



Developing and Managing Your Budget

Corporation for
NATIONAL &
COMMUNITY
SERVICE 



Financial and Grants Management Institute
April 24 - 25, 2012



You need to know . . .

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 . . .

- 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:

- ❑ 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

- 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

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

- Budget Brainstorming
 - Please complete the 4 questions

See Activity 2



Functions of CNCS Program Budget

- ❑ 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:

Realistic

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

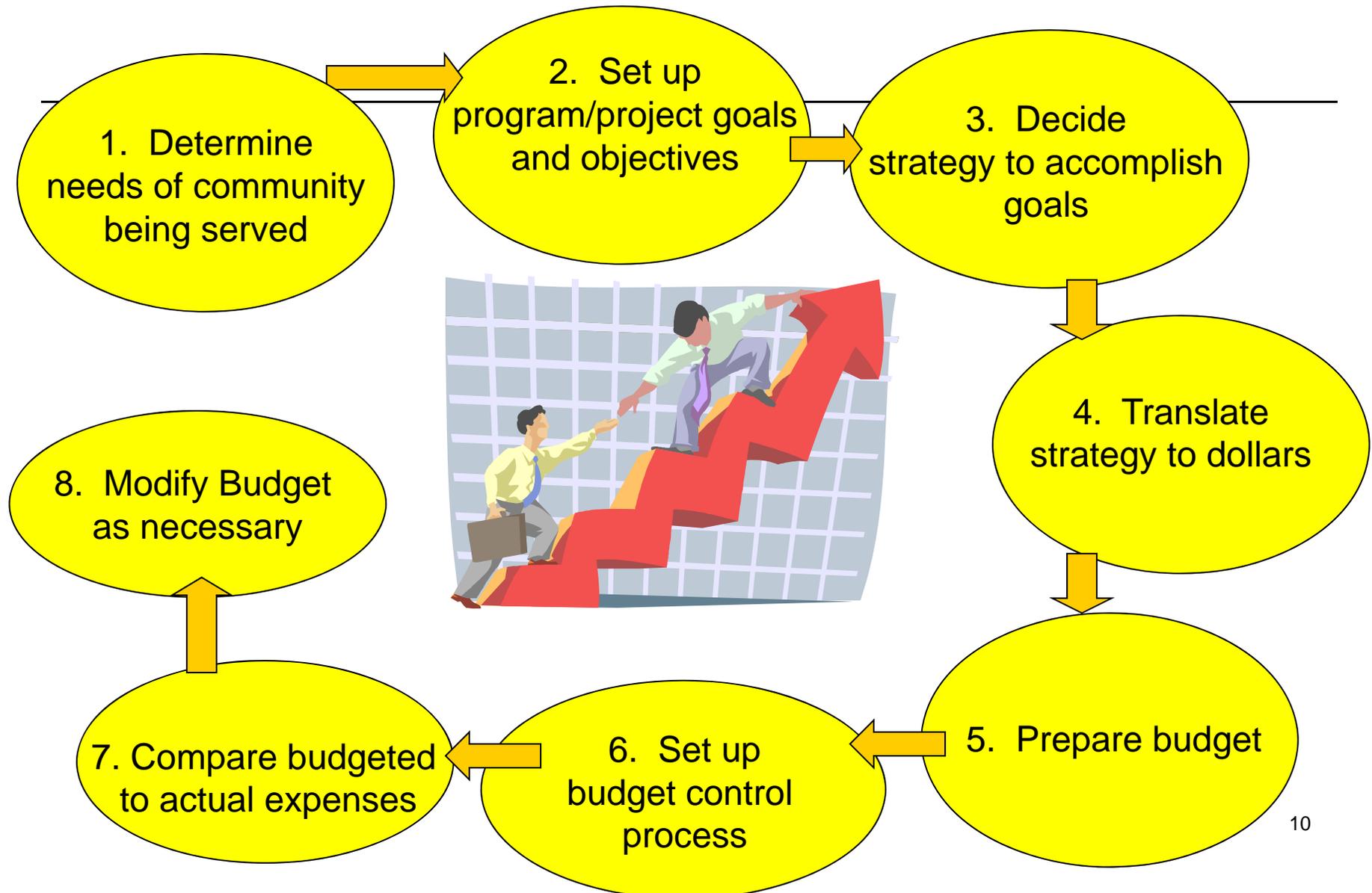
Consistent

- 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

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

- 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

- ❑ 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

- 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

- ❑ 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

Direct

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

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
Administrative Requirements	§ 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)
Cost Principles	§ 2 CFR 220 (formerly A-21)	§ 2 CFR 225 (formerly A-87)	§ 2 CFR 230 (formerly A-122)	§ 45 CFR 74 (HHS regulations)
Audit Requirements *	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

- ❑ 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

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

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



Senior Corps Match Requirements

- 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

□ 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

- 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

- 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

- 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

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

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

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

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

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

- 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

- ❑ 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)

- ❑ 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?

- 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

- ❑ 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

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

See Activity 3



Questions?

Open

Wrap Up

Evaluation

For More Information

- **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

- **Visit the Resource Center**

- Online tools and training

- www.nationalserviceresources.org/financial-and-grants-management

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