**DEVELOPING A BUDGET**

1. Developing a Budget—Your budget is connected directly to your project’s goals, objectives, and implementation activities. Dollars are linked to activities and their resulting costs. Here are additional points:
   1. Make sure the budget includes expenditures that are allowable by the funding agency.
   2. Use the Budget Worksheet found at <http://www.clayton.edu/Grant-Contract-Programs/Links> for the internal pre-proposal.
   3. Cost-Sharing: Determine whether the funding agency requires cost-sharing
   4. Direct Costs
      1. Personnel/Salary Compensation (hourly and flat rate)—The personnel portion of the budget summary and budget detail narrative is where you indicate the costs of project staff and fringe benefits that will be paid from the grant funds and from your other resources.
      2. Fringe Benefits—Fringe benefits are calculated at a percentage of total salaries and include medical and FICA match for each salaried position. In total, fringe benefits are calculated at a rate between 40 and 41 percent. The budget office will assist by providing current rates.
      3. Travel—Your travel explanation in the budget detail narrative needs to include the number of trips planned and the number of persons for each trip as well as the conference or training program name, location, purpose, and cost. Be sure to include the cost of lodging, meals, transportation to the events, and ground travel.
      4. Equipment—The equipment line item of the budget summary and budget detail narrative is where you ask for grant monies to purchase a major piece of equipment, such as a printer, or other critically needed operational equipment. Do your homework before requesting grant monies to cover big-ticket equipment.
      5. Construction—When you write a grant that is exclusively seeking funds for construction (or building funds), it may not be necessary to develop a budget summary and a budget detail narrative. You can simply insert a copy of the bid, which is the written document submitted to you by the construction company that lists all the costs involved in the project.
      6. Supplies—The materials and supplies needed for the daily implementation of the project go on the supplies line of the budget summary and in the budget detail narrative.
      7. Contractual—The contractual line of the budget summary and budget detail narrative is where you list the money needed to hire anyone for the project who is not a member of the staff.
      8. Other—You may need to include another section in your budget summary and in the budget detail narrative if you have items that do not fit into any of the other categories, such as honorariums or stipends for speakers, flat-rate salaries, rents, printing, security services, testing fees, etc.
   5. Indirect Costs—Indirect costs, often called overhead or facility and administrative (F&A) costs, cover service and products essential to the overall institution that are consumed to some small degree by the project. Examples of project consumables include existing window and door energy-efficiency-related maintenance and repairs, utilities, office space for the facilities staff, and custodial costs. Here are additional points on indirect costs:
      1. They vary depending on funding agency, and not all funding agencies allow indirect costs.
      2. Our currently negotiated F&A rate is 40% for on campus projects and 21% for off campus projects.
   6. Matching Funds—Be clear on how the funder defines matching funds. Identify if the match can be an *in-kind contribution*, also referred to as *soft cash*, or if you are required to identify actual cash, called a *hard match*. Either way, the matching funds must be connected to grant-funded activities and related expenses.
2. Projecting Multiyear Costs—When planning to construct a building or purchase specific items of equipment, engineers or vendors can usually give bids that are close to the actual cost of the construction or equipment you will need. However, when you are seeking funding for personnel or line items with prices that fluctuate, take care to account for inflation when preparing your budget. In a multiyear request, *in some cases*, it may be necessary to increase your line items by at least 3 percent annually.