LLC
13602 White Oak Lane
Fayetteville, AR 72704
(479) 582-1053
ckester@cox.net
www.tfkgrants.com

Tia Cavender, MA, GPC
Chase Park Writing Services, LLC
2531 Alton Street
Denver, CO 80238
(720) 785-4155
tia@chaseparkgrants.com
www.chaseparkgrants.com

Provided by:
Principal Investigators
Association™