



Developing a Federal Grant Budget

Congressman Bill Posey's Federal Contracting Conference

Presenters:

Jo Ann Smith, PhD, CRA

Mya Harden, Graduate Assistant

September 22, 2015

Center for Public & Nonprofit Management (CPNM)

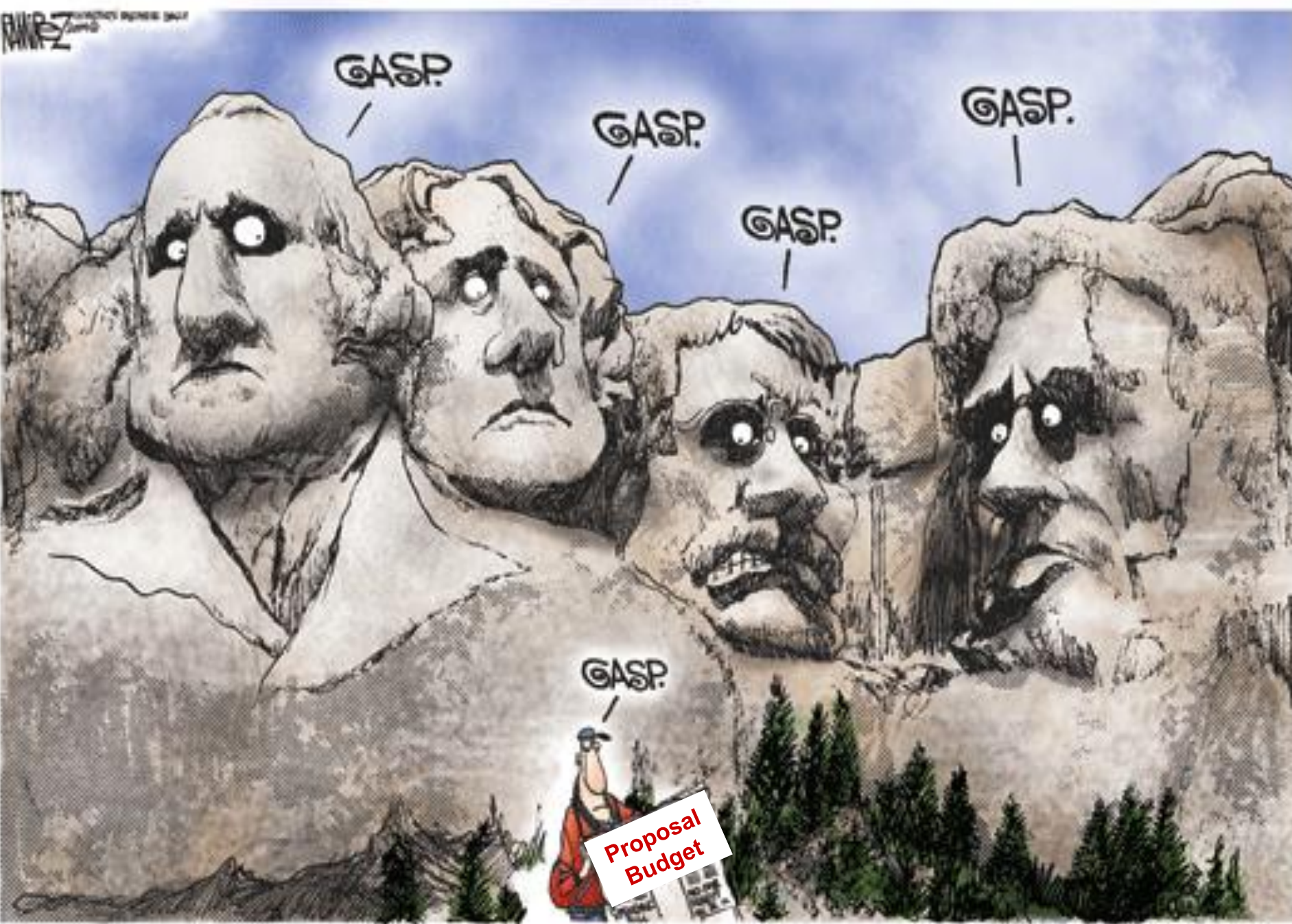


Objectives

- Focus on Federal Grant Budgets
- Uniform Guidance
- Common Budget Mistakes
- Two Major Cost Categories
- Types of Costs (salaries, equipment, travel, etc.)



What you don't want to see
happen when the reviewers look
at your budget.





Uniform Guidance

(Code of Federal Regulations)

- 2 CFR Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
- Provides the cost and administrative guidelines for federally sponsored awards
- Replaced OMB Circulars

<http://www.ecfr.gov/cgi-bin/text-idx?node=2:1.1.2.2.1&rgn=div5>



Cost Accounting Standards

The budget must be:

- Allocable
- Allowable
- Reasonable
- Consistent

What guides cost accounting standards?

2 CFR Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards - See more at:

<http://http://www.ecfr.gov/cgi-bin/text-idx?node=2:1.1.2.2.1&rgn=div5>



Common Budget Mistakes

- Not carefully reading the Federal agency's budget guidelines
- Budget doesn't add up (calculation errors)
- Asking for too little or too much
- Neglect budget justification/narrative
- Lack of alignment to the proposed objectives
- Match and Cost sharing requirements
- Difference between a Vendor/Contract vs. Sub-receipt



Budget Narrative

- Make your case that the budget is reasonable, appropriate, and adequate
- Describe the policies that govern your budgetary decisions
- Provide detail about items to be purchased
- Indicate how costs were calculated
 - Insert parts of the spreadsheet as tables
- Make sure the budget narrative is consistent with the grant narrative



SECTION B

6. Object Class Categories	(1)	(2)
a. Personnel	\$	\$
b. Fringe Benefits		
c. Travel		
d. Equipment		
e. Supplies		
f. Contractual		
g. Construction		
h. Other		
i. Total Direct Charges (sum of 6a-6h)		
j. Indirect Charges		
k. TOTALS (sum of 6i and 6j)	\$	\$
7. Program Income	\$	\$

Auth

a. Personnel

b. Fringe Benefits

c. Travel

d. Equipment

e. Supplies

f. Contractual

g. Construction

h. Other

i. Total Direct Charges (sum of 6a-6h)

j. Indirect Charges

k. TOTALS (sum of 6i and 6j)

7. Program Income

Two Major Cost Categories

—Direct Costs

- Costs which can be identified with a specific project relatively easily with a high degree of accuracy

—Indirect Costs (aka Overhead, Operations, Administrative, or F&A)

- Costs which can not be specifically identified with a particular project or activity, but the nonprofit incurs as a result of the project (ex. administrative support to process documents)
- **Draft a rough budget EARLY**



Indirect Cost Rates

No federally approved indirect cost rate:

- Use a *de minimis* rate of **10%** of the MTDC or
 - Negotiate a higher rate in accordance with the federal cost principles.
-
- Entities with a negotiated federal indirect cost rate must use that rate unless there is a limit on indirect reimbursement.



Indirect Considerations

- Know the nature of the project. Is it human services, instruction, training, or other type of activity, in your facility or rented space?
- If you have a negotiated rate, do NOT use the term “reduced indirect”. Either they are allowed or disallowed. Indirect rates are dependent upon the negotiated federal rate and may be based on the nature of the activity.

Direct Charging of Administrative

- Uniform Guidance allows direct charging of administrative if:
 - Integral to the project
 - Specifically identified to project
 - Integrated into the budget or have prior written approval **AND**
 - Not recovered also in the indirect costs

Types of Budget Categories

1. Personnel (Salaries & Wages)
2. Fringe Benefits
3. Travel
4. Equipment
5. Supplies (Project Materials & Supplies)
6. Contractual (Subcontracts)
7. Construction
8. Other (Consultants, Participant Costs, Tuition, etc.)
9. Program Income



Personnel

Which personnel will work on the project?

- Director
 - Coordinator
 - Full time or Part time hires
 - Volunteer
-
- Recruiting Costs
 - For how much time?



Personnel (cont.)

- Follow your salary schedules
 - Project Year vs. Salary Year
- Salary estimate increases each year (3%??)
- Full-time employees typically work 2080 hours per year (40 hours/week x 52 weeks/year)



Personnel (cont.)

- What happens when the funding ends?
- Is the salary classification appropriate?
- Two part-time positions may be less expensive than one full-time (lower fringe benefits)
- Agency salary caps or summer salary limitations?



Fringe Benefits

- Normally a percentage of full-time salaries (i.e. 30.75% full-time, 1.45% of part-time)
- Schedule of fringe benefits
 - May include: health insurance, retirement, FICA, Medicare, dental, life, disability, unemployment compensation, workers compensation, paid vacation & sick leave, termination payouts, etc.



Travel

- Is it required for the project?
- Does it benefit the project?



Travel Considerations

- Domestic vs. International
- Domestic = State of Florida Rates
- International = Federal Rates
- Use of U.S. Air Carriers (American Competes Act)

Travel Cost Breakdown

- Airfare
- Lodging (per night)
- Ground Transportation
- Mileage (44.5 cents per mile)
- Airport parking, tips, tolls, etc.
- Escalation for multiple years? 10% ?

Florida Rates for per diem:

- » Breakfast.....\$6
- » Lunch.....\$11
- » Dinner.....\$19

Equipment or OCO (Other Capital Outlay)

- What is Equipment?

Nonexpendable property \$5,000 or more
(formerly \$1000) and

useful life of more than one year.

This includes software purchase with the same dollar value.

- Must be justifiable and align with proposal narrative



Equipment Cost Details

What's needed:

- Cost per Item
- Quotes
- Catalog references
- On-line pricing
- Don't forget shipping, installation, maintenance



Equipment Considerations

- Limits on equipment
- Post-project recurring costs
- Purchase early and must be tagged
- Transfer of ownership



Supplies

- All consumable materials costing less than \$5,000 per unit;
- Copy paper, pens, pencils, computers; any materials needed to conduct proposed project
- Agreements for evaluating the grant, providing training, etc.

Computing Devices

Devices less than \$5,000 with a useful life of at least 1 yr are allowed as a direct charge.

- Must be essential to the project and allocable.
- Devices meeting the criteria are not equipment -should be budgeted as "Materials and Supplies"

Procurement -Contractual Services

- Employee or contractor?
- Special Consultants
 - Maximum day rate?
- Vendor Contracts
 - Differs from subrecipient (definitions in Uniform Guidance)
 - New Micro Procurement \$3,000 no competition



Vendor vs. Subrecipient

- **Vendor:** Work for Hire. No collaborative contribution to the work. Competitive business, provides similar goods/services to multiple purchasers, provides deliverables
- **Subrecipient:** Provides collaborative contribution to the scope of work, contributes to programmatic decision-making, assists in carrying out the program



Procurement “Claw” 200.320

1. Micro Purchases

- \$3K
- No quotations
- Equitable distributions

2. Small Purchases

- Up to \$150k
- Rate quotations
- No cost or price analysis

3. Sealed Bids

- >\$150k
- Construction projects
- Price is a major factor

4. Competitive Proposals

- >150k
- Fixed/Reimbursable
- RFP w/evaluation methods

5. Sole Source

- Unique
- Emergency
- Authorized
- No competition



Subrecipient

1. Letter of Commitment – authorized signature
2. Statement of Work (Deliverables/Timeline
(consider your start/end dates)
3. Detailed Itemized Budget
4. Budget Justification/Narrative

“the disclosure should include a clear description of the work to be performed, and the basis for selection of the subawardee (except for collaborative/joint arrangements)”



Subrecipients

- Large \$\$ subcontracts may need special internal approval
- Large \$\$ subcontracts (i.e. \$50,000) may require bid process
- If using MTDC, indirect charges may only be on the first \$25,000 of each subcontract



Subrecipient Considerations

- Recommend discussing w/leadership (terms & conditions)
- Create a standard contract form
- If you name a contractor in a proposal, it may be binding



Vendor or Subrecipient?

- Entity provides printing and copying services for program reports
- Entity works with prime to develop and provide specific program materials for participants
- Program evaluator collaborates with prime to develop an evaluation plan and gather data



Other Expenses

- Postage
- Childcare
- Maintenance Agreements
- Special Fees/Usage Charges
- Conference Registration
- Photocopy/printing
- Honoraria
- Food----WARNING!!!
- Rent or leased equipment
- Long Distance Telephone
- Transportation expenses

What are Participant Costs?

- For participants or trainees (*but not employees*) in connection with sponsored conferences, meetings, symposia, training activities
- Some costs may be disallowed—check the RFP
 - T-shirts
 - Food
- Calculate the cost per participant
 - There may be a limit on this cost



Participant Costs

- Typical costs include:
 - Training (tuition, books, materials, fees)
 - Stipends
 - Meals
 - Lodging
 - Travel
 - Miscellaneous



Match Considerations

- Must fund and track whatever you include
 - Legal commitment
 - Subject to audit
- Make sure costs aren't part of the indirect calculation
- Match account should be established
- Watch grant budget dates and fiscal year budget dates
- Voluntary committed cost share not used as a factor during the merit review
- Reasonable, justifiable, and verifiable



Expense Considerations

- Think about hidden costs to the organization
- Make sure it's allowable...check!
 - Call your support people

Contact Information:

Any questions:

Jo Ann Smith, PhD, CRA

(407) 823-3925 Jo.Smith@ucf.edu

Mya Harden

(407) 823-2604 Mya.Harden@ucf.edu