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# Developing and Managing Your Budget



Financial and Grants Management Institute  
April 24 - 25, 2012



# You need to know . . .

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The information in this session is based on CNCS and Federal laws, rules, and regulations; CNCS grant terms and provisions; and generally accepted accounting and financial principles and practices.

Some state commissions, national grantees, or parent organizations may impose additional requirements.



# Welcome . . .

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- Introduction of trainer and CNCS staff
- Program types represented
  - Senior Corps, AmeriCorps, SIF, NCB, 9/11, MLK
- Questions
  - As we go . . . ask clarifying questions and provide your experiences
  - Questions at the end as time permits
- We will do small group activities



# Budget Session Limitation:

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- This session is **NOT** intended for CNCS Fixed-Amount Grant awards in AmeriCorps and Senior Corps
- Fixed-Amount awards
  - Do not require budget submissions
  - Are not subject to the OMB cost principles
  - Not managed or reported by line item budgets
- General principles of developing a program-specific budget and managing it internally in the grantee organization are nonetheless essential practices for managing fixed-amount programs



# Activity

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- Budget Challenges – Please complete Activity 1 answering these questions
  - What are the most pressing issues you are confronted with when preparing your annual budget?
  - Write the first thing that comes to mind as it relates to your program for the 7 terms listed

**See Activity 1**



# Session Objectives

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1. Participants will develop skills for developing a national service program budget and narrative
2. Participants will understand the OMB Costs principles including allowable costs
3. Participants will develop budget strategies and best practices to meet program requirements



# Activity

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- Budget Brainstorming
  - Please complete the 4 questions

**See Activity 2**



# Functions of CNCS Program Budget

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- ❑ Becomes part of the grantee's contractual obligation (except Fixed-Amount Grants (Fixed G))
- ❑ Serves as a blueprint for the activities supported under the grant
- ❑ Helps ensure conformance to provisions and regulatory restrictions
- ❑ Used to monitor and measure progress towards meeting matching requirements
- ❑ Used to monitor and compare budget to actual expenses



# An effective budget must be:

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## **Realistic**

- Reflects expected program revenues and expenses and its capacity to carry out program activities

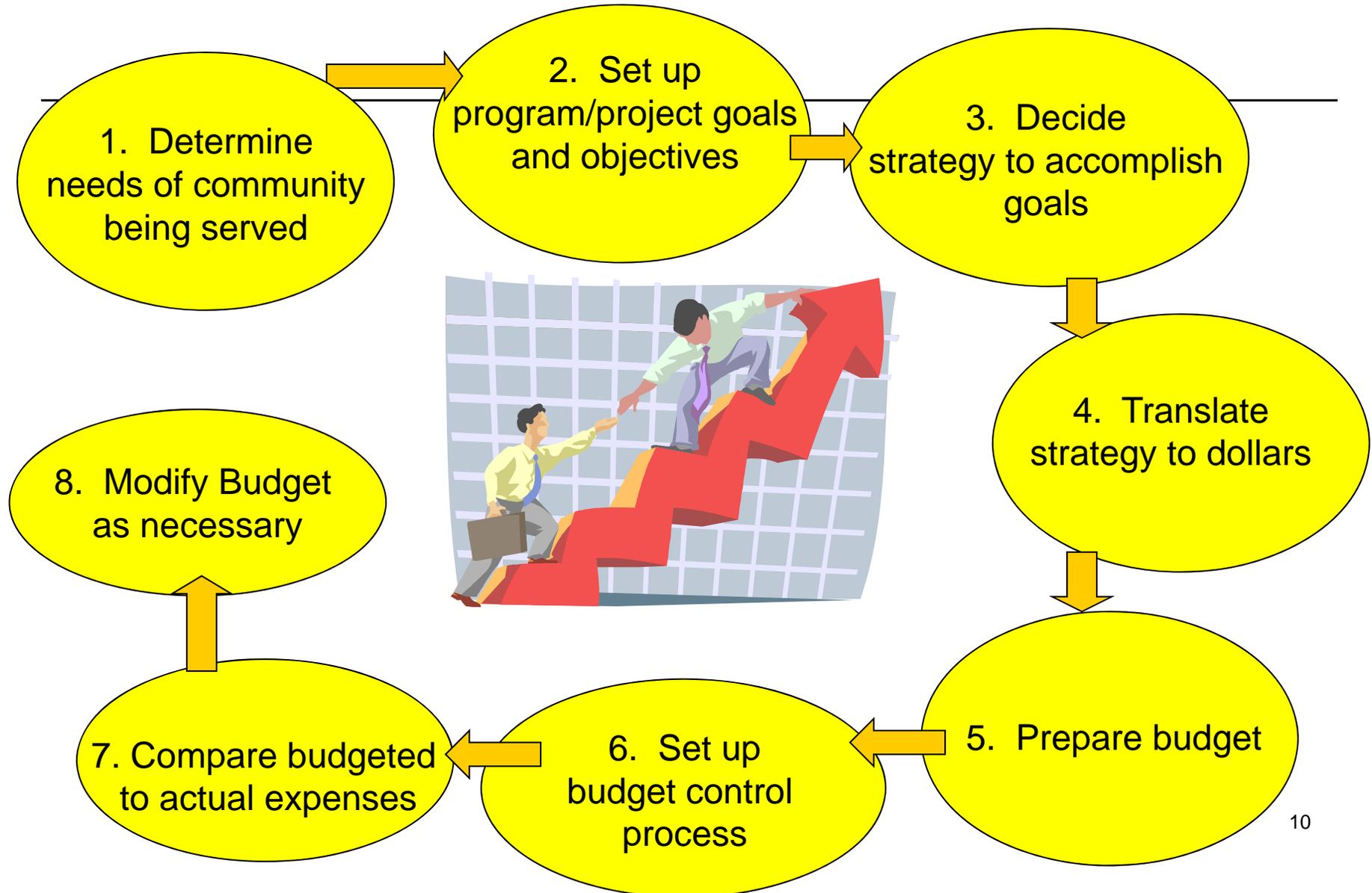
## **Consistent**

- Aligned with program's goals and objectives

## **Flexible**

- A project's financial and operating circumstances can often change and must have a budget that can adapt to changing circumstances

# Effective Budget Management





# A Good Budget Design is Essential

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A good design will ensure the following:

- ❑ Establish realistic scope
- ❑ Ensure you've covered the details
- ❑ Have a highly competitive proposal
- ❑ Compliance with requirements
- ❑ Have a solid guide for program execution
- ❑ Define expectations



# Budget Narrative Preparation

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- Review your program/projects goals and objectives
- Estimate the resources needed to achieve program/project goal, for example:
  - Participants – members or volunteers
  - Staff positions
  - Space, utilities, supplies, telephone
  - Medical and liability insurance
  - Uniforms, training, child care
  - Transportation



# Budget Narrative Preparation

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- ❑ Follow instructions in NOFO/NOFA or other guidance received from CNCS
- ❑ Organize narrative to fit budget categories on budget form or proposal
- ❑ Provide adequate descriptions and calculations to support amounts



# Budget Narrative Preparation

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- Allocate costs based on a consistent and documented cost allocation plan. Examples include:
  - Level of effort: percentage of time spent on activity X salary
  - Rent: total CNCS program space ÷ total host agency space
  - Expenses: percentage of expenses for program versus total organization's expenses



# OMB Cost Principles

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- ❑ Used to determine the allowable costs under grants or contracts (except Fixed-Amount Awards)
- ❑ Designed so that Federal awards support their fair share of the cost
- ❑ Provide information about factors that affect allowability and information about reasonable, necessary, and allocable costs
- ❑ Provide information on documentation requirements
- ❑ Encourage consistent treatment of costs



# Cost Types

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## Direct

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Costs that are directly attributable to meeting the goals and objectives of the programs

### Examples:

- Allowable, direct charges for participants
- Costs for staff who train, recruit or supervise participants
- Uniform; special equipment
- Costs for independent program evaluations
- Costs for travel

## Indirect or Administrative

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Administrative costs are general or centralized expenses of overall administration of an organization that receives assistance from CNCS

### Examples:

- Accounting, auditing, general legal service
- Costs for internal evaluation
- General liability insurance
- Salaries & benefits related to general organizational management and support

# Grant Guidelines

Federal Grant Guidelines	Educational Institutions	States, Local, Indian Tribal Governments	Non-Profits	Hospitals
<b>Administrative Requirements</b>	§ 45 CFR 2543 § 2 CFR 215 (formerly A-110)	§ 45 CFR 2541 OMB A-102	§ 45 CFR 2543 § 2 CFR 215 (formerly A-110)	§ 45 CFR 2543 § 2 CFR 215 (formerly A-110)
<b>Cost Principles</b>	§ 2 CFR 220 (formerly A-21)	§ 2 CFR 225 (formerly A-87)	§ 2 CFR 230 (formerly A-122)	§ 45 CFR 74 (HHS regulations)
<b>Audit Requirements *</b>	OMB A-133	OMB A-133	OMB A-133	OMB A-133

**Notes:**

**CFR** = Code of Federal Regulations

\* = Organization is subject to A-133 if it expends more than \$500,000 in Federal funds in its fiscal year



# Examples of Unallowable Costs

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- ❑ Lobbying
- ❑ Fines and penalties
- ❑ Expenses not necessary to meet program objectives
- ❑ Entertainment, alcohol
- ❑ Costs that would constitute waste, fraud and abuse
- ❑ Unreasonable costs from a “prudent person” perspective
- ❑ Costs with no logical basis for allocating to your program



# AmeriCorps Match Requirement

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## Regulatory Match:

- Grantees must meet minimum requirements as shown in table below up to 50% overall match
- \$1 dollar for every CNCS \$1 - by year 10
- For specifics, see NOFO and Application Instructions

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>
<b>Overall Minimum Share</b>	<b>24%</b>	<b>24%</b>	<b>24%</b>	<b>26%</b>	<b>30%</b>	<b>34%</b>	<b>38%</b>	<b>42%</b>	<b>46%</b>	<b>50%</b>



# Senior Corps Match Requirements

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- RSVP

- Cash and in-kind match

	Year 1	Year 2	Year 3 +
Overall Minimum Match	10%	20%	30%

- Foster Grandparents Program and Senior Companion Program

- 10% of total budget



# NCBP and SIF Match Requirements

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## □ NCBP

- \$1 match = \$1 Federal (dollar-for-dollar)
- Cash match only (no in-kind)

## □ SIF

- \$1 match = \$1 Federal (dollar-for-dollar)
- Cash match only (no in-kind)
- Subgrant match is \$1 for every \$1 awarded



# 9/11 and MLK Day of Service Match Requirements

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- 9/11
  - 25% match of total budget
  - Cash and in-kind
- MLK
  - 70% match of total budget
  - Cash and in-kind



# Volunteer Generation Match Requirements

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- Volunteer Generation
  - Cash and in-kind

	Year 1	Year 2	Year 3	Year 4 +
Overall Minimum Share	20%	30%	40%	50%



# Essence of a Program Budget

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- Budget can be broken down by primary categories of the specific program
  - Program Operating Costs, e.g., staff, equipment
  - Stipended participants, if any
  - Indirect or Administrative Costs
- Budget is divided into grantee share and CNCS share



# Budget Structure

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## Section I. Program Operating Costs

- A. Personnel Expenses
- B. Personnel Fringe Benefits
- C. 1. Staff Travel
- C. 2. Member Travel (AmeriCorps)
- D. Equipment
- E. Supplies
- F. Contractual and Consultant Services
- G. 1. Staff Training
- G. 2. Member Training (AmeriCorps)
- H. Evaluation
- I. Other Program Operating Costs



# Budget Structure

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## Section II. Member Costs (AmeriCorps)

A. Living Allowance or stipend

B. Member Support Costs

- FICA
- Worker's Compensation
- Health Care
- Unemployment Insurance and Other Member Support Costs



# Budget Structure

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## Section III. Administrative/Indirect Costs

Two methods to recover administrative costs:

1. CNCS-Fixed 5% Method (AmeriCorps only)
  - 5% of the total of CNCS funds expended
  - No documentation supporting allocation is required
2. Federally Approved Indirect Cost Rate Method
  - Requires approved rate from Federal government
  - Approved rate constitutes documentation of costs, including any amount payable by CNCS



# Senior Corps Budget Structure

## RSVP, FGP, SCP

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### Section I. Volunteer Support Expenses

- A. Project Personnel Expenses
- B. Personnel Fringe Benefits
- C. Project Staff Travel – Local and Long Distance
- D. Equipment
- E. Supplies
- F. Contractual and Consultant Services
- I. Other Volunteer Support Costs
- J. Indirect Costs (indirect cost rate)



# Senior Corps Budget Structure

## RSVP, FGP, SCP

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### RSVP:

Section II. Volunteer Expenses

A. Other Volunteer Costs

### FGP and SCP only:

Section II. Volunteer Expenses

A. Stipends

B. Other Volunteer Costs



# Key Budgeting Tips

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- Ensure Budget meets CNCS cost guidelines for each specific type of national service program:
  - Stipend requirements – minimums or maximums
  - Match-minimum requirements & cash & in-kind specifics
  - Special restrictions or limits on administrative costs or indirect expenses
  - Required cost components of specific program
    - Examples: evaluations, 100% Project Directors, uniforms, health care, physicals, travel reimbursements



# Budget – Final Review Checklist

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- ❑ Is the budget presented in the format and forms required by CNCS?
- ❑ Is the budget consistent with CNCS's guidelines?
- ❑ Are all cost calculations clearly described and correct if duplicated?
- ❑ Do the costs on all the budget forms, justification and supporting documentation agree?
- ❑ Does the budget cover all the project costs, CNCS funds, and match?
- ❑ Does the budget cover required costs, for example, program evaluation?



# Budget: Final Review Checklist (cont'd)

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- ❑ Is there adequate explanation for budget items?
- ❑ Are all projected costs in the budget allowable?
- ❑ Have the appropriate fringe and indirect cost rates been used?
- ❑ Have subgrantees' proposals been reviewed, budgets checked, etc.?
- ❑ Do subgrantee costs apply consistent match requirements and indirect cost limitations?
- ❑ Is the budget realistic, reasonable, credible, and aligned with program goals?
- ❑ Is the budget within the MSY limit?



# What Are Budget Controls?

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- Reviews of budget to actual expenses regularly to avoid cost overruns
  - Joint review by both program and fiscal staff to ensure maximum efficiency
- Identification of expenditures not budgeted to ensure they can be claimed
- Identification of costs that need approval before they are incurred



# Budget Amendments

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- ❑ Know the required prior approvals needed by CNCS
- ❑ Do not assume approvals have been granted unless documented
- ❑ Written approval required by OGM or FFMC

**See Handout 1**



# Activity

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- Budget Costs?
  - Please review the 13 items to determine if they are direct costs, indirect costs, and allowable

**See Activity 3**



# Questions?

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Open

Wrap Up

Evaluation

# For More Information

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- **Contact your CNCS Grants Officer**

- E-mail or call your Grants Officer

- **Contact MBI Consulting**

- Financial & Grants Management Training and Technical Assistance Provider

- Telephone: 301-986-1595, ext. 110

- E-mail: [cforrester@mbicfs.com](mailto:cforrester@mbicfs.com)

- **Visit the Resource Center**

- Online tools and training

- [www.nationalservicerresources.org/financial-and-grants-management](http://www.nationalservicerresources.org/financial-and-grants-management)

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