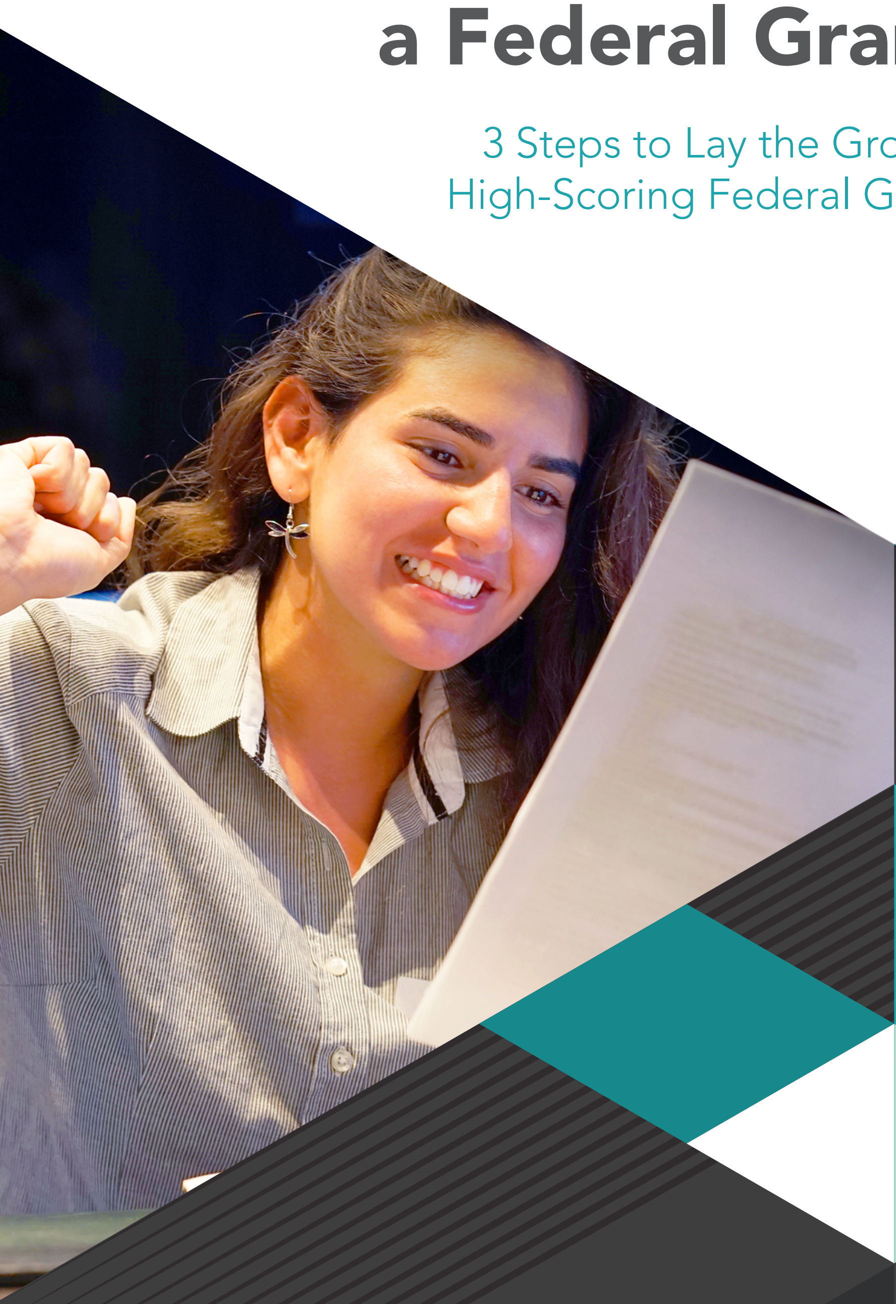
NEVADA GRANT LAB

Quick Guide to Preparing a Federal Grant Budget

3 Steps to Lay the Groundwork for a High-Scoring Federal Grant Application



About Nevada GrantLab
Nevada GrantLab supports nonprofit organizations and their government partners to access and administer federal grants that benefit Nevadans. Our work is backed by a network of passionate experts who provide guidance and technical assistance, and is made possible by generous philanthropic support.

Following these 3 steps will set you up for success in developing a high-scoring grant application and running a high-quality program.

1

Carefully Review the Grant Announcement

Identify anything in the Funding Opportunity that will affect your grant budget, such as unallowable expenses or funding priorities.

2

Determine How Much Money to Ask For

Calculate the size of your request based on what is permissible and your organization's unique needs, budget, and prior federal grant management experience.

3

Determine What (and What Not) to Ask For

Strategize the best-fit program(s) to include in the proposal, keeping in mind the types of programmatic activities that match the Funding Opportunity.

About the Expert

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Andy is a social entrepreneur and strategist recognized for his work in both the corporate and nonprofit sectors. He is a former nonprofit finance executive and founder of Valor CSR, a Certified B Corporation. Valor CSR helps companies balance purpose with profit by crafting strategic corporate social responsibility (CSR) programs. Andy also co-hosts the Nonprofit Everything podcast, and has developed and taught numerous courses at The University of Nevada, Las Vegas (UNLV).

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1 Carefully Review the Grant Announcement

The first thing to do when preparing a federal grant application is to read every word of the Funding Opportunity announcement, specifically with budget planning in mind.

Funding Opportunity announcements often tell applicants exactly what will earn an award, so be sure to read carefully. Grant reviewers are held accountable for their decision-making, so they favor applications that clearly demonstrate that they meet the grant terms and requirements.

Explore Budget Guidelines

While reviewing the opportunity, take notes on pertinent details that may inform the budget, such as:

Funding Limitations

- The total amount of funds available
- Portions of funding that are “prioritized” or “required” for specific activities or expenses (i.e. a hunger relief grant may seek to only fund food purchases, not food distribution)
- Expenses that are allowable and unallowable (i.e. equipment, supplies, professional services)
- Expenses that are permissible but “discouraged” or “not prioritized”

Funding Structure

- An advance or reimbursement-based grant structure
- Process for managing any unexpended funds
- Matching or cost-sharing requirements

Funding Timeframe

- Timeframe for receiving funds
- Date range for expenses eligibility
- Deadline to spend the funds

Explore Program and Activities Guidelines

After carefully reading the Funding Opportunity and taking notes from the budgeting lens, consider program activities that align well with the opportunity. Ask yourself:

- What types of activities do you think the funding agency expects to be funding?
- Are some activities encouraged while others are discouraged?

As the grant application develops, refer to your notes on budget, program, and activity guidance regularly. This level of clarity will help develop a high-potential application, improve the likelihood of meeting desired outcomes, and simplify post-award management and compliance.

2 Determine How Much Money to Ask For

How much money should you request? Though it may be tempting, do not automatically pursuethe maximum amount possible.

Most Funding Opportunities explicitly set maximum and minimum award amounts. If a Funding Opportunity does not include one or both, look for the total amount of funding available and estimated number of awards, and divide them to determine a possible average award amount.

If the grant program is recurring, research past awards and calculate the mean, median, and mode amounts for past grant cycles. **You can collect this information at usaspending.gov (use the CFDA number to easily search). Note: Historical award size will not be available for new grants or emergency funds. In these cases, adhere to the maximum award amount and be sure not to exceed it.**

Using the minimum, maximum, and past award amounts as a baseline, craft a thoughtful and realistic request that addresses the Funding Opportunity program goals and your organization's unique needs and proposed program.

Your organization's history also plays an important part in determining an appropriate grant amount. Competent grant reviewers consider how the requested amount compares to an organization's existing budget. If the grant amount overpowers the size and scalability of an organization, it is likely not a good fit.

Grant reviewers may also consider an organization's revenue and fundraising history to gauge its capacity to adhere to requirements and achieve program outcomes. An organization that has a positive track record of grants management with successful program delivery is more likely to receive an award.

If an organization has never received a government grant, or if the request is significantly higher than previous awards– other aspects of the application, such as quality of program design, become even more important.

3 Determining What (and What Not) to Ask For

Once you have an appropriate range for the request amount, you can begin to consider which programs and activities fit best with the Funding Opportunity.

Scaling Impactful Program(s): (recommended!) The best approach is to propose existing, impactful programs that can be scaled with the additional funding.

Continuing Existing Program(s): Alternatively, propose existing, impactful programs that may be reduced or eliminated if the new funding is not secured.

Pitching New Program(s): You could also propose new programs that are evidence-based and feasible for your organizational capacity that just need funding to get off the ground.

Do not propose new programs that are outside of your organization's current scope of work or beyond your capacity to successfully deliver.

Once you identify the proposed program, start determining the specific activities and expenditures needed to successfully execute the program. Well-organized nonprofits already have an annual budget divided into major program areas that can serve as a starting point. If you do not have an existing program budget, start building a detailed list of every direct and indirect expense needed to support the program. Be sure to include what exactly the expense funds and how the expense was calculated.

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3 Determining What (and What Not) to Ask For

To determine whether an expense is direct or indirect, consider whether the expense will go away when the program goes away.

If so, it is a direct cost.

If the expense does not go away when the program goes away, such as office rent, it is an indirect cost.

Challenge: **Accurately computing indirect costs can be tricky. The rent for your office is spread across all activities, including things like fundraising and HR, so not all of it can be attached to one program.**

Solution: **Craft a carefully researched allocation showing the percentage of rent costs that the program uses. Some common metrics for an allocation are headcount, salary, and square footage. Depending on your programs, the appropriate metric might be meals served, miles driven, or constituents reached.**

Example: **A program will need to use the organization's van for about 300 miles per week. The van travels a total of 800 miles each week. That means that 300 out of 800 (or 37.5%) of the van's fuel, repairs, maintenance, insurance and registration costs can be allocated towards program expenses. To go "all-in" on program costs, be sure to account for indirect costs such as employee benefits, insurance, licenses and fees, and in some cases, depreciation.**

Taking the time to carefully identify and understand all grant requirements on the front-end will not only earn you more points on your application, it will also position you for successful post-award management.

Additional Information:

- For federally funded grants, a specific set of rules for allowable expenses is provided in 2 CFR 200 subpart E. For more info and to see a summarized list of allowable and unallowable expenses, visit www.ecfr.gov.
- For more information can also be found in GrantLab's other resource guides, such as 3 Must-Have Core Components of Every Federal Grant Budget and 8 Best Practices for Developing a High-Scoring Grant Budget.