



DEVELOPING AN EFFECTIVE BUDGET FOR YOUR GRANT

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ABOUT US



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WHAT IS A BUDGET?

- **An estimate of income and expenditures for a set period of time, or a proposed project or program.**
- **The Period of Performance (POP) is the period of time during which the Grantee is expected to complete the grant activities and to incur and expend approved funds.**

WHY DOES AN EFFECTIVE BUDGET MATTER?

IT ENSURES FINANCIAL CLARITY

A budget provides a clear picture of how grant funds will be spent. It ensures there are sufficient resources available to secure grants and fulfill obligations.

DEMONSTRATES PROJECT FEASIBILITY

A well-thought-out budget can show funders that your project is realistic and manageable.

COMPLIANCE AND ACCOUNTABILITY

Many funders require detailed budgets and financial reporting to ensure funds are used appropriately.

STEPS TO DEVELOPING A GRANT BUDGET



ELEMENTS OF A GRANT BUDGET

PROJECT BUDGET & BUDGET NARRATIVE

You will need to submit both a detailed project budget and supporting budget narrative (or justification).



PROJECT BUDGET COMPONENTS

Costs

- Indirect
- Direct

Match

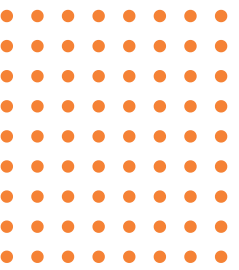
- Cash
- In-Kind
- Mixed Match: This combines cash and in-kind contributions to meet the total match requirement.



Budget Costs



	Grant (\$)	Match (\$)	Total (\$)
A. Personnel			
B. Fringe			
C. Travel			
D. Equipment			
E. Supplies			
F. Contractual			
G. Construction			
Total Direct			
H. Indirect			
Totals			

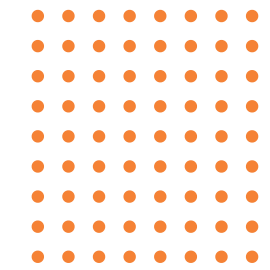


Personnel & Fringe

How will you staff the project? Existing / New Positions?

A. Personnel
B. Fringe
C. Travel
D. Equipment
E. Supplies
F. Contractual
G. Construction
Total Direct
H. Indirect
Totals

- For vacant/new positions, use reasonable estimate of anticipated salary cost.
- Consider all costs associated with salary, medical/health benefits, taxes, and any other paid employee programs.
- Include % allocation to the project.

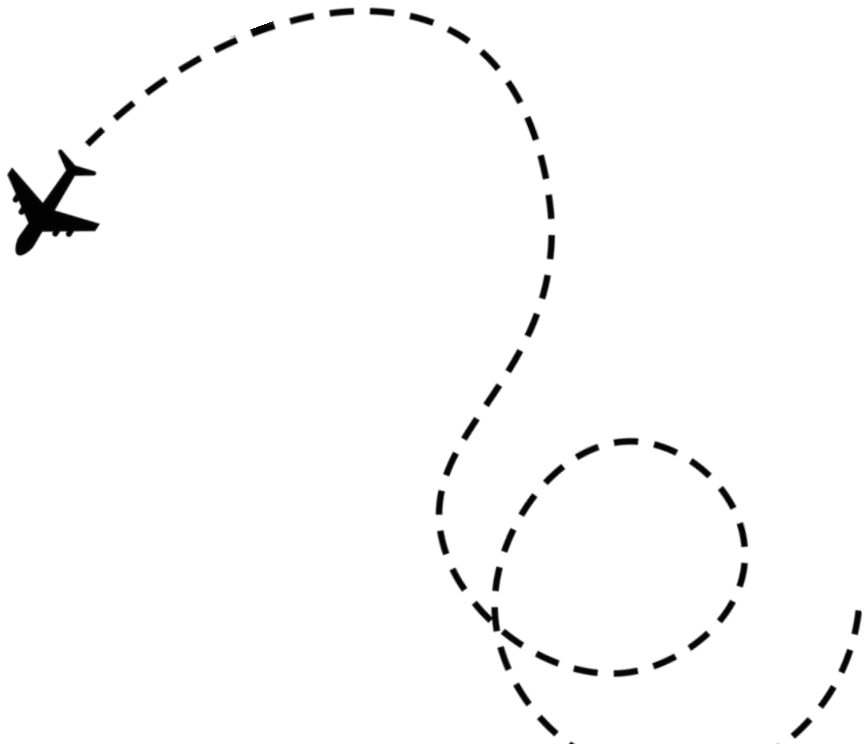


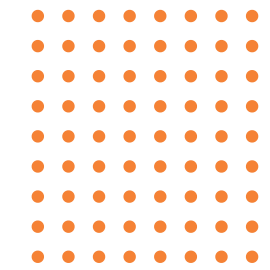
Travel

Will your project require travel?

- Consider your organization's travel policies (e.g. per diem limitation).
- Account for airfare, lodging, meal expenses, taxi, mileage.
- Be reasonable

A. Personnel
B. Fringe
C. Travel
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E. Supplies
F. Contractual
G. Construction
Total Direct
H. Indirect
Totals





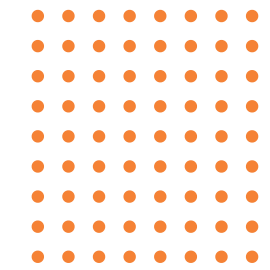
Equipment & Supplies

What's the Difference?

A. Personnel
B. Fringe
C. Travel
D. Equipment
E. Supplies
F. Contractual
G. Construction
Total Direct
H. Indirect
Totals

- **Equipment:**
 - >\$5,000/unit? >\$10,000/unit?
 - Useful life of more than 1 year
 - Capital vs. Non-Capital
- **Supplies:**
 - Items typically with a lifespan of less than 1 year.

****Follow ALL procurement policies & procedures****

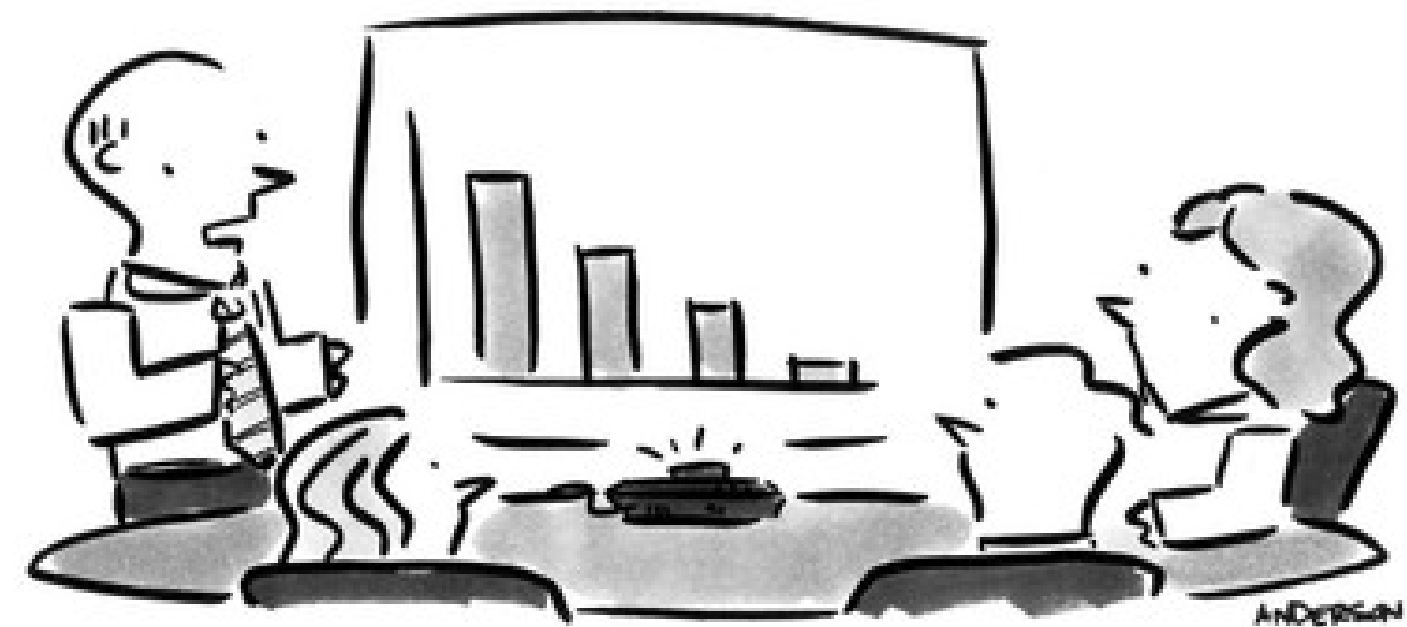


Contractual

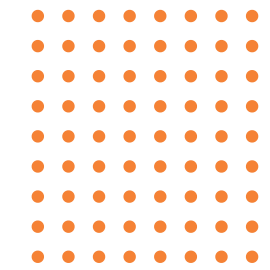
A. Personnel
B. Fringe
C. Travel
D. Equipment
E. Supplies
F. Contractual
G. Construction
Total Direct
H. Indirect
Totals

- Third-party vendors
- Subrecipients
- Consultants

****Track hours and % dedicated to grant/project****



"Times are tough. In fact we can barely afford the consultants to tell us how to let you all go."



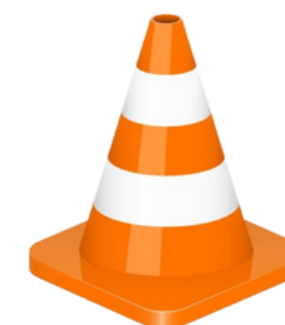
Construction

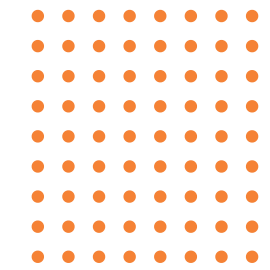
What constitutes a construction project?

- Buildings
- Permanent Structures
- Fixed Equipment
- Ground Disturbance

****May or may not include land acquisition****

A. Personnel
B. Fringe
C. Travel
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Total Direct
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Totals



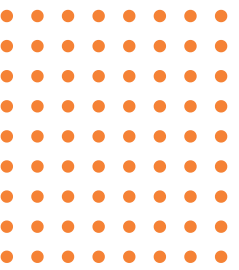


Total Direct

A. Personnel
B. Fringe
C. Travel
D. Equipment
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F. Contractual
G. Construction
Total Direct
H. Indirect
Totals



**Add all your Direct
Costs**



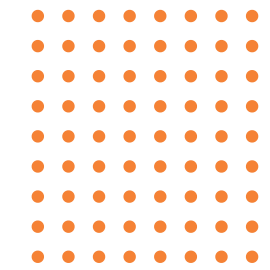
Indirect Costs

What is it?

- Overhead expenses that support the overall operations of an organization or institution, but are not directly attributable to a specific project.
 - Rent
 - Utilities
 - Office Expenses
 - Administrative Support

A. Personnel
B. Fringe
C. Travel
D. Equipment
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G. Construction
Total Direct
H. Indirect
Totals



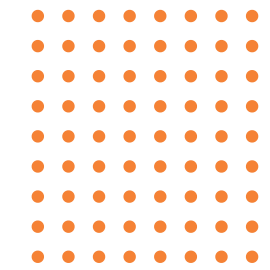


Indirect Costs cont.

How to Calculate?

A. Personnel
B. Fringe
C. Travel
D. Equipment
E. Supplies
F. Contractual
G. Construction
Total Direct
H. Indirect
Totals

- Negotiated Indirect Cost Rate Agreement (NICRA)
 - Negotiated rate agreement between grantee and federal agency.
- De Minimis Rate
 - Allows for grantee without NICRA to charge a % of Modified Total Direct Costs (MTDC) as indirect costs.
 - MTDC calculated by taking the total direct costs and subtracting specific excluded costs (2 CFR Section 200.1).
 - 15%



Totals

A. Personnel
B. Fringe
C. Travel
D. Equipment
E. Supplies
F. Contractual
G. Construction
Total Direct
H. Indirect
Totals

Total Direct + Indirect = TOTAL



MATCH

A grant match, or cost-sharing, is where a grantee is required to contribute a portion of the project's total cost, in addition to the grant funds



Cash Match:

Using grantees own funds or other cash resources to cover a portion of the projects expenses.



In-Kind:

Providing **non-cash** resources like goods, services, equipment, supplies, property, or donation (third-party in-kind) that are directly related to the project.

****Calculated according to fair labor rates or fair market value****



Mixed Match:

This combines cash and in-kind contributions to meet the total match requirement.



Matching % or Ratios:

Matching grants often have specific matching ratios, such as 5%, 10% or 1:1.

MATCH

Use the Calculator Below to Determine the Local Cost Share for your Organization

Total Project Cost:	\$ 100,000.00
Local Cost Share Percentage:	10%

Example: For 15% enter .15 into the calculator, for 10% enter .10, for 5% enter .05

Federal Funding Assistance:	\$ 90,909.091
Local Cost Share:	\$ 9,090.909

MATCH

of Total Project Cost

**Match = 10% of Total Project Cost
(\$100,000)**

(.10)100,000

Match: \$10,000

Grant: \$90,000

Project Total: \$100,000

of Award

Match = 10% of Award

+ Award = ? = y

Total Project Cost = \$100,000

.10y+y=\$100,000



1.10y=\$100,000

~~1.10y=\$100,000~~

~~1.10~~ ~~1.10~~

y= \$90,909.09

Match = \$9,090.90

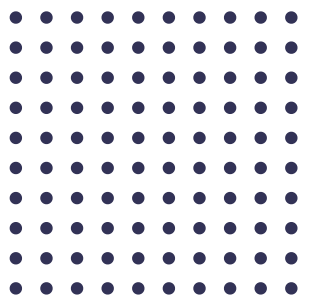
BUDGET NARRATIVE

- **Explains and justifies** the projected costs attributed to each line item or category within the budget and ties the budget to the proposed deliverables and statement of work.
- Use the narrative to describe each line item in the budget, including the purpose, the basis for your estimates, and justifications for any consultants or subcontractors
 - The budget narrative should clearly tie to the budget line items, which should align to the project proposal.
- **Match**
- **Fiscal Health**
- **Contingency**



TIPS FOR CREATING A STRONG BUDGET

- **Be realistic:**
Avoid underestimating costs to make the proposal more appealing.
- **Provide clear justifications:**
For each budget item, explain why the expense is necessary.
- **Be transparent and detailed:**
Funders appreciate a budget that is broken down clearly and thoroughly.
- **Monitor and update the budget:**
Revise the budget as the project progresses.



COMMON MISTAKES TO AVOID

- **Overcomplicating the budget:** Keep it simple and easy to understand.
- **Underestimating costs:** Make sure to include both direct and indirect costs for a comprehensive budget.
- **Forgetting** to include matching funds or in-kind contributions (if required).



EXAMPLES

✓ Effective Grant Budget

Aligned with Goals

Budget items directly support project activities and outcomes.

Detailed & Itemized

Provides specific line items with justifications (e.g., “\$2,000 for 5 workshops”).

Realistic Estimates

Costs reflect current market rates—neither inflated nor underestimated.

Justified Personnel

Clearly defines roles, responsibilities, and time commitments.

In-Kind/Matching Funds

Shows additional support from the applicant or partners.

Consistent with Narrative

Budget and proposal narrative reinforce each other (no surprises).

Contingency Planning

Accounts for potential cost changes or risks (if allowed by the funder).

✗ Poorly Constructed Grant Budget

Vague or Generic

Uses unclear descriptions like “miscellaneous” or “general expenses.”

Missing Justification

No explanation for how amounts were calculated or why they are necessary.

Misaligned with Goals

Budgeted items don’t support the stated objectives.

Inaccurate Costs

Unrealistic figures that suggest lack of research.

Personnel Issues

Unexplained staff roles or excessive salary allocations without evidence.

Overhead Abuse

Inflated indirect costs or inclusion of unallowable expenses.

Errors or Inconsistencies

Math errors, totals that don’t match, or discrepancies with the proposal.

THANK YOU!

