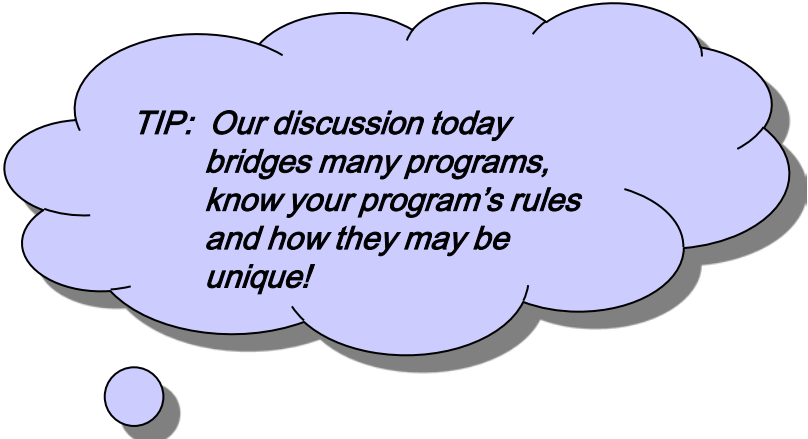


# Developing and Reviewing AmeriCorps Grant Budgets

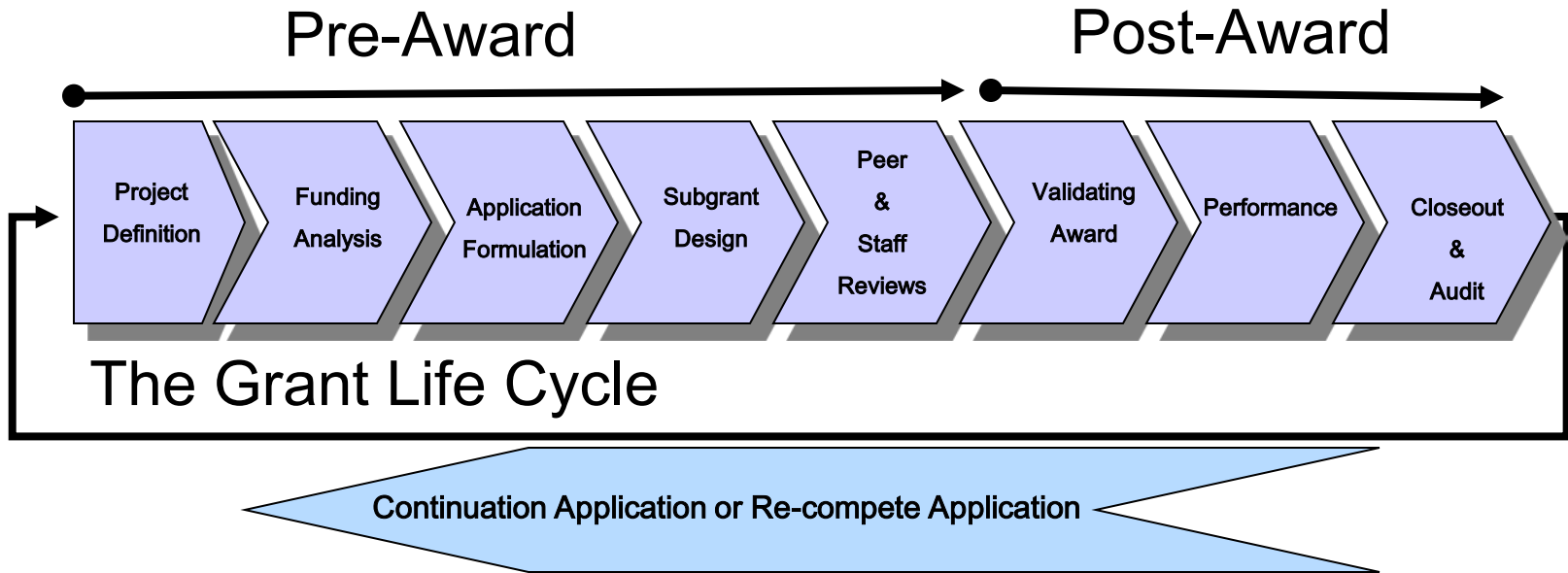
# Session Objectives

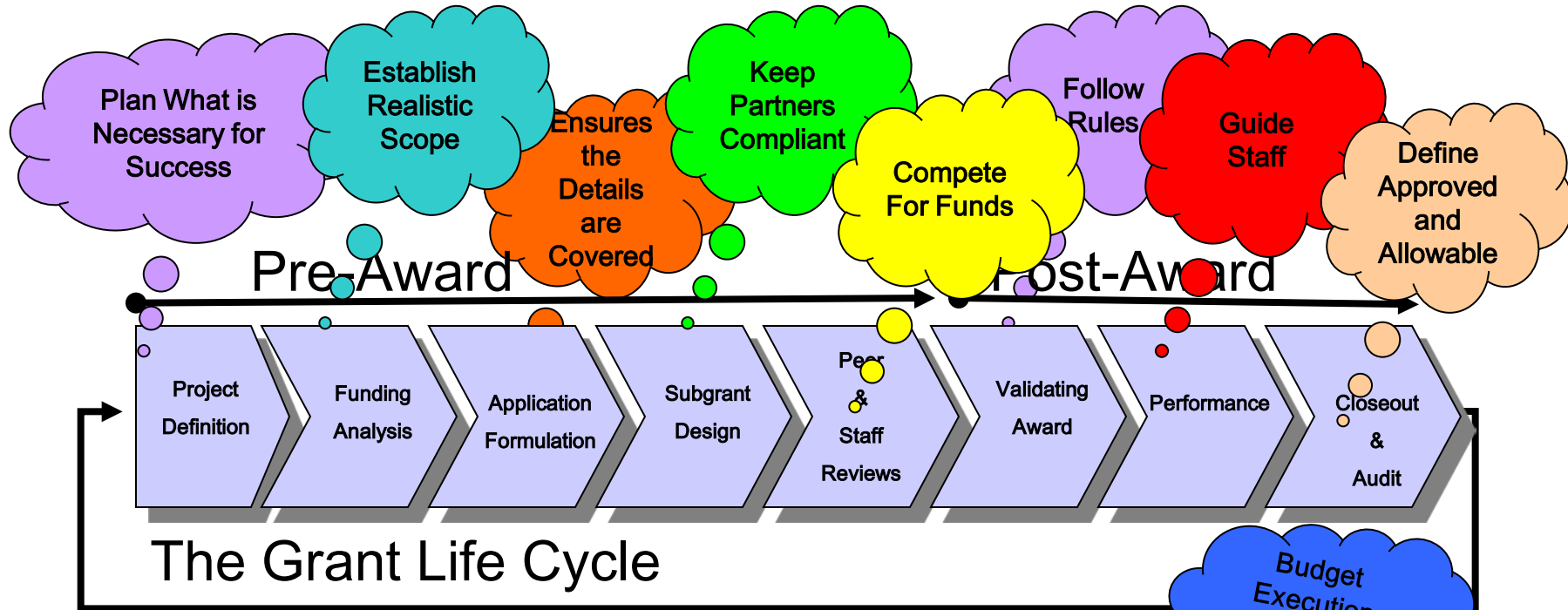
- Understand how budgets fit in the “big picture”
- Standardize expectations on what is a “compliant budget”
- Share budget formulation tips and strategies
- Answer your most pressing questions



*TIP: Our discussion today  
bridges many programs,  
know your program's rules  
and how they may be  
unique!*

# *When does a budget have an impact in the grant lifecycle?*

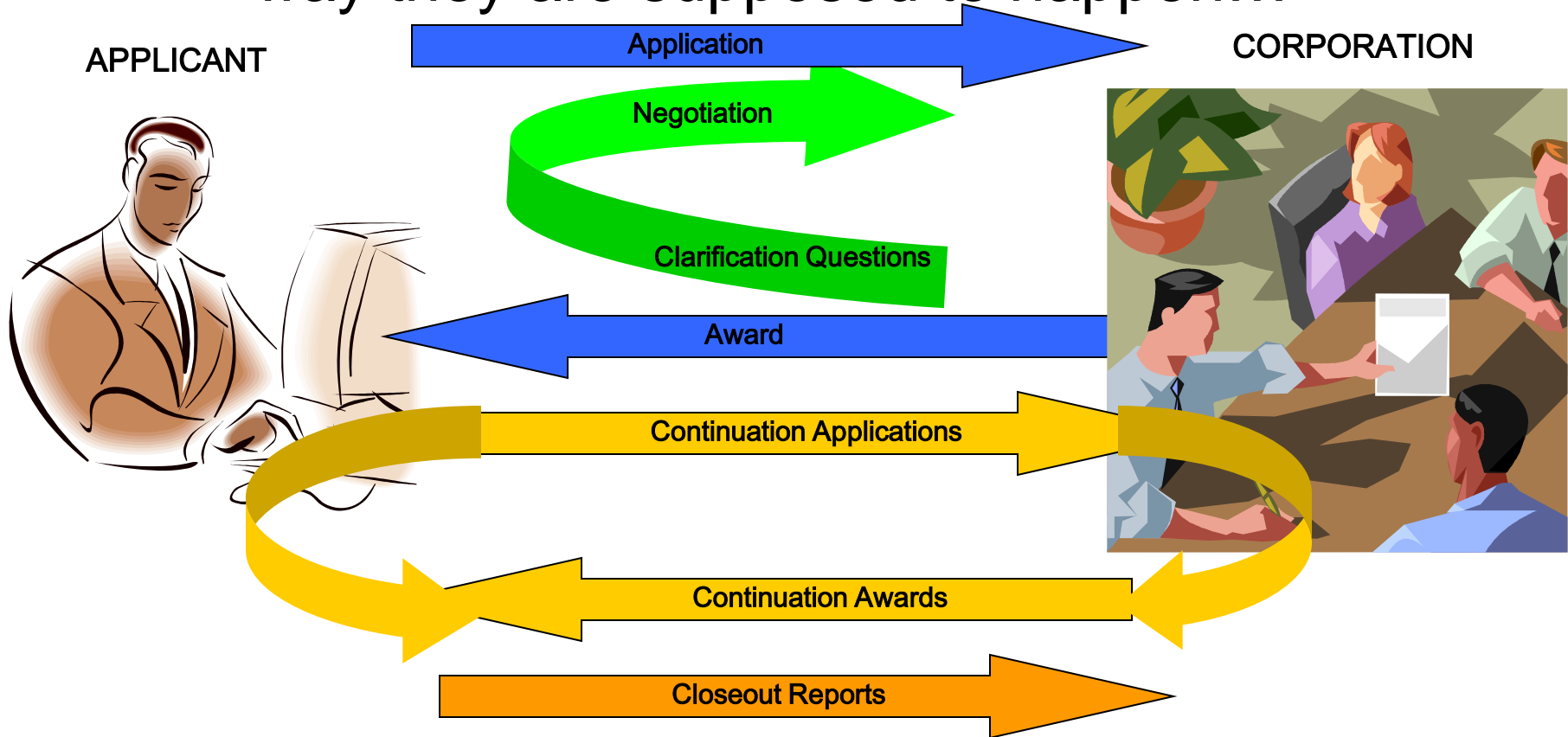




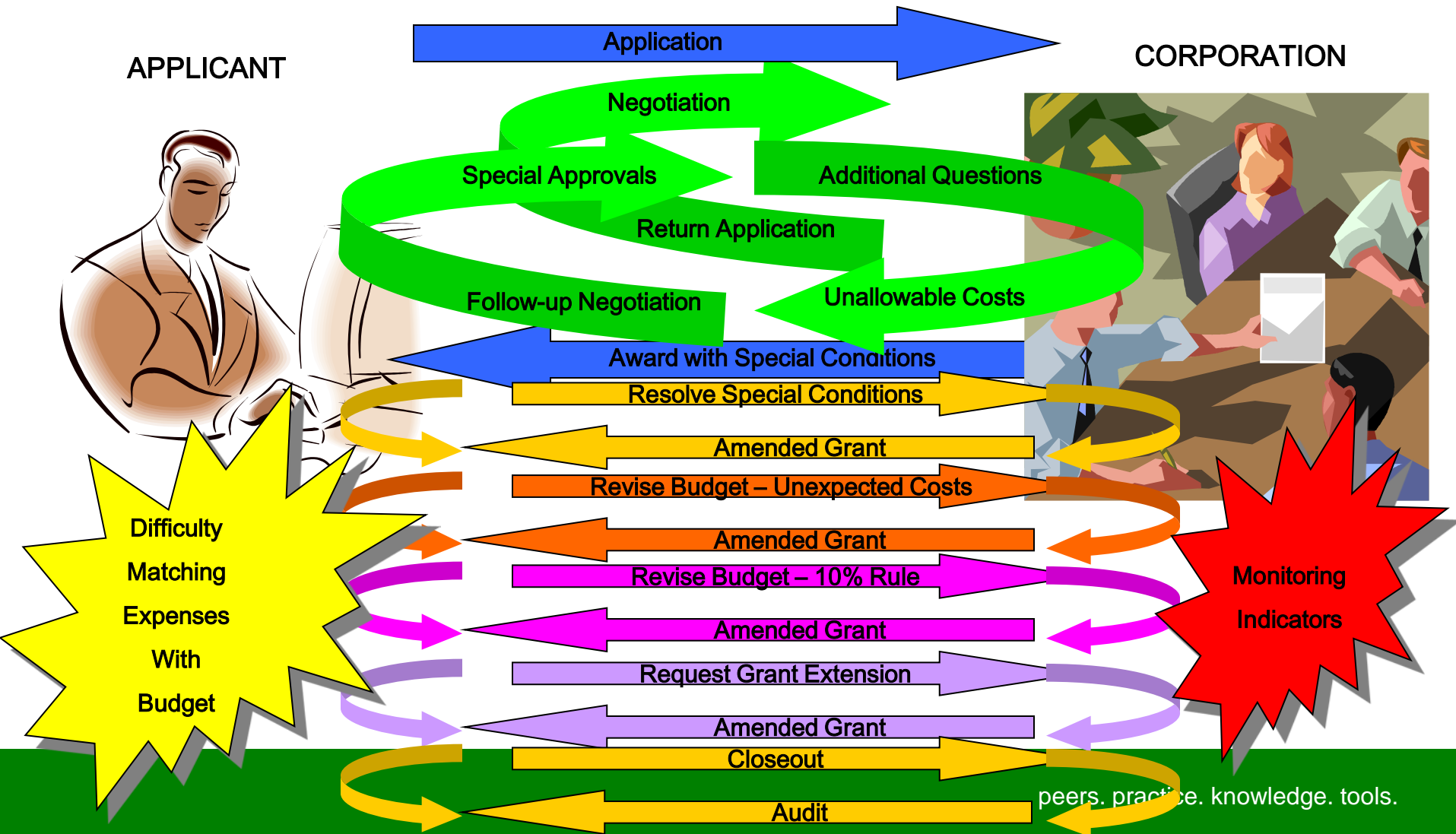
Tip: Involve budget staff in project planning from the beginning and thereafter to align the budget with the program design

Continuation Application or Re-compete Application

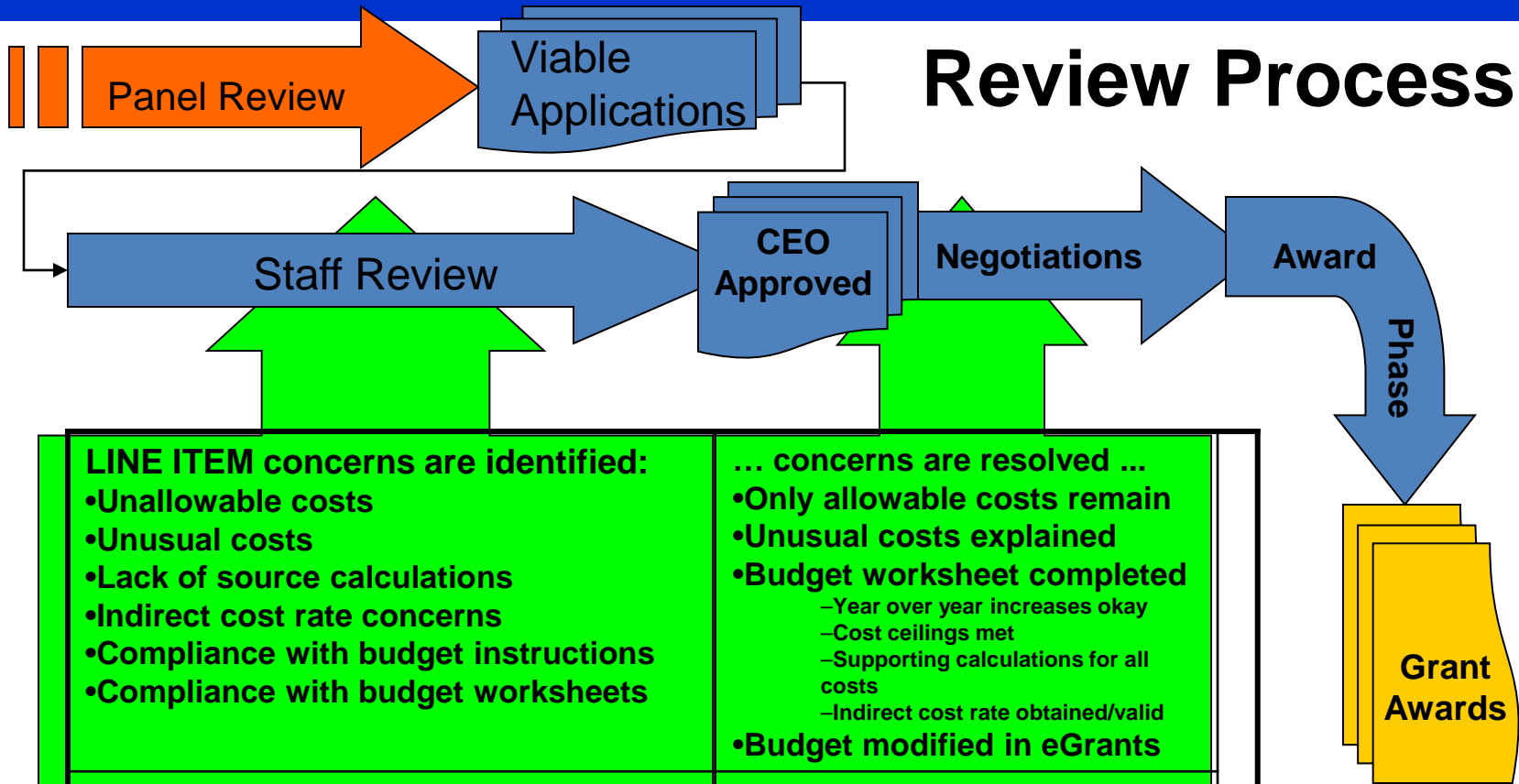
# Good budget planning makes things happen the way they are supposed to happen...



# Poor budget planning leads to challenges ...



# Review Process



<p><b>LINE ITEM concerns are identified:</b></p> <ul style="list-style-type: none"> <li>•Unallowable costs</li> <li>•Unusual costs</li> <li>•Lack of source calculations</li> <li>•Indirect cost rate concerns</li> <li>•Compliance with budget instructions</li> <li>•Compliance with budget worksheets</li> </ul>	<p>... concerns are resolved ...</p> <ul style="list-style-type: none"> <li>•Only allowable costs remain</li> <li>•Unusual costs explained</li> <li>•Budget worksheet completed               <ul style="list-style-type: none"> <li>-Year over year increases okay</li> <li>-Cost ceilings met</li> <li>-Supporting calculations for all costs</li> <li>-Indirect cost rate obtained/valid</li> </ul> </li> <li>•Budget modified in eGrants</li> </ul>
<p><b>FINANCIAL concerns are identified:</b></p> <ul style="list-style-type: none"> <li>•Costs not aligned with other grants</li> <li>•Match sources appear unallowable</li> <li>•Matching performance/projected</li> </ul>	<p>... concerns are resolved ...</p> <ul style="list-style-type: none"> <li>•Costs aligned or explained</li> <li>•Match confirmed as allowable</li> <li>•Match at minimum or higher</li> </ul>
<p><b>ADMIN concerns are identified:</b></p> <ul style="list-style-type: none"> <li>•Audit findings from existing A-133, etc.</li> <li>•Monitoring performance &amp; concerns</li> <li>•New grantee no prior grants (survey)</li> </ul>	<p>... steps taken to mitigate ...</p> <ul style="list-style-type: none"> <li>•Special conditions</li> <li>•Financial capacity survey</li> <li>•Other appropriate actions</li> </ul>

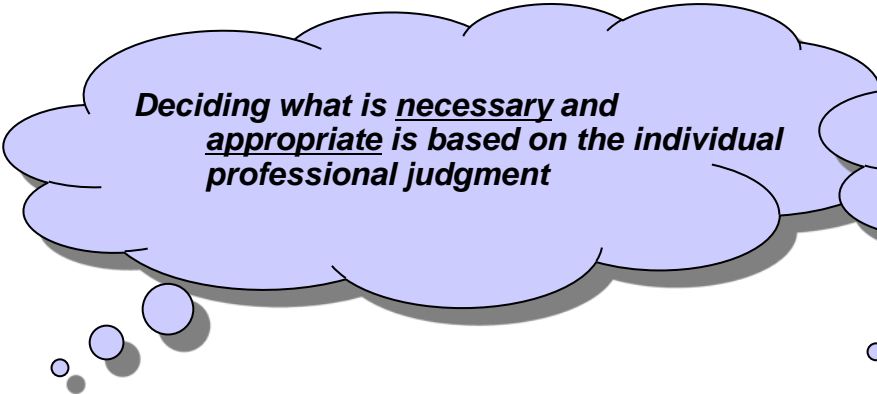
# Summary: How Budgets Fit into the Big Picture

- **Budgets impact every stage of the grant lifecycle**  
*Budgets can not be an afterthought*
- **Budget formulation is challenging to applicants**  
*Knowing how to form a quality budget is a critical skill*
- **Budget review is a major federal responsibility**  
*Corporation staff must reach a professional judgment that our common standards for adequate budget justification have been met*



# Compliant Budgets Meet Three Expectations

- All required **project costs to fully conduct the program** are included
- All necessary **cost calculations** are presented
- All appropriate **cost justifications** are offered



*Deciding what is necessary and appropriate is based on the individual professional judgment*



*Program and Grants Officers “certify” your budget as compliant; they must have the information they need to reach their professional comfort level*

## **Compliant Budgets include all costs to fully conduct a program**

- **Federal share + Non-federal share**
  - Present all costs incurred, not just minimum levels
  - Present only federally allowable costs; unallowable costs may be incurred “off-budget” (document as such)
- **Logically related costs** – “if I have this, then I need that...”
- **Administratively required costs**
  - Required by the program; e.g., Liability insurance, share of audit fees, cost sharing agreements.
- **Programmatically required costs**
  - Pay for core program activities; e.g., volunteer transportation, member/volunteer support costs, background checks.

*Presenting all non-federal (matching) costs can vary between Corporation programs – check your application instructions and related guidance, advice can differ from the past*

# **Compliant budgets include calculations where possible...**

- To explain how you reached a number in your budget
- To explain what would otherwise not be obvious
- To define your choice when costs can be estimated in different ways
- To reflect your budget strategy

# Compliant budgets

## do not need calculations when...

- Units of measure are obvious / self-explanatory
  - Example: “Annual lease for existing program space” there is no need to also show calculation  $12 \text{ months} * \$x = \$y$
- A cost is only reasonably estimated one way
  - Example: “Notebook computer,” there is no need to also reflect calculation,  $1 \text{ unit} * \$x = \$x$  since multiple units are not requested
- Application instructions indicate that calculations are not necessary
  - Example: Application instructions explain that “Fringe benefit rates require itemization only when they exceed X%.”

# Compliant budgets include line item cost justifications...

- To explain unusual costs
- To explain unexpected costs
- To explain high dollar costs
- To explain typically unallowable costs

## **Compliant budgets do not need cost justifications when...**

- The cost is one that is widely and commonly incurred by most programs/normal business
- The cost has been incurred in prior years under the same grant and the justification is already well established in the grant record
- Application instructions direct that cost justifications are not necessary for particular items

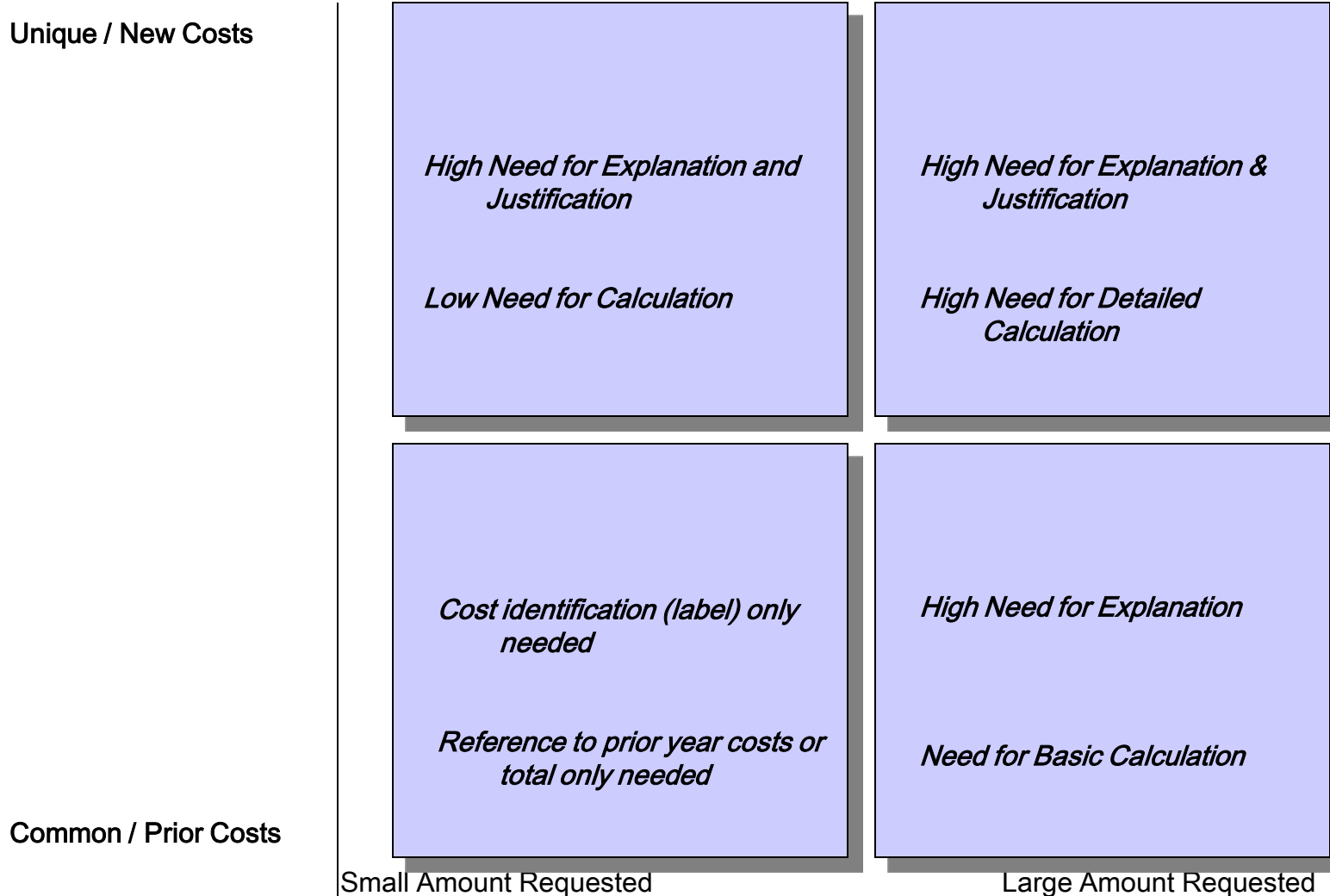
### Exercise:

A locally operated program makes a budget request for a 12-month funding period. How would you respond to each line item with respect to calculations and justifications provided?

**Accept as-is, or Require Calculation? If accept as-is, why nothing further?**

Supplies \$1,200  
Staff Travel \$12,000  
Notebook Computer \$3,000  
Computer System \$25,000  
Annual Rent \$6,000  
Printing Project Brochure \$4,000  
Internet Access \$295  
IDEA Conference \$1,400  
Accountant Services \$1,000  
Utilities (Based on Prior Year Costs) \$14,000  
Annual Cell Phone Service Contracts for Staff \$5,000  
Staff Training 4 professionals \$4,000  
Food \$1,200  
Construction Supplies \$5,000/mo. X 6 mo. X 3 Sites = \$90,000  
Federally Approved Indirect Cost Rate Agreement \$20,000

## Range of the Need for Budget Calculation, Explanation and Justification







# eGrants flags incorrect entries with “Warnings” and “Error” messages....

**Budget Rules**: Warnings and error messages are established for each Corporation program and can vary based on the needs and controls over that program.

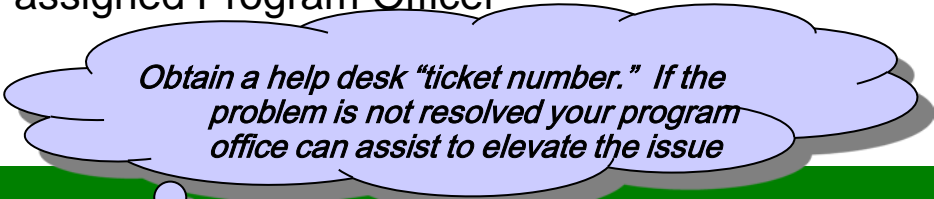
**Warning Messages**: You can proceed with the information entered but the message is a warning that you may not be compliant with the application / budget guidelines.

**Error Messages**: You cannot proceed with the information until the information entered is edited.

## **Need for Help When Using eGrants:**

**Technical Help Needs**: eGrants Help Desk

**Application Help Needs**: Your assigned Program Officer



*Obtain a help desk “ticket number.” If the problem is not resolved your program office can assist to elevate the issue*

Budget Tip: Providing calculations and/or justification/explanation is the fastest path to results

- If you provide the information up front, Corporation Staff will not need to ask for clarification.
- You likely have the information in your budget backup – why not just share it?
- Time saved.

# What are you attesting to when you submit a budget?

eGrants (ent\_424)

File Edit Commands CNCS Window Help

Application for Federal Assistance SF424 (ent\_424/dgodesky)

Applicant Application Assurances and Certifications

Authorization

To the best of my knowledge and belief, all data in this application/preapplication are true and correct, the document has been duly authorized by the governing body of the applicant and the applicant will comply with the attached assurances if the assistance is awarded.

Authorized by  Title  Date

Assurances

Authorized Certifying Official  Title  Date

Certifications

Authorized Certifying Official  Title  Date

## Budget Tip: Administrative Costs

- CNCS Fixed Percentage Option provides a flat administrative amount for indirect costs.
- There is no detailed written description of the pool of costs that are assumed covered when you use the fixed percentage Administrative costs option.
- Fixed Percentage Administrative costs are assumed to cover typical administrative indirect overhead costs: space, furnishings, general supplies, utilities, back office administration, accounting, auditing, and similar.

*If your budget request includes the use of the flat administrative cost rate but you also include line items for typically indirect costs (e.g., utilities, accounting services, etc.), you must explain why those direct costs are uniquely justifiable to claim in addition to the flat administrative cost coverage.*

## Budget Tip:

It is possible (but not assured) to get a provisional indirect cost rate

The screenshot displays the 'eGrants (ent\_bgt)' application window. The 'Grant Details' section includes:

- Application ID: 05KS068818
- Project: LSA School-Based Formula Program
- Grant #: 03KSARI001
- Legal Applicant: Rhode Island Department of Elementary and Secondary Education
- Original Grant #: 03KSARI001
- Corporate Program: K-12 School-Based

The 'Details for B. Federally Approved Indirect Cost Rate' table is shown below:

Line	Rate Type	Cost Basis	Calculation	Rate	Rate Claimed	Total Amount	CNCS Share	Grantee Share
	Provisional	Total Direct Costs	14.8	3.00		0	0	0
<b>Totals</b>						0	0	0

A thought bubble contains the text: *A provisional rate will be valid until a final rate agreement is reached/established.*

At the bottom of the window, it says: 'Select the applicable indirect cost rate type. Record: 1/1 <OSC>'.

# Budget Tip: When to provide fringe benefit rate breakdowns

- When the fringe benefit rate is > 30% of salaries, we expect a breakdown by element.
- When different rates apply to different employees.

Sample Employee Benefits Estimation Process  
(Use when Building Budgets)

Annual Leave Earned		
Sick Leave Taken		
Holidays		
	Subtotal (a) – Release Time	
FICA		\$100,245
State Unemployment Compensation		\$17,040
Worker's Compensation Insurance		\$13,140
Medical Insurance		\$168,200
Pension		\$105,120
	Subtotal (b) – Required Coverage	\$403,745
	Total Employee Fringe Benefits (a) + (b)	\$403,745
Allocation Base:		
Total Salaries		\$1,314,000
Less Release Time		
	Chargeable Salaries	\$1,314,000
<u>Employee Fringe Benefit Rate</u>		
Fringe Benefits		\$403,745
Allocation Base		\$1,314,000
	Fringe Rate	30.73%

## Budget Tip: When to Apply Rounding

- Round all estimates when possible for smoother budget review and execution
- Examples:
  - Actual Supplies Annual Cost: \$4555 in prior year, or \$379.58 / month.
  - Budget Request:
    - Narrative: “Average monthly cost for general office supplies based on prior year spending patterns” Calculation Narrative: “\$400/month\*12 = \$4800”
  - Actual Salary: \$67,892 per year
  - Budget Request: \$68,000 per year



*Round and split federal and non-federal shares in a similar manner*



# Budget Tip: Grant Writing Expenses

- **Grant Writing = Fundraising**
- **Fundraising, not allowable (in most cases)**
- It is not appropriate to account for the cost of grant writing and associated planning in a proposed grant budget since those costs are incurred before the grant is awarded and would not be allocable to the grant's project period.
- Preparation and submitting applications for new three-year grants from the Corporation is considered fundraising - such costs must either be off-budget, or for Senior Corps, they may be charged to excess non-Federal budget/funds.

# Budget Tip: “Eyebrow” raising requests (or omissions)

- **Some budget line items will always be examined; provide justifications for:**
  - Food
  - Local program gear
  - Public Service Announcements (PSA)
  - Advertising
  - Ceremonies
- **The absence of a cost in your budget can lead to examination:**
  - If something was not included in your approved budget but you subsequently claimed the cost, it may be questioned by your auditor
  - Lack of personnel costs, or costs for key personnel in federal or non-federal share
  - Background check costs

## **Budget Tip (Commissions): Records on the number of years a sub-grantee has been receiving funding**

**If you encounter discrepancies between eGrants versus your records regarding how long a program has been receiving Corporation funding:**

- Pass the information to your Program Officer with cc to the Grants Officer; include details to support the correction
- Presumption is that you have the correct information
- Calculate matching budgets using your records
- The Corporation has a protocol for the Program Officer to follow to verify the correction
- The Commission will be notified by the Program Officer of the outcome, usually confirmation/agreement

## Budget Design Strategy: Include costs in every object class to minimize post-award changes

**Budget Object Classes:** Consider including costs for all object classes (Personnel, Fringe, Travel, Supplies, Equipment, Contracts/Subgrants, Other, Indirect) for flexibility later.

- **Prior Federal Approval Required:** To move a cumulative >10% of total budget between object classes, or to expend funds in an object class that was not funded.

***By including all project costs in your budget you***

***...minimize the potential of having unapproved budget object classes; and,***

***...raise the dollar threshold that defines the 10% limit; and,***

***...may eliminate some situations where federal review is required.***



*Rules on prior approvals apply to non-federal share of the budget as well as the federal share*

## Budget Design Strategy: **Use a budget checklist to ensure that you have:**

- ✓ No unexplained amounts
- ✓ Staff time does not exceed 100% if handling multiple projects
- ✓ Staff time accurately reflects what the project will consume
- ✓ Aligns with program design; tells the same story as the proposal narrative
- ✓ Includes only costs to be incurred during grant period
- ✓ Includes in-kind match contributed by other sources
- ✓ Follows all known application instructions
- ✓ Adds up per cost line item and overall
- ✓ Costs for every phase of the program are included
- ✓ Anticipates cost increases

## Budget Design Strategy: **Be alert to exceptions to the routine**

- If new staff are being hired, is the necessary additional space and equipment being considered?
- If equipment is needed, is it necessary to purchase or is leasing the more appropriate approach?
- If additional space is rented, are the increased costs of insurance, utilities, maintenance and other impacts accounted for?
- For volunteers, and others serving, are you considering all of the allowable costs incurred? (e.g., accident, personal liability and excess auto insurance; assistance with cost of transportation; annual physicals; recognition; meals during assignments where feasible, etc.)

## Budget Design Strategy: Anticipate Program Income

- To absorb all program income under the Corporation's policy to permit use of the matching alternative, you must budget 100% of anticipated program income as non-federal share spending
- If your program income will exceed your budgeted matching share, you must either budget to off-set the federal award (reduce it), or request approval to use the income under the additive alternative method

# Conclusions

1. Time invested in developing a compliant, and complete budget facilitates effective and hassle-free grant administration
2. Budgets can be designed to minimize the need for changes and the likelihood that post-award federal reviews/approvals will be needed
3. A properly approved budget is:
  - A financial blueprint to help an organization meet its goals and objectives
  - Aligned with the program description and all budget discussion therein
  - A tool to help ensure an organization is meeting matching requirements
4. Programs should:
  - Periodically review budget to actual expenses
  - Assure budget changes are properly approved
  - Review movements between line items and verify if they are within provision guidelines



# Recovery Act Funded Awards

Recovery Act funded grants carry unique requirements – anticipate costs in your budget for:

- More frequent, and more detailed programmatic and financial reporting
- Vendors/contractors included must report if paid \$25,000+
- Can not mix Recovery Act spending with other grant spending; must track and report separately

# Serve America Act

- Authorizes the use of fixed price grants for AmeriCorps programs with full time members
  - Pilot first
  - Regulations will be developed for detailed guidance
  - Focus shifts to measurement of community impact as well as enrollment to “earn” the award

# Discussion

- Questions
- Horror Stories?
- Barriers and hurdles?

# For post-training actions:

- Your grants and program officers
- Program Officer has coordination role
- Grants Officer has financial certification role