Preparation of a Grant or Sponsored Program Budget

Budget Development Considerations

- Once you are ready to prepare your proposal, the budget process can be started.
- The budget is an important element in your proposal. Your budget will enable the reviewers to determine whether or not your proposed activities are feasible and carefully planned.
- Your project and its related activities are dependent upon adequate funds to carry out your planned activities. Thus, the budget has to be realistic, reasonable, and in accordance with your objectives and activities.
- Your budget must be complete and as accurate as possible. All the expenses for each budget line item (personnel, supplies, travel, etc.) must be actual amounts based on current costs.
- For example, you may have arbitrarily assigned $200 for conference travel. However, an itemized budget would include mileage to and from the airport; the cost for shuttle service to and from the hotel; conference registration fee, membership fee, airport parking fee, per diem costs and miscellaneous costs, etc.
- By itemizing your budget you can be assured that the appropriate amount of funds are going to be available based upon actual costs (plus tax and shipping). ORSP will need to see the documentation for each budget line item to assist in determining if costs are allowable based upon funder’s rules, and federal, state and local policies.
- As you prepare the budget, you need to read the guidelines very carefully in order to determine the:
  1. Maximum amount allowed for the entire grant period and for each grant year;
  2. Allowable and unallowable costs;
  3. Limitations on direct and indirect costs;
  4. Cost-share or matching requirement;
  5. Budget categories and format; and
  6. Other specific instructions
- Be sure that ALL calculations are CORRECT!
- If a budget template is provided, be sure to use this template.
- If the budget is restricted, make sure that the budget only contains allowable costs.
- Remember: You, GGC and other stakeholders are going to examine the budget and reference it over the course of the grant. That is why you must plan your budget carefully, thoughtfully, and as accurately as possible.

Budget Justification

- The budget justification is the narrative supplement to your budget. Its goal is to explain to the reviewers each budget line item request in a clear and detailed manner.
- The budget justification for each projected expense is required by GGC regardless of the funder's guidelines.
- In writing your justification, be sure that it:
  1. Provides a detailed description of the projected expense item. In particular, it should state:
     The name of the item (personnel, supplies, travel, etc.)
     The number of items requested/needed
     Cost per item
2. Description of the item and/or how it was calculated and total cost
3. Clearly describes how each budget line item is tied to the project's goals, objectives, and/or specific activities
4. Is written in the order that items are listed in the budget
5. Matches with the amount provided in each budget line item as well as the total grant request
6. Provides an explanation, if needed, on why the budget item has a cost that is reasonable

Budget Components and Associated Line Items

A. Personnel
- The personnel narrative explains the need for the senior, key, and other personnel. It briefly describes what each person's duties will be to the project, how much time (% or cost) each will devote to the project, and the calculated cost for his/her time.
- Along with the personnel's salary is his or her fringe benefits. Each faculty/staff compensation allocated to the project has an associated fringe benefit. The benefits will cover the FICA, FICA Social Security, and Employer's part of retirement. Fringe is not required for students.
- While personnel are needed to conduct a project, there are times when personnel costs are not allowed or are restricted.
- Be sure to refer to the grant guidelines if there are restrictions related to personnel.

B. Travel
- Travel costs may be an important component of a project for such reasons as disseminating information on the research project or to receive training from a funder. When writing the travel justification, be sure to refer back to your grant (either in the dissemination or project design section) so as to justify travel to a particular location or activity.
- When preparing for your travel budget request, the ORSP budget preparation template provides information on what is required in order to accurately compute travel cost items for each traveler. Federal, State, and GGC policies and the grant guidelines will be utilized in preparing this section.
- Use US carriers, unless unavailable.

C. Participant Costs
- Your project may include monetary participant compensation for individuals participating in your project. Consult ORSP regarding GGC’s policy for this option.
- Each funder may have different allowable costs when it comes to participants costs. Moreover, each may have differing definitions of what should be included in participants’ costs and how this will affect the computation of the indirect costs.
- ORSP will review the guidelines to ensure that your budget meets the Funder's requirements.

D. Equipment
- GGC defines equipment as a cost of $5,000 or greater and a useful life of at least one year.
In requesting your equipment, provide ORSP (or the Funder) with a copy of the vendor's quote. The quote should include all applicable costs such as tax, shipping, set up costs and any discounts.

Provide a strong justification for the equipment and how it will be used specifically for and by the project.

Include detail as to where the equipment will be housed; how the equipment will be maintained; and who (School/Unit) will be responsible for maintaining and inventorying the equipment. If appropriate, provide information on how the equipment will be used after the life of the project.

E. Other Direct Costs
The "Other Direct Costs" category may include:
1. Project Supplies. Project supplies include items that are necessary to conduct the project, such as field collection netting, chemicals, etc.
2. In some instances, funders may permit office supplies as allowable project cost. For example, some funders may allow a sponsored program to purchase office supplies when indirect cost is not allowed. The grant guidelines or the project officer should be consulted, if required.
3. Office materials: Office materials may include computing devices, cartridges, disks, etc. Just like supplies, the Funder may or may not allow office materials as part of the budget request. The grant guidelines or the project officer will provide guidance if there are additional questions.
4. Publication: Costs associated with publishing research findings in a journal.
5. Computer Services: Costs associated with technical and related support.
6. Consultant Services: In preparing a request for a consultant, provide the consultant's name and affiliation.
7. Describe in detail what duties the consultant will perform, his/her hourly rate, the anticipated number of work hours, and any other expenses.
8. Please be aware that GGC staff and faculty cannot serve as consultants.
9. ORSP will contact the appropriate offices regarding the consultant services request prior to your submitting the grant.
10. Subawards to other institutions: GGC is not equipped to administer subawards/subcontracts at this time. GGC may be a sub-recipient from another institution.

F. Indirect Costs (IDC) Also known as Facilities and Administration or F&A
- Indirect costs are institution-wide general management expenditures negotiated with the federal government that reflect the institution’s costs of doing business. IDCs consist of administrative activities/functions necessary for the general operation of the College such as services provided by ORSP, accounting, budgeting, payroll preparation, personnel services, purchasing, educational technology, facilities, and centralized data processing.
- General management costs are necessary for all programs and services to exist. For example, all grants and sponsored programs require the support of GGC’s business and finance unit for services such as contracts, purchasing, payroll, and personnel management. The IDC contributes to the costs of providing these services.
Without the benefit of an indirect cost rate, there would be no standard and equitable way for each grant or sponsored program to contribute its share to GGC’s general management costs. By applying a standard indirect cost rate, the college has a consistent and efficient way to recover its share of general management costs from research and sponsored programs that allow Indirect Costs to be charged to the grant.

G. Cost-sharing or Matching Funding

- Cost-sharing or matching funding is the portion of total project costs that a Funder specifically requires the College to shoulder. GGC may/may not agree to a "cost sharing" arrangement to support a sponsored project.
- For GGC to commit institutional resources, it must be described explicitly in the notice of funding opportunity, included as a criteria for funding, and approved by the cost-sharing partner.
- Allowable cost-sharing items are described in the grant guidelines and may be in the form of donated faculty/staff time; volunteer time by third-party professional and technical personnel, consultants, community partners, and other entities or services and donated property from third parties, such as equipment, office supplies, laboratory supplies, or workshop and classroom supplies.
- Final approval for institutional cost share commitments must be approved by the unit budget manager and the GGC VP for Business and Finance.