

Budget Introduction

The program design and the budget should work together and make sense as a single unit. You need to be sure to include each activity with a line item on your budget. This section will give you space to brainstorm budget line items, and you can use the budget spreadsheet as a guide to assist you with drafting your actual budget.

Step 1:

Understanding the Required Format

Almost all grants will require you to submit a budget, either in a spreadsheet you created or provided to you by the funder or entered into an online form. In addition to this line-item budget, you will most likely be asked to provide a budget justification, which just means taking each line item on your budget and explaining the expense in a sentence or two. That means you explain what the item is and its purpose in your research or program.

Always read the instructions for the budget before adding items onto the budget sheet. You will want to make sure you understand which expenses are allowable for that particular grant before adding items to the budget. Every budget should have a time period specified. As different organizations and institutions have different fiscal years, you will likely need to note your fiscal year in the budget. Grants can also be for different time periods, from a matter of months, like the nine months of an academic school year, to up to three years. You will need to make sure any calculations you do for staff salary and other time-dependent expenses take the time period into account.

Step 2:

Estimating Expenses and Revenue for Your Program/Project

Grantmakers expect your budget to be thorough, reasonable, and provide enough funding for what you claim you will do. They typically also expect that they are not funding your entire project, particularly for nonprofit organizations. Remember that they want you to pay your staff and consultants a fair price, not an extravagant one, but grant makers want to see they are well-supported. As you estimate expenses and revenue, give yourself some wiggle room in your estimates without hugely overestimating. Best practice for making estimates is to track your revenue and expenses closely so you can make a justified estimate. Don't be afraid to consult with the grant maker regarding their expectations for the budget and to benchmark your expenses by talking with others in your field who have done similar work. Also, if you need to hire consultants or make major purchases, get quotes on those expenses rather than guessing

how much they will cost. Do not lump all expenses and revenue into large categories. You might include subcategories and then individual expenses under them, but you should not have a line item that just says "Staff." List each staff member individually and calculate the expense of their salary and fringe benefits. In the revenue section, include both funding you have already secured as well as funding you are actively seeking out and hope to receive. The revenue section is not limited to revenue you already have, but also the revenue you anticipate you will have during the time period of the grant award.

Step 3:

Including the Organizational Budget

In addition to asking for a program or project budget that only includes expenses and revenue for the project you're requesting funding for, grant makers might also require you to provide your entire organizational budget, particularly if you are writing a grant for a nonprofit organization or government entity. So always keep updated organizational budgets each year. Some grant makers might ask for the current year's budget, the previous year's (or several previous years') budgets, and the next year's budget. If you have any significant carry over or shortfall from year to year, explain that in the budget justification or any questions in which they ask about that. Also, be prepared to answer detailed questions about your budget, including administrative expenses, which many Grantmakers want you to keep to a minimum. Organizational budgets do not apply to individual applicants/academic researchers because they are not responsible for the entire budget of their department, college, or university. Therefore, only the program/project budget applies.

Step 4:

Making Calculations

Some grant budgets are more complicated than others. You will typically be asked to make sure your revenue and expenses cancel out in the project budget. Sometimes the provided forms will tell you if they don't cancel out, and other times you will be using your own form and will have to make sure they cancel out. Canceling out means your expenses equal your revenue. Once you have made your calculations double check them. Don't just check your calculations. Also check that there are no activities or strategies outlined in your proposal that aren't covered by the budget.

Components of a Program or Project Budget

If you're applying for a specific project or program, you will need to submit a program budget. These are the common components of a project or program budget. Expenses Direct Costs: Personnel Services (PS) You will always need to input the personnel costs associated with your proposed program. This should include the expenses of any part-time or full-time staff who will be dedicating their paid time to the program. The best way to estimate this is to consider how much time they will spend on the program per week and then calculate what percentage that is of their total hours per week. Then you'll use that percentage to calculate how much of their total annual salary will be paid for by grants for this program. Keep in mind that the budget for the program is not just for what this grant will pay for in the program as it should be for the entire program.

Direct Costs: Fringe Benefits Fringe benefits include benefits given to personnel on the project, including social security, health and disability insurance, vacation or paid time off, and pension. This should not be included with salary but should be written as a separate line item. This may differ per employee, depending on whether they are full- or part-time.

Direct Costs: Other than Personnel (OTPS) Other than personnel includes any costs not in the previous two categories of staffing.

Below is a thorough list of other costs this might include.

Consultants

If your organization uses a consultant you can include them in your budget. Unless you're applying for general operations or technical assistance funding, don't include grant writing consultants in your program budget. You can, of course, include marketing consultants, attorneys, if legal representation or counsel is part of your services, engineers, if your project is building something, and so on. Before estimating this cost, ask the consultant what they would charge for the service.

Training

If you need to train staff to take on new roles or if your grant is for staff or board development, you will need to include training in your budget.

Equipment

Equipment includes any large appliances, filming equipment, lab equipment, office equipment, or other equipment needed for the program. This could even include vehicles if your program involves transporting participants or goods.

Rental

Rental includes rent for your office, facilities, and any other space your organization rents. If you are writing for a specific program or project, prorate the rent according to the square footage it takes up in your building.

Supplies

Supplies include office supplies, printing expenses for marketing, lab supplies if you're doing research, or any items that are required for a program but are not large equipment.

Meeting Expenses

Meeting expenses could include space rental for meetings, refreshments, printing and other advertising expenses, or even an honorarium for a speaker or lecturer.

Travel This is pretty straightforward, as long as the travel is related directly to running the program or conducting the research. Typically, travel expenses include car mileage, airfare costs, hotel expenses, and the government rated per diem for the city you're visiting. (You can easily Google that.)

Indirect Costs (Administrative or Overhead)

This is the cost of running the rest of the organization outside of this particular program or project. So, this would not apply if you are asking for unrestricted funds for general operating expenses. Indirect costs include the expenses of other departments outside of the specific program department, such as finance, development, and human resources. It can also include rent and all other expenses previously listed that just don't contribute to the one program you're requesting funds for. There are different restrictions on the indirect costs you can request. Typically, they are a set percentage of the grant determined by the grant maker or

your own academic institution. For example, many federal agencies will limit your indirect cost rate to 5-10% of the total budget. In this scenario, there is an opportunity to later have an audit conducted that allows you to negotiate a new rate for the next year. Then you can reuse that federally approved indirect cost rate with other federal agencies.

Revenue

This section applies more to nonprofits than to individual applicants or researchers. If individuals have other sources that are supplementing the grant, such as matching funds from their department or another grant, there will be a place to include that on the budget form that is not categorized as revenue.

Other Grants

The first thing you should list is other grants you are seeking for this program and whether you've been awarded them yet or not. If you've been turned down for the grant, then don't include it, but if the application is out, note that.

Donors

Include any large donors (and their normal contribution amount) who are interested in contributing to this program or whose funds you would allocate out of the general operating fund.

Fundraising

Events or Annual Giving Include any money you anticipate raising through fundraising events or fundraising campaigns like direct mailings, based upon what you normally make from that particular event or activity.

Membership Fees

If your project is for an organization that charges fees for membership, or you have some other means to generate revenue in exchange for your service or product, include that as well. A business collaborative could have membership fees; a tech innovation center could charge membership fees and rent for offices. There are many ways to fund your work that doesn't involve financial gifts. As a non-profit organization you can charge for services.

Earned Revenue

This may include other, non-member, service fees; sales; and any other earned revenue.

Matching Funds or Indirect Support

Include any matching funds committed or indirect support; this might be if your proposal is for a nonprofit with such support promised by board members or volunteers. Don't underestimate how much your supporters contribute to the program. Ask them for estimates of what they would charge paying customers for the services they provide for free.

Example Project Budget

The example budget spreadsheet will assist you with building your program budget. Different grant makers require different ways of submitting your budget. You could submit a spreadsheet like or enter your budget into their online form or PDF. The first section in the example project budget is for revenue. The second section is for expenses. You will see that the total revenue and expenses cancel each other out. This is how most project budgets should be calculated.