**How to Prepare Your Grant Budget**

**The Budget Preparation Process and TCE Budget Policy**

Requests for Restricted Project grants from TCE require a grant budget. The following is a category-by-category look at completing a grant budget.

**Direct Costs**

1. **The Personnel Section**

The Personnel section of the budget consists of direct cost line items which represent salaries of employees of the grantee who will be working on the project. In each salary line item the employee’s title, the total project dollar amount, the total grantee request and TCE approved amount for each year of the grant period are reflected.  Included in the employee title descriptions are the percentages of full time employment (FTE) devoted to the project, (i.e., 1.0 FTE, 0.50 FTE.) The costs related to employees devoting 10% or less to the project should not be reflected in the Personnel Section, as they are considered to be indirect costs by TCE (see below).

Personnel line items can be ordered in two ways: A) by highest ranking staff, which is most common, or B) by most time spent on the project (e.g., 1.0 FTE being first followed by lesser time staff.)

**Benefits**

The benefits line item reflects the total dollar amount of benefits related to the personnel line items above it. TCE allows funding for grantees’ employee benefits up to 32 percent of personnel salary expenses.

1. **The Non-Personnel Section**

Non-Personnel Costs are direct operating costs necessary to carry out the project being funded. TCE considers line items such as Meeting Expenses, Travel Costs, Project Supplies, Printing, Postage and Incentives (fliers, water bottles, chip clips, key chains, etc.) non-personnel direct costs.

**Indirect Costs**

The percentage of direct costs that the indirect costs represent should be entered in the indirect cost line item description (e.g., “Indirect Costs at X%").

Indirect costs are those expenses that are necessary for the general operation of an organization and are not specifically identified by TCE with a particular grant, contract, project or activity. TCE allows indirect costs up to 15 percent of direct costs to a maximum of $200,000, exclusive of subcontracts, capital improvements, renovations and equipment purchases. TCE is not bound by any federally-recognized indirect cost rate or by any other funder’s indirect rate, and makes its own determination of allowable direct and indirect costs based only on TCE policies and practices.

Among items that TCE classifies as indirect costs are:

* Facilities-related expenses such as depreciation and use allowances – including rent – on buildings and equipment; interest on debt or insurance associated with certain buildings, equipment and capital improvements; and operations and maintenance expenses.
* Administration-related expenses such as accounting, personnel, subscriptions, internet services, and library resources, among others.
* Office supplies, telephone charges, internet connection fees and various insurances (among other things) are typically indirect costs.

**Other Costs**

1. **Fiscal Sponsor Fees**

TCE may fund organizations acting as fiscal sponsors or administrative agents. The total of both fiscal-sponsor or administrative agent fees and indirect costs added together may not exceed 15 percent of direct costs.

1. **Subcontractors**

TCE will allow grantees to include allocations for subcontractors. Subcontractors/consultants must contract directly with the grantee. Subcontractors may be organizations or individuals and may include consultant salaries, or local mini-grants. Subcontractors may not be staff employed by the grantee. Subcontractors may be included in the budget provided:

* Subcontractor costs are listed in the budget’s Other Costs category by type of work or contract and not by subcontractor name, and
* The names of the subcontractors should be provided to the PM separately so that any disclosable-relationship associated with the subcontractor can be verified.

All subcontracts valued at $25,000 or greater require an additional, separate budget specific to that subcontract line. The subcontract budget will serve as an Addendum to the larger budget and will use TCE’s standard budget template.

1. **Capital and Equipment**

A Capital line item must equal at least $5,000 and may include expenditures for land acquisition, construction costs, and physical renovation.  TCE will fund capital expenditures for up to $500,000 or 20% of the grant amount (whichever is less). Equipment line items include purchases or leases of Equipment for at least $5,000 that will be depreciated.

**The Organizational Budget Figure**

The organizational budget figure represents the organization’s revenues for the most currently completed fiscal year.

**FAQ’S**

**Frequently Asked Questions about Grant Budgets**

* 1. **Can I reflect In-Kind Support in the Project Budget?**

In-kind support is the value of contributions to the organization’s project made by volunteers or other types of donated items or services. In-kind support may be included in the Project Budget if the in-kind support represents a significant portion of the project and is integral to the project's operations. If it is included, however, TCE will not fund this type of support and the amount reflected in the “Request to TCE” columns should be zero. In addition, the value of In-kind support should not be reflected in the organizational budget figure.

* 1. **Do I need to report on expenditures of grant funds?**

For Restricted Project grants, an expenditure report detailing how grant funds have been spent against approved budget line items is required along with each grant report narrative. The specific schedule for reporting is included in the grant agreement upon award. Any interest earned on grant funds should also be reported on. TCE retains the right under its grant agreement, upon written notice, to audit grantee’s books and records relating to grant expenditures.

* 1. **What happens if grant funds are not spent exactly as budgeted?**

TCE will allow grantees up to 100 percent flexibility between the Personnel and Non-Personnel categories, and 100 percent line-item flexibility within those categories, without prior approval, except for changes to or additions of employee benefits or indirect costs or any capital expenditure, consultant cost or incentive. Changes to the preceding exceptions may be allowed, but only with prior written consent by TCE. Line-item flexibility notwithstanding, each grantee must use all funding provided in a TCE grant pursuant strictly to the outcomes listed in that grant agreement and is required to maintain adequate financial records of the grant-funded activity.

* 1. **What happens if at the end of the grant period, the grant work is not completed, and some grant funds remain unexpended?**

Upon the grantee’s request to the Program Manager, TCE will allow a one-time 90-day extension of a grant’s end date provided no additional funding is required. A final expenditure report will be due at the end of the extended period.

* 1. **What happens if upon completion of the grant work, some grant funds remain unexpended?**

For grants for which TCE does not take expenditure responsibility:

* When the unexpended funds total 5% or less of the grant total (including interest income), the grantee need not return the funds to TCE provided it uses them in a manner consistent with the grant. No subsequent expenditure report from the grantee is required.
* When the unexpended funds total more than 5% of the grant total (including interest income), the grantee must return the funds.

For expenditure responsibility grants:

* When there are any unexpended funds, no matter the amount, the funds must be returned.

Please contact your Program Manager if you have any other questions regarding TCE grant budget policies.