



## What is a budget narrative?

The budget narrative explains in a clear and concise manner the costs in each budget category, and which budget items will be covered by the grant and which ones will be covered by matching funds (e.g., cost-share or in-kind).

The budget narrative also provides supporting justification of each proposed line item in the budget and describes programmatic relevance. It clearly identifies the basis of estimate (i.e., how the budget number was determined fair and reasonable) for each cost element. The descriptions in the narrative must match the items in the budget chart.

## Sample Budget Narrative

The guiding rule to follow is clarity.

**A. Personnel** – List each position that pertains to the proposal. The cost calculation should show the employee's annual salary rate and the percentage of time devoted to the project.

1. International Affairs Director:  $\$50,000/\text{year} @ 20\% = \$10,000$ . The Project Director currently oversees the program and will spend 20% of her time hiring, training, and supervising staff. This individual's time and efforts spent on the proposed program will be covered by grant funds for the 12 months of the grant period.
2. Program Coordinator:  $\$35.00/\text{hour} \times 4 \text{ hours/day} \times 5 \text{ days/month} \times 12 \text{ months} = \$8,400$ . The coordinator will be responsible for programmatic needs, reporting and evaluating the program, as well as providing direct services to students during the grant year (Covered by matching funds.)

**B. Travel** – Explain the reason for travel expenses for students and/or faculty (e.g., student travel to the partner institution, student field trips or site visits, staff travel to conference, etc.) and show the number of people traveling and unit costs. Identify the location of travel.

1. Student Exchange:
  - 5 students x \$500 airfare from U.S. to Mexico = \$2,500
  - 5 students x 10 days x \$40 per diem = \$360
  - 5 students x 10 nights x \$50.00 lodging = \$2,500

**E. Equipment** - List non-expendable items to be purchased. Explain how the equipment is necessary for the success of the project and, if requested, the procurement method to be used. The organization's own capitalization policy for equipment can be used unless the funder provides one of its own to follow.

- One computer package including laptop, printer, scanner, and Word Programs will be purchased. The computer will be housed in the administrative office and will be checked

out by staff when they go out into the field. It will be networked into the office network for the purpose of maintaining client databases and performing administrative work connected to the project.

**F. Supplies** - List expendable items by type and show the basis for computation.

1. Meeting Supplies: For administrative meetings, workshops, etc.  $\$75.00 \times 12 \text{ months} = \$900.00$ .
2. Office Supplies including binders, file folders, printer paper, toner, staples, etc.  $\$100.00 \text{ per month} \times 12 \text{ months} = \$1,200.00$ .
3. Phone and Internet Service: This service will be used to stay connected to parents, community collaborators and staff.  $\$125.00 \text{ per month} \times 12 \text{ months} = \$1,500.00$ .

**G. Consultants** - Provide a description of the product or services to be provided by the consultant and an estimate of or detailing of exact cost. Indicate the applicant's formal, written procurement policy unless asked to follow a different policy. Include: a) Consultant Fees (for each consultant enter the name, service, hourly or daily fee, and estimated time on the project) and b) Consultant Expenses (list all expenses to be paid from the grant to the individual consultant in addition to their fees, such as travel, meals, lodging, etc.).

1. The Computer Instructor will conduct four computer-training sessions weekly in the computer lab. The Community Outreach Trainer will develop a curriculum for Community Outreach and train neighborhood associations on the curriculum. The 2.5 FTE Tutors will tutor children at the after school.
  - o Computer Instructor:  $\$11.10/\text{hour} \times 26 \text{ hours/week} \times 52 \text{ weeks} = \$15,000$

**H. Other Costs** – List items, such as rent, reproduction, telephone, Internet, janitorial or security services, by major type and show the basis of the computation. For example, provide the square footage and the cost per square foot for rent, and provide a monthly rental cost and the number of months rent will be needed.

1. Rent for Computer Lab:  $\$2.50/\text{square foot} \times 650 = \$1,625/\text{month} \times 12 \text{ months} = \$19,500 \text{ (match)}$ .
2. Space – Includes cost for monthly rent and utilities for the location that is the locus of services and activities. The cost is pro-rated at 50% because Funder X has awarded us a grant that covers the other 50% of the cost.
  - o Rent:  $\$600.00/\text{month} \text{ (pro-rated 50\% of usage)} \times 12 \text{ months} = \$3,600.00$ .
  - o Utilities:  $\$300.00/\text{month} \text{ (pro-rated 50\% of usage)} \times 12 \text{ months} = \$1,800.00$ .
  - o Repair/Maintenance:  $\$50/\text{month} \times 12 \text{ months} = \$600.00$ .

**I. Administrative or Indirect Costs** – Indirect costs represent the expenses of doing business that are not directly tied to a particular project function or activity. Indirect cost rates distribute those costs among all the work that the institution engages in.