GRANT MANAGERS BROWN BAG

MAKING CENT$ OUT OF UNCERTAINTY

OCTOBER 2024

FOCUS OF THE BROWN BAG

- Dive into the mysteries of pre-award budget development

- Understand how the Grants Team developed the budget you inherited

- Learn to use these skills throughout the post-award process when the project hands you uncertainty

BUDGET DEVELOPMENT – UNDERLYING ASSUMPTIONS

1) The budget is the grant project in numbers
   - ❑ Every activity in the narrative that has a cost should be in the budget
   - ❑ Likewise, every item of cost in the budget should be in the narrative
2) In pre-award grant development, including budget development, simple is best
   - ❑ Everyone needs to be able to understand the request
   - ❑ Same applies to the written narrative
3) Most grant projects have a financial motivator – a budgetary reason for applying
4) Accuracy matters, but the budget is an estimate
   - ❑ Nearly all budgets can be changed in post
   - ❑ It's Ok to budget high; provides flexibility
5) The end user for this budget is the reader
   - ❑ The Business Office is not the end user, and in fact does not need to be involved.
6) This process can be replicated annually on multi-year grants
   - ❑ Prior approval requirements must be considered prior to changing the approved budget

BUDGET DEVELOPMENT – SET-UP BUDGET TEMPLATE

Step One - Set up an Excel Budget that mirrors the Grant Application Budget

Federal Grant	State Grant
1. Personnel	1000s – Instructional Salaries
2. Fringe Benefits	2000s – Non-Instructional Salaries
3. Travel	3000s – Employee Benefits
4. Equipment (unit cost over $10,000)	4000s – Supplies and Materials
5. Supplies	5000s – Other Operations Expenses and Services
6. Contractual	
7. Construction	6000s – Capital Outlay
8. Other	7000s – Other Outgo

BUDGET DEVELOPMENT – IDENTIFY EXPENSES

Step Two - Identify the known expenses

1) Grant Requirements

- Project Personnel
- Project Director Travel
- Required Services and/or Partners

2) Project Requirements

- Subrecipients/Partners

3) Project Expenses that served as Impetus for Project

- Equipment/Construction/Renovation
- Direct Aid to Students
- New Positions

It's OK to pursue grants for the money of it -

but grant purpose should 1) align with the

mission and strategic priorities of the institution;

and 2) align with the purpose of the grant

program

BUDGET DEVELOPMENT – DETERMINE COSTS

Step Three - Determine Costs

- Personnel Costs are often the hardest
  - New Positions (Academic and Classified Positions)
    - Use Salary Schedule on rccd.edu (Human Resources & Employee Relations - Salary Schedules)
    - Estimate at mid-range
    - Include step increases in multi-year budget, estimated at 6%

BUDGET DEVELOPMENT – DETERMINE COSTS

- **Existing Positions (Academic and Classified Positions)**

  - Use Salary Schedule and estimate existing person's current salary

  - Ask the person

  - Ask your grant accountant representative or Office of Grants & Sponsored Programs

  - Include step increases in multi-year budget, if appropriate

BUDGET DEVELOPMENT – DETERMINE COSTS

- **Faculty**
  - Faculty Special Project Requests vs Release Time
    - Faculty Special Project Requests are less expensive than Release Time as Health and Welfare costs are not included
    - SPRs are based on
      - A specified number of hours calculated at an hourly rate if project is time specific OR
      - A fixed amount payable upon completion of specific outputs or outcomes; used when the number of hours to complete project is unknown

- Special Project Requests - Examples
  - Hourly Based Projects
    - Tutoring
    - Mentoring
    - Meeting or Training Participation
    - Outreach and Recruitment
  - Output Based Projects
    - Curriculum Development
    - Project Development

BUDGET DEVELOPMENT – DETERMINE COSTS

- **<u>Faculty</u>**
  - Rates
    - $100 per hour (<u>Faculty Hourly Salary Schedule 2024-25.xlsx</u>)
    - $125,000 per year for a full-time faculty member; does not include winter or summer assignments
      - If the faculty member who will work on the grant is known at time of submission, ask for the individual's contractual salary
- **<u>Student Workers and Other Hourly Employees</u>** – calculated at current hourly rate

BUDGET DEVELOPMENT – DETERMINE COSTS

- **Benefits**
  - Fixed Costs – apply to all positions and include
    - Federal Insurance Tax (FICA)
    - Medicare
    - State Unemployment Insurance
    - Workman's Compensation
    - Retirement (either STRS or PERS)
    - Other Post-Employment Benefits

TOTAL FIXED COSTS	Non-Grant Funded	Grant Funded
Permanent Classified Employees, including managers and professionals (on PERS):	0.3955	0.3655
Certificated Employee / Faculty (on STRS):	0.25400	0.22400
Classified Hourly Employees (on PARS):	0.06300	0.03300
Student Employee:	0.04800	0.01800

BUDGET DEVELOPMENT – DETERMINE COSTS

- **<u>Benefits</u>**
  - Health and Welfare – applies to all Contracted Employees, including:
    - Classified Professionals
    - Classified Managers/Administrators
    - Faculty who are Released from their Contract to work on a Grant
  - Does not apply to:
    - Student Workers
    - Hourly Employees
    - Professional Experts
    - Faculty Special Projects

Rates vary by Employee depending on the plan(s) selected. Thus in pre-award budget development, we use the most expensive plan option. Currently:

$37,296 per Year per Full-Time Equivalent

(includes health insurance, dental insurance and life insurance)

BUDGET DEVELOPMENT – DETERMINE COSTS

Benefits =

(Fixed Cost Rate * Total Salary) +

(Total Health and Welfare Costs * % of FTE)

BUDGET DEVELOPMENT – DETERMINE COSTS

Grant Project XYZ				
Line Item	Year 1	Year 2	Year 3	Total
Personnel				
Project Director - Administrator (1.0 FTE)	$150,000	$159,000	$168,540	$477,540
Co-Project Director - Faculty (20% Release Time)	$25,073	$26,173	$26,696	$77,942
TBD Faculty (2): ESL curriculum development faculty SPRS/stipends (2 faculty * 5000 Fall & Spring)	$10,000	$10,000	$10,000	$30,000
Education advisor @ 30% - costs calculated using annual salary projections of $81,653 (COLA Adjustment will include step increases and a 2% COLA per year).	$24,496	$26,235	$28,098	$78,829
Student Workers (100 hours at $20 per hour)	$2,000	$2,000	$2,000	$6,000
Total - Personnel	$211,569	$223,408	$235,334	$670,311
Fringe Benefits (Fixed Cost)				
Project Director	$92,121	$95,411	$98,897	$286,429
Co Project Director	$13,076	$13,322	$13,439	$39,837
TBD Faculty	$2,240	$2,240	$2,240	$6,720
Education Advisor	$20,142	$20,778	$21,459	$62,378
Student Workers	$36	$36	$36	$108
	$127,615	$131,786	$136,071	$395,472
Average Benefit Rate	60.32%	58.99%	57.82%	59.00%

BUDGET DEVELOPMENT – DETERMINE COSTS

- **Benefits – Considerations**
  - Project Directors are in a position to calculate their average monthly benefit rate
  - This rate can be used to build out year budgets rather than the Benefit Formula
  - XX% of Total Salaries
  - Benefits rates and costs are adjusted annually, but they do not always increase
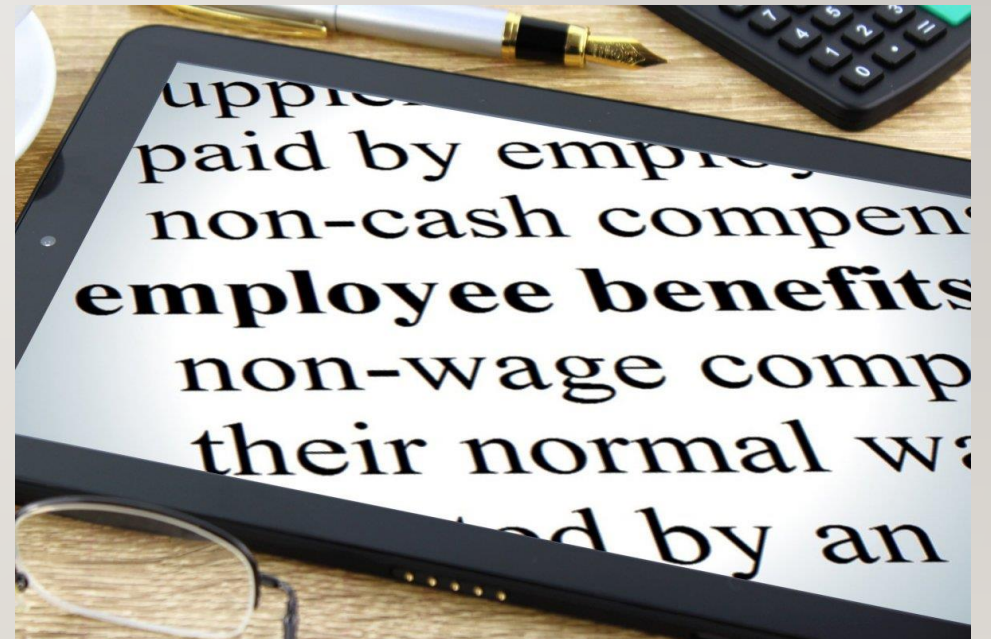
BUDGET DEVELOPMENT – STEP THREE (CONT.)

- **<u>Travel – Considerations</u>**
  - To the extent possible, include funding for at least one national conference per staff person (estimated at $3,000 per person per trip)
  - RCCD reimburses Travel based on Actual Costs
  - Calculate Travel Costs based on current prices
  - Remember to include Lodging Taxes and Fees on Hotel Rates

While RCCD reimburses on Actual Costs, some grants require that Grant Travel adhere to current Per Diem Rates.

Per diem rates | GSA

If you manage a grant that requires travel align with per diem rates, a budget other than the grant must cover travel costs above the per diem OR the traveler must remain under the per diem amount.

BUDGET DEVELOPMENT – COST DETERMINATION

- **<u>Materials and Supplies</u>**
  - Office Supplies - $100 per month for a total of $1200
  - Estimate amounts for other types of Supplies (outreach, events, services, etc.)
  - If possible, estimate amount per event, so if you have 4 outreach events per year, they will each cost $500 for a total of $2,000
  - Computers are supplies – one new computer for every new position ($2000 each)

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BUDGET DEVELOPMENT – COST DETERMINATION

- **<u>Vendor Services/Contract Services</u>**
  - Vendor Services include all types of services that may be needed by a grant
    - Web Services
    - Employer Engagement Services
    - Student Mental Health Services
  - Often these are estimated
  - These costs may be increased or decreased depending on the availability of funds and other costs

BUDGET DEVELOPMENT – COST DETERMINATION

- **Other Costs**
  - Not always allowable
  - If allowable, inclusion depends on the goals and activities of the Grant
    - Consultants, including Evaluators
    - Subawards, which should be named if possible
    - Equipment
    - Renovation
    - Construction
  - Ideally, these costs are fairly accurate

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BUDGET DEVELOPMENT – INDIRECT COSTS

STEP FOUR – CALCULATE INDIRECT COSTS

- RCCD's Indirect Cost Rate is 30.6% of Modified Total Direct Costs (MTDC)

MTDC includes:	MTDC does not include:
• Personnel Costs (Salaries and Benefits) • Travel • Materials, Supplies, & Services • Consultants • $25,000 of each Subaward	• Equipment • Capital Expenditures • Subawards Costs beyond $25,000 • Participant Support Costs / Direct Aid to Students / Scholarships • Rental Costs

BUDGET DEVELOPMENT – PROJECT DIRECTOR RESPONSIBILITIES

- Upon award notice, work with Grants Lead to:
  - Review relevance of awarded budget
  - Update as necessary if allowed by program guidelines
  - Convert budget to RCCD budget format
  - Complete New Grant Set-Up Form
- Use grant budget to create an internal tracking and monitoring tool
- Reconcile budget monthly
- Develop next year budget

BUDGET DEVELOPMENT – REMINDERS AND THOUGHTS

- The Budget is a tool to monitor the implementation of the grant;

- Grant Budget does not need to mirror the budget in Galaxy;

- The purpose of the grant budget and the Galaxy budget are different;

- Budget is an estimate of projected costs;

- Galaxy tracks actual costs; and

- Reconciliation is the process of bringing the two together.

QUESTIONS???