

## ***DEVELOPING a BUDGET***

*The following information is a guide to developing a typical budget. Questions about grant budgets can be addressed to the Grant Development Director or to the Grants Accountant.*

### **Proposal Budget Preparation**

The Grant Development Director and the Fiscal Services Grants Accountant are responsible for assisting in the development of all proposal budgets to produce a budget that accurately reflects the costs of running the proposed project. This includes direct costs and indirect costs. In developing a proposal budget, the grant developer should provide the best estimate of anticipated expenses for the project. Avoid either inflating or under-estimating the expenses.

Many applications also require a budget narrative, with explanations to support the amounts requested. To develop a budget, take the time to create an Excel spreadsheet using the structure of the agency's budget form if it provides one. If not, use Normandale's budget summary format. Enter formulas for benefits and indirect costs percentages. Once your budget is final, transfer numbers to the agency's approved form for submission.

### **Identification Numbers**

Grant budget forms often request identification numbers for D-U-N-S (Dun & Bradstreet), OPE (Office of Post Secondary Education), or FEI (Federal Employment Identification). Contact the Grant Development Office at x8224 for these numbers.

### **Salaries and Wages**

Work with Human Resources to determine salary figures for each individual who will be employed on the project. The annual salary (or academic year as appropriate) for each faculty and staff person identified in the budget should be increased for cost of living and other pay increases in multiple year budgets.

There can be a wide range of salaries based on a variety of factors, especially when hiring new staff. Always check with Human Resources before calculating faculty or staff salaries. In general, faculty salaries are calculated by taking the portion of time that the person will be devoting to the project (1/2, 1/4, 1/8, 1/16, or other) and multiplying it by the individual's salary. Pay attention to the funding source's distinctions between calendar and academic year.

For other staff, costs are calculated as a percentage of the person's projected salary and correspond to the percentage of time to be devoted to the project. This pertains to research associates, secretarial and other non-professional staff.

### **Fringe Benefits**

Charge to the grant the same fringe benefit rates that apply to all other college activities. For 2008, that rate is approximately 30 percent, but check with Fiscal Services for the actual amount to use in your grant calculations.

### **Equipment**

If new or additional computer equipment is being requested, contact Information Technology Services to ensure that all expenses relating to installation and networking have been considered. Some requests may require financial assistance for resources that are not already available in an existing ITS service.

Many funding agencies do not fund equipment purchases, including fax machines, telephones, etc. Those that do might require a 1:1 match or fund only leasing. Read the guidelines carefully before including equipment in the budget.

### **Consultant Agreements**

Consultant fees are direct payments for the services of experts not otherwise employed by the college. Consultants are hired to accomplish specific tasks of brief duration. It is important to understand the differences between consultants, subcontractors, and state employees. Always consult with Human Resources to determine the appropriate use of external services. In the budget, the consultant's name and approximate daily rate must be included. Federal projects may have limitations for the maximum daily rate for consultants. This information is usually found in the application guidelines.

### **Subcontracts**

Subcontracts are agreements between the college and other organizations or institutions that will perform part of the work for the principal grant recipient. If work is to be performed by a subcontractor, include the subcontractor's authorized proposal and budget. In the proposal's budget narrative, document the reason for choosing a particular subcontractor.

### **Travel**

The purpose of all trips should be stated. Domestic and foreign trips must be shown separately. The actual cost of accommodations, meals and local transportation should be specified and the costs must be reasonable. Use the current approved mileage rate.

### **Indirect Costs**

Indirect costs are all costs that are not part of the specific project, but that are necessary to the general operation of the college to support the project. These are also called facility and administration (F&A) costs. Included in the calculation of the indirect cost rate are utilities, general and departmental administration, library, accounting, and purchasing services. For most grants, indirect costs are calculated by totaling all budgeted salaries and wages in the proposal budget and multiplying by the current approved indirect cost rate. Some agencies specify a rate to use, sometimes only allowed on total direct costs (TDC). Read the guidelines carefully. Normandale's negotiated federal indirect cost rate is 39 percent. Some agencies, such as the Department of Education, have an upper limit on the indirect cost rate percentage. Sometimes the unclaimed balance can be used as an in-kind match. The suggested rate for non-federal grants is 10 percent of total direct costs.

### **Legal Name of College**

Minnesota State Colleges and Universities - Normandale Community College