How to Build a Budget

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Start at the Beginning – Dream and Plan

1. What do you need?
2. What do you want?
3. What will you have to replace?
4. What would you like to have in a perfect world and money wasn't an issue?

Create your wish list, keep it current at all times and look ahead to 5 years.

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A Grant Solicitation is Posted

1. READ the solicitation.
2. What on your wish list is allowable?
3. What is your funding level on formula awards?
4. You have 45-60 days to write a proposal – do you have enough items on your wish list to equal or exceed your funding level?
5. If not – where do you get more information?

Where do you get Ideas?

- Staff and management in the DNA lab
- Your peers in the community
- From visiting the vendors at professional meetings
- Visits (audits, inspections) at other DNA labs
- Presentations at professional meetings
- Your NIJ Program Office – don't be afraid to ask questions, explore possibilities, and ask questions if you are in a gray area on allowable costs

Prepare Your Budget Before Your Project Narrative

- **If you know what you need/want/wish for – write your proposal to address these needs.**

- **Easier to do if you have the completed budget in front of you when you write your proposal.**

- **Once the budget detail budget worksheet is done – write the budget narrative (a plain word description of what you wish to buy, purchase, etc.). You now have an outline of your wants/ needs/wishes – flesh this out and you have a proposal.**

Detail Budget Worksheet

Use the Excel Version

1. Eliminates math errors

2. Auto-calculates the costs from the computations entered

•I will automatically change request back any application or budget revision GAN that doesn't have this worksheet attached.

 # 1 and #2 are the primary reason why applications and budget GANs are change requested back

Budget Category - Personnel

- For employees, not contractors or consultants.

- Who is an employee?

    Anyone in your organization that receives W-2 income.

    Contractors and consultants receive 1099 income. Employees receive benefits while contractors and consultants do not. Employees can be full-time or part-time personnel.

    - Computations to Enter:

Overtime – list average overtime cost X number of hours of overtime requested:

    $ 45.00/hr X 100 hours = $4,500.00

Full-time/Part time Employee – annual/monthly salary X years/months on the project:

    $75,000/yr x 1 ½ years = $112,500 or $6250/month X 18 months = $112,500

Grant management costs – Handle like overtime costs or based on a % of the salary

Budget Category – Fringe Benefits

- Break out costs by fringe type and percentage – for example:
- Salary for each (or the total) personnel costs X each fringe benefit type
- Personnel costs = $112,500

- FICA $112,500 x 7.765% = $8735.63
- Retirement $ 112,500 x 10% = $ 11,250
- Health Care (fixed cost/year) = $5000
- Etc.
- No longer are fringe benefits on overtime limited to FICA, workman's comp., and unemployment insurance!

Budget Category - Equipment

- What is equipment?

  – The federal government considers equipment to be any non-disposable item costing $5000 or more

  – You must follow your agency policy as all equipment must be carried on your agency inventory

Budget Category - Equipment

- What is not equipment?
  - Software
  - Flash drives, memory upgrades
  - Service contracts
  - LIMS systems
  - Network switches, hubs, terminals, connections, or wiring
  - Anything your agency wouldn't put an asset tag on or carry on the inventory
  - All of the above belong in the OTHER budget category.
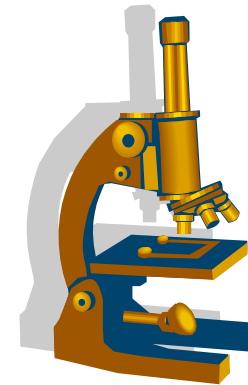
Budget Category – Travel

- DO NOT include registration costs here – they belong in the other category

- Travel must be detailed – state name of meeting/conference/ workshop/training event

- List location

- Detail airline, mileage or rental car fees

- List hotel rates/night, the number of travelers or rooms needed, the number of nights – be alert to excessive room costs (consult with GSA website)

- Per diem meals – list the daily cost, the number of travelers, the number of days supported

Budget Category – Supplies

- Supplies MUST be detailed
- List each item separately, enter the unit cost and the number of units requested:
- No more than $5000 in a misc. category

Item	Unit Price	# Units	Cost
ABI-Identifiler	$4500	10	$45,000
ABI- Capillaries	$ 1000	10	$10,000
ABI- Pop 4	$ 50	10	$500

- **LIST your vendor so you can determine if a sole source GAN is needed (whenever you exceed $100,000 in sole source purchases in all budget categories with a single vendor). Prior approval is REQUIRED.**

Budget Category – Consultants/Contracts

- What is a consultant?

  – Someone you pay to provide you with advice, not someone you hire to do a job.

- What is a contractor?

  – A temporary worker who you pay to do a job. For instance, you hire a contractor to screen cases in your lab for $40/hr.

  – CAP of $450/day or $56.25/hr.

  – Exceptions are hard to get

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Hiring Individuals to Provide Training

- We suggest that you establish a contract with providers of in-house training. This should be a flat fee you negotiate and the contract should state that the trainer is to plan, deliver, and complete the training. All costs are inclusive, including travel costs, planning, preparation of the training material, handouts, follow-up, etc.

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Budget Category - Contracts

- Maintenance/Service Contracts on instruments (list vendor + all instruments covered)

- Contracts for in-house training

- Contracts for outsourcing (list # cases x cost/case or # CO samples X cost/sample)

- Contracts for LIMS maintenance fees

- Renovation costs & architect fees – some renovation costs can be in the other budget category as well – like installation of lab benches, phone lines, electric lines, etc. Place renovation costs that you have a part of a contract to create, deliver, install into the contract category.

Budget Category - Construction

- Construction is a non-allowable cost
- Construction is the addition of a new wing on an existing building the addition of exterior walls, floors, or roofs, or major building components like elevators and stairs
- Renovation is allowable – must be within the existing lab space – place in the contract or other category

Budget Category - Other

- Catchall category

- Registration fees, college course fees, books, journals go here

- Small equipment items that aren't inventoried - flash drives, memory upgrades, switches and cables for networks, etc.

- Software, books and journals

Indirect Costs

- Only make an entry here if you have an approved indirect cost rate from a FEDERAL AGENCY

- An indirect cost rate generated by your agency isn't sufficient documentation to claim these expenses

- Limited to 3% of the award total

- Do not enter administrative grant management costs here – place them in the appropriate budget category (e.g. – overtime to prepare grant reports goes in the personnel lines and should be listed as a separate line item for administrative management costs)

- If you claim administrative **and** indirect costs – the total can not exceed 3%

- Make sure calculations are only used in areas where you have approved indirect costs.

- A copy of the indirect cost agreement signed by a federal official is required to be *submitted with the application*.

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Budgets Made Easy

- Your DNA Program Office has come up with a revised budget worksheet showing an example what costs are allowable (and unallowable), tips on revising your budget, and instructions on using excel.

- Use only this form (for DNA awards)

Availability of All Summit Materials

- All handouts, slides, etc. Will be posted on nfstc.org