Grant Application Development Helpful Hints

Section 3: Preparing a Budget and Budget Narrative

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The budget for your appliction is broken into three different documents that go into your application. The budget is an important aspect of the application, and needs to include all costs items and estimates required to complete your project. This section includes a summary of information to put together your budget documents and information in your NOAA application.

Pieces of the budget include:

1) SF-424A (the required budget standard form),
2) Summary budget information within the project narrative and,
3) In depth budget narrative.

Budget Tips

Prior to completing your budget forms and justification, keep in mind these tips. These will be the same questions that your reviewer will be asking themselves as they read your application

Is the budget reasonable and realistic?

Take the time to use good market value estimates in assembling your budget. Research pricing for equipment and supplies by obtaining three quotes. The quotes can be simple online searches for the project and ensures that the estimate is resonable. Do not include the quotes in your application, but keep them for your records. Unles otherwise instructed, round your estimates to the nearest dollar.

Are all of the costs project specific and needed?

All costs must be project specific and relate to activities in the work plan in order to be considered as part of the budget. For example, if your project focuses on an in-person workshop, budget items for venues, supplies, and other workshop expenses must be clearly mentioned. Including items that don't directly tie to your project will cause a red flag for reviewers.

Does the application include matching funds or is leveraging other funding source?

The specific funding application may or may not require matching. If your organization is providing matching funds, this needs to be included in the budget materials. Multiple funding sources allow organizations to work in collaboration with various sponsors and have ample funding to complete project goals and objectives. Organizations must be cognizant of funder requirements and allowable use of funding. Most federal funding agencies including NOAA do not allow matching funds to come from other federal agencies.

Grantee must remember to report on the funds being utilized on projects and be aware that although multiple streams are recommended for programs, organizations cannot accept multiple funding from NOAA or another federal agency for a single program. These practices are problematic and deemed as "double dipping". Organizations that are found "double dipping" may face potential consequences of repaying funding, being disbarred or suspended to apply for future funding and other penalties.

Are all costs Allowable and Allocable?

All costs must also be *Allowable* and *Allocable*.

Allowable costs are one which are not prohibited by federal law or by the program. Allowable costs must also be approved through your award or by your Federal Program Officer and/or the Grants Specialist prior to expending federal grant funds on particular costs. NOAA and reviewers pay close attention to budget costs to ensure that the project is within the range as proposed and can be successfully completed with the amount of funds being requested. *2 CFR, Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is the regulation that contains information on what is an allowable costs. The section subpart E – Cost Principles in the regulation titled is a great resource to understand if your item is allowable. This section can be found online by searching "Title 2 CFR Part 200" in a search engine, or at the following address: http://www.ecfr.gov/cgi-bin/text-idx?node=2:1.1.2.2.1#sp2.1.200.e

Allocable ensures that each federal project only is charged for the portion of a person or equipment/supply that will be directly used for that project. Simply put, for example, a staff person who is working on five different projects should be charging their time between those five different projects, based on the percentage of time that is spent on each project.

Indirect Rates (also known as "overhead")

What are the rules about charging an indirect rate?

Indirect costs are the costs incurred by an organization that are not readily identifiable with a particular project or program but are nevertheless necessary to the operation of the organization and the performance of its programs. The costs of operating and maintaining facilities, depreciation, and administrative salaries, are examples of the types of costs that are usually treated as indirect costs.

In theory, all such costs might be charged directly. Practical difficulties, however, will normally preclude this approach. The indirect costs are therefore grouped into common pools and distributed to the organization's programs or cost centers through a cost allocation process. The end product of this allocation process is an indirect cost rate (or rate for each pool) which is then applied to individual financial assistance awards to determine the amount of indirect costs chargeable to the awards.

In order to charge an indirect rate, your entity must have negotiated what is called a *Negotiated Indirect Cost Rate Agreement* with the federal entity that you receive the most federal funds from. This process can take many months, and must be updated. Almost all large organizations and universities have an indirect cost rate agreement in place.

If you do not have an indirect cost rate agreement with the federal government, and never have negotiated one prior, you are allowed to use a 10% minimum rate described below.

We don't' have an indirect cost rate, can we just do a minimum rate of 10%?

YES! Starting on awards issued after December 2014, entities that have NEVER had a no cost rate agreement with the federal government (with a few exceptions) can elect to charge a de minimis rate of 10% of modified total direct costs (MTDC) which may be used indefinitely. Costs must be consistently charged as either indirect or direct costs, but may not be double charged or inconsistently charged as both. If chosen, this methodology once elected must be used consistently for all Federal awards until such time as a non-Federal entity chooses to negotiate for a rate, which the non-Federal entity may apply to do at any time.

Budget Categories

The budget needs to include the following budget categories:

a. Personnel: All employees of the orgniazation that will be working for on the project.

b. Fringe Benefits: Generally a percentage of salary that includes health benefits and other benefits for employees.

c. Travel: All travel expenses must fall within the federal travel guidance.

d. Equipment: Equipment is defined as anything over $5,000 in value. When determining the value, include the costs of all pieces and shipping for the equipment. Items, such as a computer is generally NOT listed under *equipment*, since routine business computers are less than $5,000.

e. Supplies: This includes all items purchased in order to complete the project, and with a cost of under $5,000. Items such as computers, printer toner, paper, workshop flip charts, are generally considered supplies.

f. Contractual: Include all sub-awards or contracts that are required to complete the award. This may include a contract for services, such as a website designer who will be developing the program website, or a contractor to help work on the project with a key skill that is not on staff.

g. Construction: Please check with the Federal Program Officer for the competition if your project requires construction. Construction costs including building a building or renovating an asset is only allowable on certain funding programs.

h. Other: All items that do not fit within a category above will fall into other. If the entity does not have an indirect cost rate agreement, items such as rent may fall into this category. If you are direct charging "overhead" type

costs, make sure that the amount that you are charging is proportionate to your project. For example, if the NOAA project is just one of five projects that your entity works on, you can only charge 1/5 of your rent to this project.

j. Indirect Charges: Entities must have a negotiated indirect cost rate agreement with the federal government is required for indirect charges. Indirect charges are generally a percentage of the total award and will cover items include basic operational functions such as lights, rent, and water, insurance and can also include hours for staff positions like project accountants or senior management staff. If your entity does not have an indirect cost rate agreement with the federal government and choose not to establish one, the items that generally fall into indirect charges will be placed in the "other" category.

Preparing Required Budget Forms and Narratives

1. Budget Form SF-424a

This required government form (SF-424a) is a part of the application package that is downloaded from Grants.gov. This form can seem overwhelming at first. The instructions below to complete this form are modified from instructions posted on the Grants.gov website. For more details or questions, please visit the Grants.gov instructions website at: http://www.grants.gov/web/grants/form-instructions/sf-424a-instructions.html.

Item	Information
General Instructions	This form is designed so that application can be made for funds from one or more grant programs. In preparing the budget, adhere to any existing Federal grantor agency guidelines which prescribe how and whether budgeted amounts should be separately shown for different functions or activities within the program. For some programs, grantor agencies may require budgets to be separately shown by function or activity. For other programs, grantor agencies may require a breakdown by function or activity. Sections A, B, C, and D should include budget estimates for the whole project except when applying for assistance which requires Federal authorization in annual or other funding period increments. In the latter case, Sections A, B, C, and D should provide the budget for the first budget period (usually a year) and Section E should present the need for Federal assistance in the subsequent budget periods. All applications should contain a breakdown by the object class categories shown in Lines a-k of Section B.
Section A.	Budget Summary Lines 1-4 Columns (a) and (b)
	For applications pertaining to a single Federal grant program (Federal Domestic Assistance Catalog number) and not requiring a functional or activity breakdown, enter on Line 1 under Column (a) the Catalog program title and the Catalog number in Column (b). For applications pertaining to a single program requiring budget amounts by multiple functions or activities, enter the name of each activity or function on each line in Column (a), and enter the Catalog number in Column (b). For applications pertaining to multiple programs where none of the programs require a breakdown by function or activity, enter the Catalog program title on each line in Column (a) and the respective Catalog number on each line in Column (b). For applications pertaining to multiple programs where one or more programs require a breakdown by function or activity, prepare a separate sheet for each program requiring the breakdown. Additional sheets should be used when one form does not provide adequate space for all breakdown of data required. However, when more than one sheet is used, the first page should provide the summary totals by programs.
Lines 1-4, Columns (c) through (g)	For new applications, leave Column (c) and (d) blank. For each line entry in Columns (a) and (b), enter in Columns (e), (f), and (g) the appropriate amounts of funds needed to support the project for the first funding period (usually a year).

	For continuing grant program applications, submit these forms before the end of each funding period as required by the grantor agency. Enter in Columns (c) and (d) the estimated amounts of funds which will remain unobligated at the end of the grant funding period only if the Federal grantor agency instructions provide for this. Otherwise, leave these columns blank. Enter in columns (e) and (f) the amounts of funds needed for the upcoming period. The amount(s) in Column (g) should be the sum of amounts in Columns (e) and (f). For supplemental grants and changes to existing grants, do not use Columns (c) and (d). Enter in Column (e) the amount of the increase or decrease of Federal funds and enter in Column (f) the amount of the increase or decrease of non- Federal funds. In Column (g) enter the new total budgeted amount (Federal and non-Federal) which includes the total previous authorized budgeted amounts plus or minus, as appropriate, the amounts shown in Columns (e) and (f). The amount(s) in Column (g) should not equal the sum of amounts in Columns (e) and (f).
Line 5	Show the totals for all columns used.
Section B.	Budget Categories
	In the column headings (1) through (4), enter the titles of the same programs, functions, and activities shown on Lines 1- 4, Column (a), Section A. When additional sheets are prepared for Section A, provide similar column headings on each sheet. For each program, function or activity, fill in the total requirements for funds (both Federal and non-Federal) by object class categories.
Line 6a-i	Show the totals of Lines 6a to 6h in each column.
Line 6j	Show the amount of indirect cost.
Line 6k	Enter the total of amounts on Lines 6i and 6j. For all applications for new grants and continuation grants the total amount in column (5), Line 6k, should be the same as the total amount shown in Section A, Column (g), Line 5. For supplemental grants and changes to grants, the total amount of the increase or decrease as shown in Columns (1)-(4), Line 6k should be the same as the sum of the amounts in Section A, Columns (e) and (f) on Line 5.
Line 7	Enter the estimated amount of income, if any, expected to be generated from this project. Do not add or subtract this amount from the total project amount. Show under the program narrative statement the nature and source of income. The estimated amount of program income may be considered by the Federal grantor agency in determining the total amount of the grant.
Section C.	Non-Federal Resources
Lines 8-11	Enter amounts of non-Federal resources that will be used on the grant. If in-kind contributions are included, provide a brief explanation on a separate sheet.
Column (a)	Enter the program titles identical to Column (a), Section A. A breakdown by function or activity is not necessary.
Column (b)	Enter the contribution to be made by the applicant.
Column (c)	Enter the amount of the State's cash and in-kind contribution if the applicant is not a State or State agency. Applicants which are a State or State agencies should leave this column blank.
Column (d)	Enter the amount of cash and in-kind contributions to be made from all other sources.
Column (e)	Enter totals of Columns (b), (c), and (d).
Line 12	Enter the total for each of Columns (b)-(e). The amount in Column (e) should be equal to the amount on Line 5, Column (f), Section A.
Section D.	Forecasted Cash Needs
Line 13	Enter the amount of cash needed by quarter from the grantor agency during the first year.
Line 14	Enter the amount of cash from all other sources needed by quarter during the first year.
Line 15	Enter the totals of amounts on Lines 13 and 14.
Section E.	Budget Estimates of Federal Funds Needed for Balance of the Project

Lines 16-19	Enter in Column (a) the same grant program titles shown in Column (a), Section A. A breakdown by function or activity is not necessary. For new applications and continuation grant applications, enter in the proper columns amounts of Federal funds which will be needed to complete the program or project over the succeeding funding periods (usually in years). This section need not be completed for revisions (amendments, changes, or supplements) to funds for the current year of existing grants. If more than four lines are needed to list the program titles, submit additional schedules as necessary.
Line 20	Enter the total for each of the Columns (b)-(e). When additional schedules are prepared for this Section, annotate accordingly and show the overall totals on this line.
Section F.	Other Budget Information
Line 21	Use this space to explain amounts for individual direct object class cost categories that may appear to be out of the ordinary or to explain the details as required by the Federal grantor agency.
Line 22	Enter the type of indirect rate (provisional, predetermined, final or fixed) that will be in effect during the funding period, the estimated amount of the base to which the rate is applied, and the total indirect expense.
Line 23	Provide any other explanations or comments deemed necessary.

BUDGET INFORMATION - Non-Construction Programs

OMB Approval No. 0348-0044

SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1. Project Name	XX.XXX	$	$	$ 750,030.00	$	$ 750,030.00
2.						0.00
3.						0.00
4.						0.00
5. Totals		$ 0.00	$ 0.00	$ 750,030.00	$ 0.00	$ 750,030.00

SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY				Total
	(1) Year one	(2) Year two	(3) Year three	(4) Year four	(5)
a. Personnel	$ 41,500.00	$ 54,000.00	$ 54,000.00	$	$ 149,500.00
b. Fringe Benefits	3,818.00	4,968.00	4,968.00		13,754.00
c. Travel	9,000.00	10,000.00	10,000.00		29,000.00
d. Equipment	2,000.00	1,200.00	1,500.00		4,700.00
e. Supplies	19,942.00	19,129.00	25,000.00		64,071.00
f. Contractual	80,067.00	114,377.00	146,627.00		341,071.00
g. Construction	0.00	0.00	0.00		0.00
h. Other	6,000.00	12,500.00	12,500.00		31,000.00
i. Total Direct Charges *(sum of 6a-6h)*	162,327.00	216,174.00	254,595.00	0.00	633,096.00
j. Indirect Charges	38,007.00	33,825.00	45,102.00		116,934.00
k. TOTALS *(sum of 6i and 6j)*	$ 200,334.00	$ 249,999.00	$ 299,697.00	$ 0.00	$ 750,030.00
7. Program Income	$	$	$	$	$ 0.00

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Standard Form 424A (Rev. 7-97)
Prescribed by OMB Circular A-102

Previous Edition Usable

SECTION C - NON-FEDERAL RESOURCES				
(a) Grant Program	(b) Applicant	(c) State	(d) Other Sources	(e) TOTALS
8. Grant Project Name	$	$	$	$ 0.00
9.				0.00
10.				0.00
11.				0.00
12. TOTAL *(sum of lines 8-11)*	$ 0.00	$ 0.00	$ 0.00	$ 0.00

SECTION D - FORECASTED CASH NEEDS					
	Total for 1st Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
13. Federal	$ 200,334.00	$ 100,000.00	$ 50,334.00	$ 25,000.00	$ 25,000.00
14. Non-Federal	0.00				
15. TOTAL *(sum of lines 13 and 14)*	$ 200,334.00	$ 100,000.00	$ 50,334.00	$ 25,000.00	$ 25,000.00

SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT				
(a) Grant Program	FUTURE FUNDING PERIODS (Years)			
	(b) First	(c) Second	(d) Third	(e) Fourth
16. Grant Project Name	$ 249,999.00	$ 299,697.00	$	$
17.				
18.				
19.				
20. TOTAL *(sum of lines 16-19)*	$ 249,999.00	$ 299,697.00	$ 0.00	$ 0.00

SECTION F - OTHER BUDGET INFORMATION	
21. Direct Charges: $633,096	22. Indirect Charges: fixed rate 23.8363% applied to $490,571 (total indirect charges $116,934)
23. Remarks: Indirect Cost Rate Agreement attached	

2. Mandatory Budget Narrative

This required section of the application is the explanation of the SF-424a in a narrative format that will give the reviewer information on what is spend, and how it will relate to the project. It should be broken out by the federal budget categories described earlier and briefly describe all costs. Round to the nearest dollar. **Double check that the totals match the SF-424a and all other budget figures throughout the application.**

Below is an example for a budget for a $29,590 grant.

Mandatory Budget Narrative Example

a. Personnel: $6,000

The project manger, Dr. Robin Smith, is allocated to work a total of 2 months as the overall coordinator and manager of the project, for a total amount of $4,000. Dr. Smith will organize and participate in the three workshops on Maui, prepare all workshop materials and report, and all other associated reports for the project.

Funding in the amount of $2,000 is requested for a project assistant salary for 2 months. This assistant is critical to the project and will assist Dr. Smith in the workshop preparing and post-workshop follow up.

b. Fringe Benefits: $4,480

Fringe benefits for Aqua Inc is currently 12% of the salaries. $6,000 x 12% = $6,720.

c. Travel: $3,360

Three trips are required to travel from O'ahu to Maui. Each trip will be 2 days, and 2 total staff will be needed for the workshops. Airfare and car rental is based on current best rates available, and hotel and food are based on federal per diem rates for Maui.

Roundtrip airfare (2 persons * $300 x 3 trips) = $1800
car rental (2 days @$50.00/day x 3 trips) =$300
Per diem (lodging and food) (2 days x 2 staff x 3 trips x $390) = $1,560

d. Equipment:

No equipment will be purchased with a value over $5,000.

e. Supplies: $600

Conference supplies ($100) include flip chart, pens, name bags, and other paper and misc office supplies will be purchased to support the workshop. A small travel projector and screen will be purchased to facilitate these very important community meetings ($500). Purchasing a project and screen is a significant cost savings over renting the equipment for each of the three meetings.

f. Contractual:$9,600

A sub-award will be issued to local marine conservation expert, Dr. Marne Frank, to help design and facilitate the community workshops. 40 hours per workshop x 3 workshops x 80.00/hour =$9,600

g. Construction:

No construction will be done in this project. If this section does not apply, it can be omitted from the summaries.

h. Other: $5,550

Conference venues ($500 total for all three conference) and website maintenance fees ($50/year) to maintain our interactive engagement tool with stakeholders. A proportion of rent, insurance, electricity, other key business expenses ($5,000). These items are charged as direct costs since Aqua Inc. does not have an indirect cost rate agreement and unable to do an indirect charge.

j. Indirect Charges:

Aqua Inc. does not have an indirect rate agreement with the federal government. Therefore, items normally covered through an indirect rate will be covered in "other". Note that there is a new regulation

that allows entities that have never had an indirect cost rate agreement to use a 10% minimum indirect rate. If this 10% rate is used, the items can NOT also be listed as other.

3. Summary of Budget Information

Within the proposal narrative, there should be a short section for the budget. A quick summary table is often used and effective. It is recommended to finish the required SF-424a and in depth budget narrative prior to starting the summary for the proposal. In this summary and proposal, ensure that it is clear how the item in the budget will support and directly relates to the project. For example, if the budget summary includes a developer for creating a website, ensure that the website functionality and goals are discussed in the proposal. The budget should also include items that are being paid with matching or other funds, with a clear notation.

Worksheet

Item	Federal Request	Organizational Match	Total Cost
a. Personnel Total: Each position should be listed here.	**$6,000**		**$6,000**
Principal Investigator (2 months x $2,000/month)	$4,000		$4,000
Project Assistant (2 months x $1,000/month)	$2,000		$2,000
b. Fridge Benefits Total	**$4,480**		**$4,480**
c. Travel Total: each trip staff is taking should be listed here.	**$3,660**		**$3,660**
Maui workshop 1 for both PI and Project Assistant	**$1,220**		**$1,220**
Maui workshop 2 for both PI and Project Assistant	**$1,220**		**$1,220**
Maui workshop 1 for both PI and Project Assistant	**$1,220**		**$1,220**
d. Equipment Total:	**$0.00**		**$0.00**
e. Supplies Total:	**$600**		**$600**
Workshop supplies	**$100**		**$100**
Travel Projector and Screen	**$500**		**$500**

f. Contractual Total	**$9,600**		**$9,600**
Dr. Marne Frank, Content expert to assist in workshop development and facilitation	**$9,600**		**$9,600**
h. Other Total	**$5,550**		**$5,550**
Conference venue (3 times)	$500		$500
Website maintenance/server (yearly)	$50		$50
Proportion of rent, insurance, electricity	$5,000		$5,000
Direct Cost Total	$29,590		$29,590
Indirect Cost Total	$0		$0
Project Total	**$29,590**		**$29,590**