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TABLE 8.3 Federal Budget Standard Form 424A

**BUDGET INFORMATION - Non-Construction Programs**

OMB Approval No. 0345-0044

| Grant Program or Activity (a)          | Catalog of Federal Domestic Assistance Number (b) | Estimated Unobligated Funds |                 |             | New or Revised Budget |
|--|---|-----------------------------|-----------------|-------------|-----------------------|
|  |   | Federal (c)                 | Non-Federal (d) | Federal (e) |                       |
|  |   |                             |                 |             | Total (g)             |
| 1.                                     |   | \$                          | \$              | \$          | \$                    |
| 2.                                     |   |                             |                 |             |                       |
| 3.                                     |   |                             |                 |             |                       |
| 4.                                     |   |                             |                 |             |                       |
| 5.                                     | Totals  | \$ 0.00                     | \$ 0.00         | \$ 0.00     | \$ 0.00               |
| <b>SECTION B - BUDGET CATEGORIES</b>   |   |                             |                 |             |                       |
| GRANT PROGRAM, FUNCTION OR ACTIVITY    |   |                             |                 |             |                       |
|  |   | (1)                         | (2)             | (3)         | (4)                   |
| 6. Object Class Categories             |   | \$                          | \$              | \$          | \$                    |
| a. Personnel                           |   | 0.00                        |                 |             | 0.00                  |
| b. Fringe Benefits                     |   | 0.00                        |                 |             | 0.00                  |
| c. Travel                              |   | 0.00                        |                 |             | 0.00                  |
| d. Equipment                           |   | 0.00                        |                 |             | 0.00                  |
| e. Supplies                            |   | 0.00                        |                 |             | 0.00                  |
| f. Contractual                         |   | 0.00                        |                 |             | 0.00                  |
| g. Construction                        |   | 0.00                        |                 |             | 0.00                  |
| h. Other                               |   | 0.00                        |                 |             | 0.00                  |
| i. Total Direct Charges (sum of ba-ch) |   | 0.00                        | 0.00            | 0.00        | 0.00                  |
| j. Indirect Charges                    |   |                             |                 |             | 0.00                  |
| k. TOTALS (sum of bi and bj)           |   | \$ 0.00                     | \$ 0.00         | \$ 0.00     | \$ 0.00               |

| (a) Grant Program  |  | FUTURE FUNDING PERIODS (Years) |            |           |            |
|--|--|--------------------------------|------------|-----------|------------|
|  |  | (b) First                      | (c) Second | (d) Third | (e) Fourth |
| 13. Federal  |  | \$ 0.00                        | \$         | \$        | \$         |
| 14. Non-Federal  |  | 0.00                           |            |           |            |
| 15. TOTAL (sum of lines 13 and 14)   |  | \$ 0.00                        | \$ 0.00    | \$ 0.00   | \$ 0.00    |
| <b>SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT</b> |  |                                |            |           |            |
| FUTURE FUNDING PERIODS (Years)   |  |                                |            |           |            |
|  |  | (b) First                      | (c) Second | (d) Third | (e) Fourth |
| 16.  |  | \$                             | \$         | \$        | \$         |
| 17.  |  |                                |            |           |            |
| 18.  |  |                                |            |           |            |
| 19.  |  |                                |            |           |            |
| 20. TOTAL (sum of lines 16-19)   |  | \$ 0.00                        | \$ 0.00    | \$ 0.00   | \$ 0.00    |
| <b>SECTION F - OTHER BUDGET INFORMATION</b>  |  |                                |            |           |            |
| 21. Direct Charges:  |  |                                |            |           |            |
| 22. Indirect Charges:  |  |                                |            |           |            |
| 23. Remarks:   |  |                                |            |           |            |

are working for a large agency, you can rely upon in-house expertise in determining program costs, and you will have an already established salary range for employees. Plan to allow enough time for the accountant to respond and provide cost figures based on your projected use of resources.

If you are writing the budget for a new agency, or a very small agency, there may not be an accountant on whom you can depend. There may be no predetermined salary range for the personnel you propose to hire or no estimates of the costs of telephone or copier service. The job of writing the budget now becomes a bit more complex, and you must determine what this program will cost. The remainder of this chapter is devoted to the grant writer who has little or no support to develop the budget. How does one begin? The following discussions will take you step-by-step through determining personnel costs.

### Personnel Costs

#### *Types of Staff Needed*

What kind of staff do you need to run the project? Here are some examples of the type of staffing you might need:

*Project Director:* Will have overall administrative responsibility for the project and some direct service responsibilities. In most cases, funders will look for a full-time person in this role but may accept less than full-time if this is a smaller grant.

*Professional Staff:* Their education and expertise anchor the service delivery component of the program. These are the people who deliver the service. Perhaps they will be licensed therapists, credentialed educators, or health care providers.

*Student Interns or Volunteers:* Will deliver services that do not require a degree or special licensing or credentialing. This level of staffing often requires a training program to prepare them to deliver services as well as supervision (this training and supervision should be included in the program design and costs). Using interns or volunteers is a cost-effective manner to deliver services, and it contributes to the field as a whole as it builds the capacity of future professionals. Account for the resources that interns or volunteers will need to get the job done (e.g., office space, computers, Internet access, phone, mileage, and copying).

*Secretarial/Administrative Assistance:* Will manage phones, paperwork, scheduling, and other clerical duties.

*Accounting Staff:* Will manage the project's finances, pay bills and track expenditures, and prepare financial reports.

*Executive Director:* A percentage of this person's time or the time of other upper management will provide overall supervision to the project.

provide a program budget or a functional budget. The form comes with general instructions, and the RFA/RFP will include specific instructions for the type of project request you are submitting. Although you may be able to determine how to fill out this form, we recommend that, for your first encounter with it, you consult with someone who is familiar with it (an accountant or agency personnel perhaps).

### BUDGETING FOR THE FIRST-TIME GRANT WRITER

The most common budget format for expressing expenditures in each category is a line-item budget, where each expenditure is itemized under its appropriate category. You are probably already familiar with a line-item budget for home budgeting with a line for each home expense such as food, rent, clothing, insurance, tuition, etc. In a proposal, budgets for a project are divided into two main categories: personnel costs and operating expenses. Personnel costs include the salaries and benefits of the staff required to do the project. Operating expenses include nonpersonnel expenditures such as rent, printing, mailing, travel, telephone, utilities, and office supplies. (Consultants to a project are sometimes included in "Personnel" and sometimes in "Operating Expenses." If in doubt as to where to place consultant compensation, consult the funder.)

The project on which you are working will probably be a piece of the entire agency service picture. It will represent a percentage of the agency's total program. If this is the case, the agency will establish a cost center (an account) to receive and expend the money for that particular project. The agency will also divide certain costs among the different programs it manages, usually according to the percentage that the project represents of total agency budget. A simple way to understand this is to consider the issue of paying the rent. If there are four sources of money through projects coming into the agency, all using equal amounts of office space, the agency could charge each fund 25% of the rent. If the proposal you are writing will be the only source of income to the agency, rent would be charged at 100%.

If you are working for a large agency, these accounting practices will be well established, and the accounting department can tell you exactly what it will cost the agency to run the program. Give the accountant or controller specific information regarding your program's use of the agency's resources. For example, estimate the number of copies you will make on the agency's copy machine during the project year, the number of pieces of mail you will send out, the cost of phone calls, and so on. In addition, if you

*Time Required in Each Personnel Category*

Now you want to determine the amount of time that the project will require of each staff position. This time is often measured in "full-time equivalents" (FTEs) and is expressed as a decimal. A 1.00 FTE represents the total amount of paid service that is the equivalent of one person working full-time for 12 months. To determine the decimal equivalent for a person working less than full-time, you divide the number of hours worked in a week by 40 hours. For example, if a person works 10 hours a week, dividing that number by 40 yields the decimal equivalent of 0.25. (There are 2,080 work hours a year in a full-time position.) In some cases, you may see a request for the "percent of time," which is expressed as a percentage. For example, if you are using percent of time and need a half-time employee, the position would be for 50% time, or 0.50 FTEs. (See Appendix A for a discussion on estimating staff time.)

*Determining Salaries*

Determining salaries can be a difficult task. You may need to do some research into the local marketplace to see what people in comparable positions are earning. There are published reports on compensation in nonprofit agencies. For more help, contact your local nonprofit resource center or association. You may also get some sense of the appropriate salary range from the classified ads of the local newspaper or online job search sites. Once you have these data, consider any special skills that your position may require as well as what you think is "fair" reimbursement for the effort.

At this point, we also want to point out that the "poverty mentality" of social services is changing. In the past, social services paid notoriously little in return for the education and experience required to do the work. Most agencies have found that attracting and keeping top-quality people in the nonprofit arena is difficult. They have had to contend with a high attrition rate, which costs time, service, and money over the long run. Most funders today are well aware of the need to hire excellent staff to run a sound program and are willing to pay to do so.

An agency usually conducts a wage and salary assessment and establishes salary ranges for its employees. A salary range establishes the entry-level and top value of the position, say \$3,000–\$4,000 per month. Usually, "steps" within each range represent salary increases an individual may receive if they advance within the range. When you prepare a budget, you may be asked to include the salary range—but then which number do you choose to calculate into the proposal? If you are hiring a new person for the position,

you may pay at the low to middle end of the range; but if you are using an existing, higher paid staff member, you may use the higher end of the range.

*Personnel Budget Example*

In the example in Table 8.4, you will see how each of the staff categories have been itemized, along with an indication of the FTEs, the fixed monthly full-time salary range, and the total requested amount for a one-year period.

Note that the FTE has an asterisk by it, which refers to a footnote stating: "The FTE is subject to change during the contract year." This will provide some flexibility in the contract in case a vacancy occurs in the position or a need arises to deviate slightly from the stated time commitment. We have found this to be a part of some state contracts but not others, so just be aware that it exists.

As you see in Table 8.4, employee benefits are also included under personnel costs. It is up to the agency to determine what is included in this benefits line. At a minimum, this amount will include employer contributions for federal and state government-mandated payments (e.g., taxes, unemployment insurance, Social Security contributions); let's say this represents about 13% of total salaries. Employee benefits may also cover health and dental insurance and retirement funds, adding another 15% for salaries. The amount of benefit is calculated as a percentage of total salary, for example employee benefits at 28%. The total salary is multiplied by 28% to arrive at this number. Agencies set this percentage yearly as rates change, and rates may range from one agency to the next based on their specific costs. You will usually see a range from 25% to 35% but in some cases higher, depending on the industry.

**TABLE 8.4** Personnel Budget

| Personnel          | FTE* | Salary Range (FTE per month; in dollars) | Yearly Total (in dollars) |
|--------------------|------|--|---------------------------|
| Executive director | 0.05 | 4,500–5,500                              | \$3,000                   |
| Project director   | 1.00 | 3,000–4,000                              | 42,000                    |
| Clerical           | 0.50 | 2,500–3,400                              | 15,000                    |
| Subtotal salaries  |      |  | 60,000                    |
| Benefits @ 28%     |      |  | 16,800                    |
| Total personnel    |      |  | \$76,800                  |

a. The FTE is subject to change during the contract year.

### Operating Expenses

Now let us look at the second section of the budget, which addresses operating expenses. Again, it is important to look carefully at the proposal itself and identify all of the items that will cost money. The budget categories listed in Table 8.5 are typically found in project proposals.

Most funders will allow a certain percentage of the budget for indirect costs. It is acceptable to include costs for administration in this kind of line item under the operating expenses section of the proposal. Indirect costs are often included in a budget and cover such items as administrative costs, data management, IT management, unforeseen increases, audits, or additional expenses. There is usually a cap to the amount of this line in the range of 10%–15% of the total budget.

Many state and federal funders have established fixed reimbursement rates for such things as mileage, per diem, and consultants. Many will not allow for food costs in association with any training you may want to conduct. For the beginning grant writer, it may be helpful to contact the executive director of a similar type of agency for assistance with this category. Another option is to contact a local grantsmanship center or a university grants department and ask for the most current reimbursement rates in your state, or you can contact the state board of control that fixes the rates on a yearly basis. You might be asking, “Why don’t I call the state or federal office to which I am applying for funds to get the information?” Because you will look like a beginner, and your position in the eyes of the funder may be weakened. Try to discover the answers to the above questions on your own first, and if that fails, then call the funder.

**TABLE 8.5** Operating Expenses

| <i>Operating Expenses</i>                           | <i>Total</i> |
|---|--------------|
| Rent (600 sq. ft. @ \$1.30 per sq. ft. × 12 months) | \$9,360      |
| Office supplies                                     | 1,800        |
| Printing  | 2,800        |
| Equipment rental and maintenance                    | 3,200        |
| Telephone   | 2,400        |
| Travel  | 2,580        |
| Subtotal operating expenses                         | \$22,140     |

Other details in the budget will not be apparent until you reach the negotiation stage. For example, you might have \$5,000 in the budget to purchase a computer and printer. During the negotiations, if the funder tells you that they will not pay for the purchase of equipment but will allow you to rent it, you can then make the necessary adjustments. *Read* all of the instructions the funder gives on preparing the budget. Most funders state their restrictions in their application package.

Now we combine both the personnel and operating expenses into a typical budget format (Table 8.6) for project budget requests to the state.

**TABLE 8.6** Typical Budget Format

| <i>Category</i>                                     | <i>FTE<sup>a</sup></i> | <i>Salary Range (per month; in dollars)</i> | <i>Total</i> |
|---|------------------------|---|--------------|
| Personnel   |                        |   |              |
| Executive director                                  | 0.05                   | 4,500–5,500                                 | \$3,000      |
| Project director                                    | 1.00                   | 3,000–4,000                                 | 42,000       |
| Clerical  | 0.50                   | 2,500–3,400                                 | 15,000       |
| Subtotal salaries                                   |                        |   | \$60,000     |
| Benefits @ 28%                                      |                        |   | 16,800       |
| Total personnel                                     |                        |   | \$76,800     |
| Operating expenses                                  |                        |   |              |
| Rent (600 sq. ft. @ \$1.30 per sq. ft. × 12 months) |                        |   | \$9,360      |
| Office supplies                                     |                        |   | 1,800        |
| Printing  |                        |   | 2,800        |
| Equipment rental and maintenance                    |                        |   | 3,200        |
| Telephone   |                        |   | 2,400        |
| Travel  |                        |   | 2,580        |
| Subtotal operating expenses                         |                        |   | \$22,140     |
| Total budget request                                |                        |   | \$98,940     |

<sup>a</sup>. The FTE is subject to change during the contract year.

### Budget Justifications

In addition to a line-item budget, many funders want an even more detailed description of what is included on each line and how the totals per line were reached. In a budget justification, each of the lines is explained. The following is an example of a budget justification.

#### Budget Justification for Geta Grant Agency

##### Personnel

*Executive Director:* The executive director will be responsible for the supervision of staff, a small part of community networking, and overall program management, representing 0.05 FTE, for a total of \$3,000.

*Project Director:* will work full-time (100%) on this project with program implementation and evaluation responsibilities, staff and volunteer supervision, and report-writing duties. The salary is \$42,000 per year.

*Clerical:* A clerk will be assigned 50% time on this project to prepare project correspondence, make phone calls to schedule programs, and respond to questions or requests for information at a total of \$15,000 per year.

Employee benefits have been calculated at 28%, which includes FICA and federal withholding, SDI, state withholding, workers' compensation, and health and dental benefits. The total benefits cost for this project is \$16,800.

##### Operating Expenses

Rent has been calculated at \$1.30 per square foot times 600 square feet of space for a total of \$780 per month. Multiplied by 12 months, that comes to \$9,360 per year. Utilities are included.

Phone costs are calculated at \$200/month times 12 months for a total of \$2,400 per year.

Travel expenses include mileage to and from school sites and community meeting places: an estimated 335 miles per month at 43 cents per mile times 12 months totals approximately \$1,730. Also included in travel is \$850 for transportation and per diem (at State Board of Control rates) to one major conference for two staff members. The total request for travel is \$2,580.

### OTHER BUDGETING ISSUES

Some foundations and nonprofit trusts require a more simplified budget in which you indicate expense categories rather than itemizing line by line.

The budget in Table 8.7 places line-item categories into more general categories. This type of budget provides the agency with much more flexibility in the actual allocation of expenses, and the agency can usually transfer funds between lines without contacting the funder.

### Matching Funds and In-Kind Budgets

When some of the costs of the project will be assumed by the agency, the agency is said to be contributing this money *in-kind*, and this portion of agency-borne expense is indicated in the budget. Some funding sources may require that the agency provide matching funds of a certain percentage of the amount requested. For example, one state office offered to fund 75% of the cost of providing a case management system to pregnant and parenting teens, with the applicant providing a 25% match.

One program director we interviewed called in-kind contributions "the creative writing section of the proposal." Examples of in-kind contributions are volunteer time dedicated to the project and donated goods or services or funds leveraged from another source, usually the agency's general fund, that are devoted to these services. The funds need to be focused on the services of this grant and, for the most part, cannot count as matching funds if they are paying for other services or if the clients who are receiving the

TABLE 8.7 Foundation or Corporate Budget

| Geta Grant Agency<br>Budget Request           |          |
|---|----------|
| Personnel                                     |          |
| Salaries                                      | \$60,000 |
| Benefits @ 28%                                | \$16,800 |
| Total personnel                               | \$76,800 |
| Operating expenses                            |          |
| Overhead costs (rent, phone, utilities)       | \$14,960 |
| Program expenses (supplies, videos, printing) | \$4,600  |
| Travel and conferences                        | \$2,580  |
| Subtotal operating                            | \$22,140 |
| Total budget request                          | \$98,940 |

services will be reported to another funder. This practice is called *double counting* and is prohibited in most situations.

The example in Table 8.8 indicates one way to present an in-kind budget. The first column indicates the funder's portion of the total request, the second column indicates the agency's portion, and the third column indicates

**TABLE 8.8** In-Kind Budget

| Geta Grant Agency<br>Budget Request |                  | July 1, 20xx to June 30, 20xx              |                 |                   |         |
|-------------------------------------|------------------|--|-----------------|-------------------|---------|
| Category                            | FTE <sup>a</sup> | Salary Range<br>(per month,<br>in dollars) | Funding Request | Agency<br>In-Kind | Total   |
| Personnel                           |                  |  |                 |                   |         |
| Executive director                  | 0.05             | 4,500-5,500                                | 2,000           | 1,000             | 3,000   |
| Project director                    | 1.00             | 3,000-4,000                                | 38,000          | 4,000             | 42,000  |
| Clerical                            | 0.50             | 2,500-3,400                                | 15,000          | 0                 | 15,000  |
| Accounting                          | 0.10             | 3,100-4,200                                | 0               | 4,800             | 4,800   |
| Subtotal salaries                   |                  |  | 55,000          | 9,800             | 64,800  |
| Benefits @ 28%                      |                  |  | 15,400          | 2,744             | 18,144  |
| Total personnel                     |                  |  | 70,400          | 12,544            | 82,944  |
| Operating expenses                  |                  |  |                 |                   |         |
| Rent                                |                  |  | 4,000           | 5,360             | 9,360   |
| Office supplies                     |                  |  | 1,500           | 300               | 1,800   |
| Printing                            |                  |  | 2,200           | 600               | 2,800   |
| Equipment rental<br>and maintenance |                  |  | 2,800           | 400               | 3,200   |
| Telephone                           |                  |  | 2,000           | 400               | 2,400   |
| Travel                              |                  |  | 2,000           | 580               | 2,580   |
| Subtotal operating<br>expenses      |                  |  | 14,500          | 7,640             | 22,140  |
| Total budget request                |                  |  | 84,900          | 20,184            | 105,084 |

a. The FTE is subject to change during the contract year.

the total to be allocated for each item. Note that a similar format can be used if you are writing a proposal in which the resources are coming from more than one funder; indicate the source of the funding in each column, followed by a total funding column.

#### Budget Adjustments

In the line-item budget, the agency is accounting for expenses on a per-line basis. Most funders with line-item budgets do not allow the agency to transfer funds between lines without their consent. This process of requesting a transfer between lines is called a *budget adjustment*.

Table 8.9 shows an example of how a budget adjustment is presented. One column lists the current contract totals for the year, another indicates the amount of money you want to add or subtract from the column, and the final column indicates the new totals. With budget adjustments, you are not

**TABLE 8.9** Budget Adjustment

| Category                     | Prior<br>Approved<br>Amount (\$) | Adjustment<br>Effective<br>10/1/20xx | New<br>Approved<br>Amount (\$) |
|------------------------------|----------------------------------|--------------------------------------|--------------------------------|
| Personnel                    |                                  |                                      |                                |
| Executive Director           | \$2,000                          | (100)                                | \$1,900                        |
| Project Director             | 38,000                           | 0                                    | 38,000                         |
| Clerical                     | 12,522                           | 0                                    | 12,522                         |
| Benefits                     | 10,504                           | (20)                                 | 10,484                         |
| Total Personnel              | \$52,522                         | (120)                                | \$52,502                       |
| Operating Expenses           |                                  |                                      |                                |
| Rent                         | \$4,000                          | 0                                    | \$4,000                        |
| Office supplies              | 1,500                            | 500                                  | 2,000                          |
| Printing                     | 2,200                            | (380)                                | 1,820                          |
| Equipment rental/maintenance | 2,800                            | (500)                                | 2,300                          |
| Telephone                    | 2,000                            | 0                                    | 2,000                          |
| Travel                       | 2,000                            | 500                                  | 2,500                          |
| Subtotal Operating           | 14,500                           | 120                                  | 14,500                         |
| Total Budget                 | \$77,526                         | 0                                    | \$77,526                       |

changing the total amount that you have to work with, just reallocating the money between lines.

The adjusted budget will most often need to have a written explanation attached describing what has happened, on a per-line basis, to necessitate the request for a change. In the explanation, you will tell the funder why excess money is in some lines while others show a deficit. The funder will be looking for a legitimate rationale to move funds between lines.

### **Budget Amendments**

If during the course of the contract, your scope of work has been expanded or reduced, you may need to do a budget amendment reflecting this change. Here's a simple way to think about this. When you need to shift money and it does not alter the scope of work in any way, you write an adjustment. If something has happened to significantly alter the scope—for example, the funder has asked you to take on an additional project or activity and will provide more money—you will write an amendment. Some funders require an amendment if you are seeking to move more than \$5,000 (or some other predetermined amount). Amendments are usually written using the same budget format as for requesting adjustments.

The major difference between an amendment and an adjustment is that the amendment changes your contract with the funder and goes through a formal approval process. You will receive a new copy of the contract with the amended budget and any program changes resulting from the amendment.

### **Contract Negotiations**

When you negotiate a contract with a funder, be highly conscious of the possible domino effect that one change in a program will have on the entire program and the impact it will have on the budget. Most of the time, projects are designed so that the parts are interrelated and interconnected. Changing what appears to be one aspect of the project can have considerable effect on the whole.

Upon approving the proposal, some funders conduct formal contract negotiations. The negotiation is when you meet face-to-face, review what will be provided by the contract, and discuss a rationale for the implementation activities, the objectives, or perhaps even the goals. The funder may want to change an objective, increase the numbers, add a new objective, or clarify certain language. Most often, the funder approves the proposal for

less money than you requested. For example, your request may have been for \$175,000, but the funder allocates only \$160,000.

A little caveat to first-time grant writers: you will be very excited that you have been funded. So excited, in fact, that you may be willing to do anything just to get the money and get the project started. *Be careful!* You can damage your project in the negotiations. The funder has a commitment to fund the project and will want the most for their money. No one knows the project better than you. Approach the negotiations from the perspective of win-win. The funder wants a good program just as you do. Here are a few guidelines for negotiating contracts:

- Re-read the proposal just prior to going into the negotiations. Be intimately familiar with all of it, just as you were when writing it 6 months ago.
- Create an atmosphere of partnership with the contract negotiator.
- Take your time when you make changes. Look at the impact any change will have on the objectives.
- Be prepared to discuss your rationale for keeping the project as initially developed in the proposal.
- If the agency has not been awarded the full amount requested, prepare a new version of the proposal in advance of the meeting. This gives you time to rethink the budget and program and decide upon revisions.
- Remember to maintain your integrity. If you know that the agency cannot do the job for the amount of money offered, despite changes to make the project more cost effective, the agency will need to decide if it is worth pursuing. If it is possible, and we have seen it happen, that the agency will choose to turn down the contract because accepting it would be too costly.

### **Subcontracting**

*Subcontracting* means contracting with another agency to provide a portion of the service in the proposal. Your agency receives the contract, and under that contract, you also have a contractual arrangement with another agency to deliver a service. Collaboratives typically use this arrangement. The subcontracting agency is bound by the same contractual terms as the primary contractor. The primary contractor is responsible for ensuring that the subcontracting agency abides by the terms of the contract and usually prepares a legally binding agreement with the subcontractor.

If you are utilizing subcontractors, you have to address this issue within the body of the grant itself to clearly identify, by objectives, the role of the subcontractor in the contract and to establish the credibility of the subcontractor in the applicant capability section. The budget of the



subcontractor is included in the main budget and fully described in the budget justification.

As you review the steps in budget preparation, you can see why this should not be left to the last minute. Preparing the budget requires that you have a thorough grasp of the project, including all of the details of the implementation activities, so that you can be certain not to omit any major costs. Remember: Changes in the program will have an impact on the budget and vice versa.