

To: Dept. Div.
FYI
JH

Program Planning & Proposal Writing Introductory Version

By Norton J. Kiritz and Jerry Mundel





Proposals written for private foundations and those written for government grants (Federal, State, County or City) usually differ in their final form. Foundations often require a brief letter as an initial approach. A full proposal may follow in many situations. Government funding sources almost always require completion of a number of forms along with a detailed proposal narrative. Therefore, proposals to private and government grantmakers look quite different.

The package to a foundation or corporation will usually contain these three elements:

1. **The cover letter**
2. **The proposal**
3. **Additional materials.**

1. **The cover letter** is signed by the Chairperson of the Board of a nonprofit agency, or the top authority in a governmental agency. It briefly describes the program, and tells the grantmaker how important the grant would be to the community served by the applicant agency. It shows strong support of the Board of Directors, which is essential in gaining foundation grants.

2. **The body of the proposal** may be as modest as one page (in the case of a foundation that limits requests to a page) or voluminous. It may be in letter form or a more formal presentation. In either case, following the instructions in Program Planning & Proposal Writing (PP&PW) will help to assure that the necessary items are included and are presented in a logical manner. Remember one thing: PP&PW can help you structure your thinking and even plan your project or program. It can serve as your proposal format where the funding source has not provided one—as is often the case with foundation proposals. *But it should not be substituted for any format required by a foundation.* If they ask you to follow a set format, do it!

3. **Additional materials** should be limited to those required by the funding source supplemented by only the most important addenda. Reviewers don't grade proposals by the pound, so save your postage.

The proposal package to a government funding source usually contains these elements:

1. **Letter of transmittal**
2. **The proposal**
3. **Additional materials**

1. **The letter of transmittal** is a brief statement (2-3 paragraphs) signed by the highest level person within your organization. It briefly describes the request, the amount asked for, and may indicate the significance and importance of the proposed project. It should reflect the Board's support and approval of the request as reflected in the signature of the Board Chairperson (possibly as a dual signature along with the Executive Director/Chief Executive Officer).

2. **The proposal** going to a government funding source will generally be more lengthy than one going to a private

foundation. It will often be 10-20 pages long, and the funding source guidelines will contain the sequence to be followed in writing the narrative portion.

It is a good idea to read the information describing how your proposal will be evaluated. Quite often, government agency guidelines describe exactly how each section of your proposal will be weighed. This tells you what the reviewers look for and helps you to organize your thoughts. If you are told to limit your proposal to 10 single-spaced pages, don't include one or two more thinking that it won't be viewed in a negative light. Follow the guidelines meticulously, because the reviewers will. Proposals can be deemed inappropriate simply because you failed to follow specific instructions.

Proposals going to government funders may also contain unique forms such as face sheet forms where the entire project, names of key staff, budget, numbers of people impacted by the project, etc. are indicated; assurance forms (addressing issues such as human subjects at risk); equal opportunity policy statements; facility access to the handicapped; and a number of other such forms. It is important to understand which items must be submitted along with your proposal and how they are to be completed, so read the instructions carefully.

3. **Additional materials** will generally include those items suggested by the funding source. This usually consists of job descriptions, resumes, letters of support or commitment, your IRS tax exemption designation, an annual report, financial statement, and related documents. This section (or Appendix) can be extensive when a funding source requests a great deal of information. There are instances in which the funding source will request copies of certain agency policies and procedures, copies of negotiated indirect cost rates, etc.

Generally, this will happen only once, and for refunding packages to the same public agency, you will probably not need to resubmit the same documents.

We suggest the following as a basic format for planning all of your proposals. Thinking through the various sections should enable you to create virtually all that either a private or government funding source will ask of you. It will also enable you to develop a logical approach to planning and proposal writing.

This is our proposal format:

- | |
|--|
| <p style="text-align: center;">PROPOSAL SUMMARY</p> <ol style="list-style-type: none">I. INTRODUCTIONII. PROBLEM STATEMENTIII. PROGRAM GOALS AND OBJECTIVESIV. METHODSV. EVALUATIONVI. FUTURE FUNDINGVII. BUDGETVIII. APPENDIX |
|--|



PROPOSAL SUMMARY

The summary is a very important part of a proposal—not just something you jot down as an afterthought. There may be a box for a summary on the first page of a federal grant application form. It may also be called a “proposal abstract.” In writing to a foundation, the summary should be the first paragraph of a letter-type proposal, or the first section of a more formal proposal. The summary is probably the first thing that a funding source will read. It should be clear, concise and specific. It should describe who you are, the scope of your project, and the cost. The summary may be all that some in the review process will see, so make it good.

I. INTRODUCTION

In this part of the proposal you introduce your organization as an applicant for funds. More often than not proposals are funded on the reputation of the applicant organization or its key personnel, rather than on the basis of the program’s content alone. The Introduction is the section in which you build your credibility, and make the case that your organization should be supported.

Credibility

What gives an organization credibility in the eyes of a funding source? First of all, it depends on the funding source. A “traditional, conservative” funding source might be more responsive to persons of prominence on your Board of Directors, how long you have been in existence and how many other funding sources have been supporting you. An “avant garde” funding source might be more interested in a Board of “community persons” rather than of prominent citizens and in organizations that are new rather than established.

Potential funding sources should be selected because of their possible interest in your type of organization as well as the kind of program you offer. You can use the Introduction to reinforce the connection you see between your interests and those of the funding source.

What are some of the things you can say about your organization in an introductory section?

- How you got started—your purpose and goals
- How long you have been around, how you’ve grown, and the breadth of your financial support
- Unique aspects of your agency—the fact that you were the first organization of its kind in the nation, etc.
- Some of your most significant accomplishments as an organization or, if you are a new organization, some of the significant accomplishments of your Board or staff in their previous roles
- Your success with related projects

The support you have received from other organizations and individuals (accompanied by a few letters of endorsement which can be attached in the Appendix).

We strongly suggest that you start a “credibility file” which you can use as a basis for the Introduction in your future proposals. In this file you can keep copies of newspaper articles about your organization, letters of support you receive from other agencies and from your clients. Include statements made by key figures in your field or in the political arena that endorse your kind of program even if they do not mention your agency. For example, by including a presidential commission’s statement that the type of program which you are proposing has the most potential of solving the problems with which you deal, you can borrow credibility from those who made the statement (if they have any).

Remember, in terms of getting funded, the credibility you establish in your Introduction may be more important than the rest of your proposal. Build it! But here, as in all of your proposal, be as brief and specific as you can. Avoid jargon and keep it simple.

II. PROBLEM STATEMENT OR ASSESSMENT OF NEED

In the Introduction you have told who you are. From the Introduction we should know your areas of interest—the field in which you are working. Now you will zero in on the specific problem or problems that you want to solve through your proposed program. If the Introduction is the most important part of your proposal in getting funded, the Problem Statement is most important in planning a good program.

The Problem Statement or Needs Assessment describes the situation that caused you to prepare this proposal. It should refer to situation(s) that are outside of your organization (i.e. situations in the life of your clients or community). It does not refer to needs internal to your organization, unless you are asking someone to fund an activity to improve your own effectiveness. In particular, the Problem Statement does not describe your lack of money as the problem. Everyone understands that you are asking for money in your solicitation. That is a given. But what external situation will be dealt with if you are awarded the grant? That is what you should describe, and document, in the Problem Statement.

Problem Statements deal with such issues as the homeless, offenders returning to prison with regularity, children who are far behind in their reading skills, youth dropping out of school, and the myriad other problems in contemporary society. Needs Statements are often used when dealing with a less tangible subject. They are especially useful in programs that are artistic, spiritual, or otherwise value-oriented. These are certainly no less important as subjects, but they do not



lend themselves as directly to the problem-solving model of PP&PW. You would ordinarily deal with them as Needs and Satisfaction of Needs instead of Problems and Objectives.

You should not assume that “everyone knows this problem is valid.” That may be true, but it doesn’t give a funding source assurance about your expertise if you fail to demonstrate your knowledge of the problem. Use some appropriate statistics. Augment them with quotes from authorities, especially those in your own community. And make sure that you make the case for the problem in your area of service, not just on a national level. Charts and graphs will probably turn off the reader. If you use excessive statistics, save them for an Appendix, but pull out the key figures for your Problem Statement. And know what the statistics say.

In the Problem Statement you need to do the following:

- Make a logical connection between your organization’s background and the problems and the needs with which you propose to work.
- Clearly define the problem(s) with which you intend to work. Make sure that what you want to do is workable—that it can be done within a reasonable time, by your agency and with a reasonable amount of money.
- Support the existence of the problem by evidence. Statistics, as mentioned above, are but one type of support. You may also use statements from groups in your community concerned about the problem, from prospective clients, and from other organizations working in your community and from professionals in the field.
- Be realistic—don’t try and solve all the problems in the world in the next six months.

Note: Many grant applicants fail to understand the difference between problems or needs and methods of solving problems or satisfying needs. For example, an agency working with the elderly in an urban area said that what the community needed were vans to get the elderly to various agencies. They determined that this “need” existed because not enough seniors were able to get to the social security office, health services, and related human service programs. What they had done was to immediately jump to a “method” by which seniors would now be able to readily receive services. The problem with that logic is that the transportation suggested is a method and there are other methods as well. For example, what about the possibility of working with institutions to decentralize services? Alternatively, volunteer advocates could work with seniors, acting on their behalf with some of these service providers. Ultimately, buying vans might be the best method, but it is clearly a method and not a problem or a client need. Be very cautious about this. If you find yourself using “lack of” statements in the problem section, you are probably saying “lack of a method.” This starts you on a circular reasoning track that will ruin the planning process.

III. PROGRAM GOALS AND OBJECTIVES

A well-prepared proposal has continuity—a logical flow from one section to another. Your Introduction can establish the context for your Problem Statement. Similarly, the Problem Statement will prepare the funding source for your logical Goals and Objectives.

Goals are broad statements such as: Develop additional resources to provide AIDS information to bilingual populations; Reduce underemployment rates among adults; Increase availability of resources to address the problems of adolescent pregnancies; Create an environment in which folk art is fully appreciated; or Enhance self-images of senior adults. These types of statements cannot be measured as they are stated. They offer the reader an understanding of the general thrust of a program. They are not the same as Objectives.

Objectives are specific, measurable outcomes of your program. Objectives are your promised improvements in the situation you described in the Problem Statement. When you think of Objectives this way, it should be clear in most proposals what your Objectives should look like. For example, if the problem was that certain children in your school read at least three grade levels below the norm for their age, then an objective would be that a certain number of those children would read significantly better when you had concluded your program. They would read better than their classmates who had also been reading poorly, but who did not have the benefit of your intervention. These “outcome” Objectives should state who is to change, what behaviors are to change, in what direction the changes will occur, how much change will occur, and by what time the change will occur.

Another example of a measurable objective would be:

“Within 30 days of completion of the JTPA Classroom Training Program, 75% of the 80 participating welfare recipients will have secured unsubsidized employment at a minimum of \$5.25 per hour, and will maintain those positions for a minimum of 90 days.”

The Importance of Distinguishing Between Methods and Objectives

Many, if not most, proposals state that the purpose of the program is to establish a program or provide a service. This is consistent with most thinking in the nonprofit sector, which sees the nonprofit organization as a “service provider.” This results in Objectives that read like this:

“The objective of this project is to provide counseling and guidance services to delinquent youth between the ages of 8 and 14 in the blank community.”

The difficulty with this kind of objective is that it says



nothing about outcome. It says nothing about the change in a situation that was described in the Problem. That is, unless the Problem Statement (perish the thought) said that the problem was “a lack of counseling.” Presumably the Problem Statement said something about youth being arrested, going to jail, dropping out of school, or whatever.

Objectives should be specific, estimating the amount of benefit to be expected from a program. Some applicants, trying to be as specific as they can, pick a number out of the air. For example, an agency might say that their objective was to “decrease unemployment among adults in the XYZ community by 10% within a certain time period.” The question you need to ask is: where did that figure come from? Usually it is made up because it sounds good. It sounds like a real achievement. But it should be made of something more substantial than that. Perhaps no program has ever achieved that high a percentage. Perhaps similar programs have resulted in a range of achievement of from 2-6% decrease in unemployment. In that case, 5% would be very good and 6% would be as good as ever has been done. Ten percent is just plain unrealistic. And it leads one to expect that you don’t really know the field very well. Just remember that Objectives should be realistic and attainable. Decide whether the 10% figure is attainable. If not, then it is a poor objective because you cannot achieve it.

If you are having difficulty in defining your Objectives, try projecting your agency a year or two into the future. What differences would you hope to see between then and now? What changes would have occurred? These changed dimensions may be the Objectives of your program.

A Note About Process Objectives

You may be used to seeing Objectives that read like this:

“The objective of this training program is to offer classes in automotive repair three times each week, for a period of 36 weeks, to a group of 40 unemployed individuals”, or

“The objective of this program is to provide twice-weekly counseling sessions, for a period of 18 weeks, to no less than 50 parents who have been reported to Child and Protective Services for child abuse.”

These are Process Objectives, and belong in the Methods section of your proposal. They tell what you will do, and do not address the outcome or benefit of what you will do. It is critically important to distinguish between these process Objectives and true outcome Objectives. If you do not do so, you will end up knowing only what has occurred during your program, and will not have dealt with the changes attributed to your program. Remember, you have proposed your program in order to make some change in the world, not to add one more service to a world already overcrowded with services and service providers.

Process Objectives may be very useful, but should only appear in the Methods section of your proposal, so they are not confused with the results of your proposed program.

IV. METHODS

You have now told the reviewer who you are, the problems you intend to work with, and your Objectives (which promise a solution to or reduction of the problems). Now you are going to describe the Methods you will use to accomplish your Objectives.

The Methods component of your proposal should describe, in some detail, the activities that will take place in order to achieve the desired results. It is the part of the proposal where the reader should be able to gain a picture in his/her mind of exactly how things work, what your facility looks like, how staff are deployed, how clients are dealt with, what the exhibits look like, how the community center recruits and assigns volunteers, or how the questionnaires will be administered and results interpreted.

There are two basic issues to be dealt with in the Methodology section. What combination of activities and strategy have you selected to employ to bring about the desired results? And why have you selected this particular approach, of all the possible approaches you could have employed?

Justifying your approach requires that you know a good deal about other programs of a similar nature. Who is working on the problem in your community or elsewhere? What Methods have been tried in the past and are being tried now and with what results? In other words, you need to substantiate your choice of Methods.

The consideration of alternatives is an important aspect of describing your methodology. Showing that you are familiar enough with your field to be aware of different program models and showing your reasons for selecting the model you have gives a funding source a feeling of security and adds greatly to your credibility. Obviously then, building credibility only starts in your Introduction, and can be enhanced as you demonstrate that you are knowledgeable throughout your proposal.

Your methodology section should describe who is doing what to whom, and why it is being done that way. Your approach should appear realistic to the reviewer, and not suggest that so much will be performed by so few that the program appears unworkable. A realistic and justified program will be impressive. An unrealistic program will not win you points for good intentions.

V. EVALUATION

Evaluation of your program can serve two purposes. Your program can be evaluated in order to determine how effective it is in reaching its stated Objectives. This concept of Evaluation is aimed at measuring results of your program [outcome Evaluation].

Evaluation can also be used as a tool to provide information necessary to make appropriate changes and adjustments in your program as it proceeds. This concept is



focused on the way your program has been conducted [process Evaluation].

Measurable Objectives set the stage for effective outcome Evaluation. If you have difficulty in determining what criteria to use in evaluating your program, better take another look at your Objectives. They probably aren't very specific.

Subjective and Objective Evaluations

Many Evaluation plans are subjective in nature. Subjective Evaluations tell you how people feel about a program, but seldom deal with the concrete results of a program. For example, the Evaluation of an educational program that surveyed students, parents, teachers and administrators of the program would be eliciting attitudes about the program. It would not speak to the tangible improvement in performance attributed to the program.

Subjectivity also allows the introduction of our own biases into an Evaluation. This could easily happen if you evaluate your own programs, especially if you feel that continued funding depends on producing what looks like good results.

One way of obtaining a more objective Evaluation, and sometimes a more professionally prepared Evaluation, is to look to an outside organization to conduct an Evaluation for you. Sometimes it is possible to get an outside organization to develop an Evaluation design that can be submitted to a funding source as part of your proposal. This not only can suggest a more objective Evaluation, but can also add to the credibility of your proposal, since you have added the credibility of the evaluating institution.

It is essential to build an Evaluation plan into your proposal and be prepared to implement your Evaluation at the same time that you start your program. If you want to determine change along some dimension, then you have got to show where your clients have come from. It is very difficult to start an Evaluation at or near the conclusion of the program, for at that time you may not know the characteristics of your clients at the time of their entry into your program.

VI. FUTURE AND OTHER NECESSARY FUNDING

No grantmaker wants to adopt you. Funding sources want to know how you will continue your program when their grant runs out. If you are requesting funds to start a new program, or to expand an existing program, then how will you maintain it after the grant funds have been spent?

A promise to continue looking for alternative sources of support is not sufficient. You should present a plan that will assure the funding source, to the greatest extent possible, that you will be able to maintain this new program after their grant has been completed. Indeed, if you are having difficulty keeping your current operations supported, you will probably have more difficulty in maintaining a level of operation which includes additional programs. The funding source may

be doing you no favor by supporting a new project and putting you in the position of having to raise even more money next year than you do now.

At this point in your planning you may realize that there is little likelihood of any other sources of support one or two years hence. This ought to bring you to a decision-making point—whether you should even try to implement a new program at this time in your agency's history.

What would constitute a satisfying response in this proposal component? Could you get a local institution or governmental agency to agree to continue to support your program, should it demonstrate the desired results? Can you get such a commitment in writing? Can you generate funds through the project itself—such as fees for services that will build up over a year or two, subscriptions to publications, etc.? Are there third parties available to provide reimbursement for services? Are you expanding your non-grant fundraising activities? The best plan for Future Funding is the plan that does not require continued grant support.

Other Necessary Funding

Other necessary funding refers to what are sometimes called "non-recurring grants." That is, one-time only requests. This could be a request for a vehicle to transport your clientele, or the purchase of a piece of medical equipment for your hospital. While these are not program grants, the funds you request are not all you will need either to utilize the vehicle, or to operate the medical device. For the vehicle to be used, you must cover the costs of a driver, insurance, gas, and maintenance. Similarly, the medical equipment must be operated by trained personnel. The funding source will want to know if you are aware of what you need beyond the purchase requested in your grant, and have the funds needed to cover these costs. They surely will not want to fund a bus that will sit in your garage for a year.

VII. BUDGET

Funding source requirements for Budgets vary, with foundations requiring less extensive Budgets than government funding sources. The following Budget design should satisfy most funding sources that allow you to design your own Budget and, with minor changes that the sources will tell you about, can be adapted to fit most government agency requirements. This recommended Budget contains three sections: The first is Personnel, the second is Non-Personnel, and the third is Indirect Costs.

When planning your Budget, it is wise to look closely at your Goals and Objectives to determine the level of activity in the program, and at your Methods section to review the specific plan you have proposed. For example, a Volunteer Senior Peer Counseling program would, one hopes, be less costly to operate than a Senior Peer Counseling program involving paid staff. Budgets should be built from the ground



up—that is, based upon your Goals and Objectives and the methodology you have proposed. In the context of your program you can begin to itemize such things as the staffing called for, the facilities needed, the equipment required, the supplies necessary, travel costs to be paid, and the range of costs for which your agency must be reimbursed, i.e. time of the CEO, bonding of employees, fundraising, use of space, payroll services, in-service training offered, etc.

It is important to go through this exercise in developing a Budget. Without it, there is a risk of developing unrealistic or impractical requests, where program and Budget are unrelated.

This is how we suggest you structure your Budget:

I. PERSONNEL

A. Salaries & Wages

In this section you can list all full- and part-time staff in the proposed program. We suggest a format which includes the following information:

# of persons per title	Title	Full monthly salary	% of time employed in grant	# of months during grant period	Amount requested	Amount donated or volunteered	Total
------------------------	-------	---------------------	-----------------------------	---------------------------------	------------------	-------------------------------	-------

How does this look on a completed line item of a Budget? If you are employing a Project Coordinator at a salary of \$2,000 per month, working full time (100%) for the entire grant period (12 months) and are asking the funding source to provide the full amount of this salary, then it looks like this:

				Req.	Donated	Total
1	Proj. Coord.	@ \$2000	100% time x 12 mos.	\$24,000	-0-	\$24,000

You can list all of your staff in the same way. If any of your staff are being paid out of another source of funds (for example, a staff person assigned to your project by a County agency), then you total up their salary and put it in the "donated" column (also referred to as in-kind, local share, or applicant share). Like this:

				Req.	Donated	Total
2	Soc Wkrs	@ \$1500/ea.	50% time x 12 mos.	-0-	\$18,000	\$18,000

This means that you will have two half-time Social Workers on your staff for the full year and their salaries are being paid by somebody other than the funding source. You take their full-time salary in the Budget (\$1,500/mo.) and halve it (\$750) as they are only working 50% time; multiply the \$750 by the 12 months they will be working (giving you \$9,000) and multiply by 2 (the number of people employed in this capacity). This gives you a total of \$18,000 of donated Social Worker services in this project.

What does the \$2,000 per month figure for the salary of the Project Coordinator represent? It may represent the actual salary paid the Project Coordinator, but not necessarily. If this is a new project, and if your organization has a typical five-step salary schedule for job classifications, the monthly salary range for the Project Coordinator may look like this:

Step A	Step B	Step C	Step D	Step E
\$1,500	\$1,750	\$2,000	\$2,250	\$2,500

If you have developed a salary schedule like this for each position, then you should request the mid-point (\$2,000) unless you know in advance who will fill that position. In that case, list the actual salary anticipated. If not, the mid-point of the salary schedule allows you to hire someone currently making \$1,300/mo., who would welcome the increase even to Step A. You have the flexibility to hire at any point along the range with the assumption that all staff salaries will average out toward the middle of the salary range. (This works if there are a number of positions in your project, not just one or two.)

How do you determine what the salary range for a Project Coordinator ought to be? The federal government prefers that salaries be comparable to the prevailing practices in similar agencies in your community. To justify the salaries you build into your Budget you should obtain information from other local agencies regarding the salaries of persons with job descriptions, qualifications and responsibilities similar to those of the jobs in your agency. You might go to the local city and/or county government, the school district, or United Way. By comparing the jobs in your agency with the jobs at other local agencies, you plan a salary for each position, and you keep the "comparability data" on hand, should you be asked by the funding source to justify your staff salaries.

Another final item to be included in your Budget for most public agency applications is the matching support being contributed by your organization, or the donated services. They can either be personnel contributed by you (the applicant organization), or by a third party (another participating agency, a corporation giving you a loaned executive, students, etc.). In many cases this will involve the use of volunteers. You should place a value on the service being performed by that volunteer, e.g., plumber, attorney, carpenter, receptionist, etc. That value is based upon the function being performed by the volunteer, not on the professional background or education of the volunteer. A physician volunteering time at a community center where he/she helps out in "painting" the facility is shown at the hourly wage paid painters, not physicians.

Governmental grantmakers sometimes require financial participation on the part of an applicant, i.e., 10% or 25% match. You may be able to make this contribution in cash or in-kind. For example, if you are going to pay the salary of a staff member, that is "cash". If you are using volunteers, or receive an executive on loan from a local corporation, that is "in-kind."



If you promise volunteers in your program, you are required to deliver the promised volunteer services, just as if the funding source was actually paying their salary. You will be asked to document the work they perform and to keep records of their time. Records may be audited in the case of a government grant. Always be able to document 5-10% more than the required percentage match just in the event that you are audited and some of your volunteer time is disallowed.

Why is it important to develop a match (applicant share) and show the total costs of a project when some of the money or services are not being provided by the funding source? There are several reasons. First, the government funding source wants to know that there is a commitment on the part of your agency—a commitment beyond just conducting a program. It helps for them to know there is some likelihood that you have resources with which to continue the program after funding has ceased. It also provides some clarity as to the “exact” cost in delivering a service. If the program were to be replicated elsewhere, and donated services were not available, it tells the funding source what the total cost would be. Finally, when you have local resources (volunteers, cash, staff, equipment, etc.), it reduces the amount of money required of the grantor, thereby allowing additional projects to be funded in other locations.

B. Fringe Benefits

In this section you list the fringe benefits your employees will be receiving, and the dollar cost of these benefits. Some fringe benefits are mandatory, but they vary from state to state, so you will have to determine what they are for your agency in your state. Mandatory fringe benefits may include State Disability Insurance, State Unemployment, FICA, etc. They are usually based on percentages of salaries. For example, FICA is currently 7.51% of the first \$45,000 of each person’s salary. Therefore, an entry for FICA on your Budget might look like this:

	Req.	Donated	Total
FICA @ 7.51% of \$90,000	\$6,759	-0-	\$6,759

\$90,000 would be the total of all your salaries, up to \$45,000 for any one person.

Some fringe benefits are calculated on a flat amount per month per staff member, and not on a percentage, e.g., health insurance. For example:

	Req.	Donated	Total
Health insurance @\$100/mo per staff member x 4 staff @12 mos.	\$4,800	-0-	\$4,800

As with your salary schedule, your fringe benefits should be comparable to the benefits offered in similar agencies in your community.

While you will need to calculate fringe benefits for your own information, in some grant applications you simply indicate the fringe benefit total as a percentage of salary.

C. Consultant and Contract Services

This is the third and final part of the Personnel section of your Budget. In this section you include paid and unpaid consultants (i.e. volunteers). You can differentiate between which items go here and which go in Salaries and Wages on the basis of the manner in which the individual or business normally operates. If a bookkeeping firm generally operates on a fee-for-service basis and is volunteering their services to your organization, that would fit best under Consultant and Contract Services. Essentially, be logical and if a Fed yells at you, change it. (Foundation persons never yell.) Entries might look like these:

	Req.	Donated	Total
Bookkeeping Services @\$200/mo. x 12 mos.	-0-	\$2,400	\$2,400
Contracted Fundraising Svcs. @\$400/day x 10 days	\$4,000	-0-	\$4,000
Trainer @\$250/day x 8 days	\$2,000	-0-	\$2,000

II. NON-PERSONNEL

A. Space Costs

In this section you list all of the facilities you will be using, both those on which you pay rent and those which are being donated for your use. Rent you pay, or the valuation of donated facilities, should be comparable to prevailing rents in the geographic area in which you are located. In addition to actual rent, you should also include the cost of utilities, maintenance services and renovations, if they are absolutely essential to your program, insurance on the facility, telephones (number of instruments needed, installment cost, and monthly cost of instruments), and out-of-town facilities needed. Include these items in line item fashion like this:

	Req.	Donated	Total
Office Space of 900 sq. feet @\$1.25/foot/mo. / x 12 mos.	\$13,500	-0-	\$13,500
Facility insurance @\$600/year	-0-	\$600	\$600

B. Rental, Lease or Purchase of Equipment

Here you list all of the equipment, donated or to be purchased, that will be used in the proposed program. This includes office equipment, desks, duplicating machines, word processors, etc. Let discretion be your guide in this section. Try to obtain as much donated equipment as you can. It not only lowers the funding source cost, but it shows the funding source that other people are involved in trying to make the program happen. Be careful to read guidelines closely when working with government grant applications—especially as to their definition of “equipment” and restrictions which apply. For example, equipment is often defined as something costing more than \$500 per unit and/or having a lifetime of greater than one year. Additionally, there

may be prohibitions against purchasing equipment, and you may be encouraged to lease rather than purchase.

C. Supplies

This generally means "desk top" supplies such as paper clips, pens, paper, stationery, etc. A reasonable figure to use is \$125 per year for each of your staff. If you have any unusual needs for supplies—perhaps you are running an art education program, a sheltered workshop, or some classroom activity requiring a good deal of educational materials—then have a separate line item for such supplies. This component can also include publications, subscriptions, and postage.

D. Travel

All transportation related expenses are included here. Don't put in any big lump-sums which will require interpretation or raise a question by the funding source. Include staff travel, per diem rates approved by your agency and/or the state or federal agency you are applying to, ground transportation, taxi, reimbursement to staff for use of their automobiles, consultant travel costs, use of agency vans or automobiles (if this has not been included under equipment), etc. Examples include the following:

	Req.	Donated	Total
Four roundtrip air fares LA-NY for workshop on Creative Accounting @ \$500/each	\$2,000	-0-	\$2,000
Reimbursement for staff travel @ .20/mile x average of 400 miles/mo. x 12 mos.	\$960	-0-	\$960
Per Diem (NY) @ \$150/day x 8 days for 4 staff at Creative Accounting Workshop	\$1,200	-0-	\$1,200

Be sure that you use per diem (hotel and meals) rates which are consistent for the location. Attending a workshop in Weed, California will be considerably less expensive than New York City.

E. Other Costs

This is generally a catch-all category which includes items not reasonable to include elsewhere. For example:

1. Bonding of employees
2. Tuition for classes
3. Professional Association dues
4. Printing (unless you placed this under Consultant and Contract Services)

III. INDIRECT COSTS

The third component of your Budget is called Indirect Costs. The federal government defines indirect costs as "those costs of an institution which are not readily identifiable with a particular project or activity, but nevertheless are necessary to the general operation of the institution and the conduct of the activities it performs. The cost of operating and maintaining buildings and equipment, depreciation, administrative salaries, general telephone expenses, general travel and supplies expenses are types of expenses usually considered as indirect costs." While it is possible for all such costs to be charged directly—That is, to the line items listed above, this is often impractical, and you may group them into a common pool. The federal government

indicates that "An Indirect Cost Rate is simply a device for determining fairly and expeditiously...that proportion of an institution's general expenses each of its projects or activities should bear." An organization or institution can negotiate an Indirect Cost Rate (generally a percentage of Salaries and Wages or Total Direct Costs) with any federal agency from whom it has received funds. This is an important issue since many larger institutions find that every new project undertaken costs the institution money unless it is reimbursed for the indirect costs associated with operating the institution.

For further clarification of Indirect Cost Rates, contact the Federal Office's Regional Comptroller or your Program Officer or Contract Officer to find out exactly how to go about negotiating Indirect Cost Rates. Once you have such a rate, there may still be instances in which the funding source refuses to pay indirect cost rates or places a cap (a maximum) on the percentage of total direct costs they will pay. Nevertheless, this is an area which should be explored and understood.



SAMPLE BUDGET

	Req.	Donated	Total
I. PERSONNEL			
A. Salaries and Wages			
Project Coordinator @\$2,000/month @100% x 12 months	24,000	-0-	24,000
2 Social Workers @\$1,500/month each @50% time x 12 months	-0-	18,000	18,000
20 Volunteer Recreational Aides @50 hours each/year x 7.00/hour	-0-	7,000	7,000
B. Fringe Benefits			
20% of \$42,000	4,800	3,600	8,400
C. Consultant and Contract Services			
Bookkeeping Services @\$200/month x 12 months	-0-	2,400	2,400
Fundraising Services @\$400/day x 10 days	4,000	-0-	4,000
Trainer @\$250/day x 8 days	2,000	-0-	2,000
Annual Audit	2,000	2,000	4,000
II. NON-PERSONNEL			
A. Space			
900 square feet @\$1.25/square foot/month x 12 months	13,500	-0-	13,500
Telephones @\$200/month x 12 months	2,400	-0-	2,400
Utilities @\$300/month x 12 months	-0-	3,600	3,600
Facility Insurance @\$600/year	600	-0-	600
B. Rental, Lease, Purchase of Equipment			
Word processor/printer	2,000	-0-	2,000
12-passenger van @\$400/month x 10 months	4,000	-0-	4,000
3 desk/chair sets @\$250/each	750	-0-	750
C. Supplies			
Desk top supplies @\$125/year/staff x 3	375	-0-	375
Educational materials @\$50/month x 12 months	600	-0-	600
D. Travel			
4 roundtrip airfares LA-NY @\$500/each	2,000	-0-	2,000
Reimbursement for staff auto travel @\$.20/mile x average of 400 miles/month x 12 months	960	-0-	960
8 days per diem (NY) @\$150/day	1,200	-0-	1,200
E. Other Costs			
Conference Tuition (Creative Accounting) @\$200/each x 4 staff	800	-0-	800
Board Liability Insurance	600	-0-	600
III. INDIRECT COSTS			
15.3% of TADC (Total Allowable Direct Costs) as per att. negot. rate with Dept. of Labor, 1988	10,860	-0-	10,860
TOTAL PROJECT COST:	77,445	36,600	114,045



VIII. APPENDIX

Addenda to a foundation or corporate proposal should be limited. It is an imposition to suggest that a reviewer plod through many pages of additional material that you decided were important enough to include with your proposal. In the case of a government grant, however, the Appendix may be longer than the body of the proposal. It contains material which needs to be submitted to the funding source, but should not detract from the continuity and flow of the proposal by being included in the narrative. The rationale for any decision about what to include in the body of a proposal should be based on your answering the question, "Do I really want the funding source to read/scan the census runs, flow chart, or job descriptions while reading the proposal?" If the answer is "Yes," then definitely include the item at that juncture. If the answer is "No," then include the item in the Appendix and refer the reader to it.

Funding sources will usually stipulate the attachments they want you to include with your grant application. This will involve a variety of documents, many of which will be required routinely by other funding sources. It is a good idea for Development Officers, Program Planners, Grantwriters, or related personnel to maintain a file of materials which can be included in a proposal package. Such items ought to be accessible to you at all times.

Items which are routinely requested by many funding sources include the following:

1. An Audited Financial Statement

Funding sources generally require an "audited" financial statement. Many smaller organizations do not routinely have an audit conducted, or cannot afford an audit, and an "unaudited" financial statement is often developed by the agency's accountant or bookkeeper. It is important that applicants know whether the funding source will accept an "unaudited" financial statement. A telephone call to the program officer, foundation staff member, or related contact person at the offices of the funding source will provide you with the answer.

2. I.R.S. Determination Letter

This letter from the I.R.S. indicates that your organization is exempt from federal corporate income taxes. It contains important information regarding the basis for your exemption and the requirements associated with maintaining it. In some cases, individual states also grant such exemptions, and copies of both letters may be appropriate for submission.

3. Indication of Nonprofit Corporation Status

A copy of the receipt of nonprofit corporation status by

the state in which your organization was incorporated may be required by funding sources. In most instances, the favorable determination of tax exemption (above) will be sufficient in that it lists the name of the incorporated nonprofit organization.

4. Roster of Board of Directors

A document more and more requested by funding sources is a roster of board members by affiliation. Of concern is more than simply the names of your board members, but who they represent. By this is meant their job function—minister, doctor, banker, social worker, building contractor, etc. In the cases of retired individuals, indicate their former job or profession.

In situations where organizations have board members who are welfare recipients, housewives, unemployed persons, students, etc., select an area of interest or specialty for such individuals, and indicate that after their name. Don't just list a name without any affiliation.

5. Table of Organization

Another item which may be useful is a table of organization. This table should include the proposed staffing pattern for the project for which funds are being requested, and should also include the larger agency/department/section to whom the new project personnel report. With large organizations, it is not critical that each position be indicated, but units or departments should be shown. In many instances it is more important that the funding source understand how the major "functions" of the organization are carried out, and how boards, committees and staff interrelate. The only problem with these tables is that they too often present such a confusing picture that one wonders how the organization could ever work.

6. Organizational Budget

Some funding sources will require submission of an organizational Budget for the current or forthcoming program year. This organizational Budget differs from the Budget for the project itself, previously discussed. This allows the reviewer to put the grant request in a larger context.

7. Summary Chart of Key Activities

Most public grant applications will require that you submit some form of timeline for major milestones or activities. This can be done in a variety of formats—Gantt charts, PERT charts, flow charts, etc., and can be done by month, quarterly, or by time elapsed from the initiation of the project. Whatever format you use, it should be clear and easily understood by the funding source.

Other documents are often needed for inclusion as an attachment to a proposal:



8. Negotiated Indirect Cost Rate

A copy of your agency's negotiated indirect cost rate should be included in the Appendix when you are citing a "percentage" amount for indirect costs. This is required when submitting public agency applications where such costs are being charged.

Private foundations may also pay indirect cost rates, but be sure to review foundation guidelines closely in that some place a limit on the percentage they will pay. In some cases this percentage is only ten percent (10%) of total direct costs—considerably less than the negotiated percentage with the federal agency.

9. Letters of Support or Endorsement

Letters from elected officials, other organizations and individuals will need to be submitted as required by a funding source or on the basis of your organization's decision that such indicators of support would be a good idea.

In general, such letters should be addressed to your organization (Executive Director, Board Chairman, etc.) and sent to you for submission along with the proposal. Letters should not be sent under separate cover to the funding source because they may not get there in time or may not be filed appropriately with your proposal. More significantly, many funding sources simply will not accept documents submitted separately.

To aid in the process of securing letters of support, many grantwriters and development officers have developed a procedure designed to aid those individuals and organizations from whom you want such letters. Many elected officials and agency executives are continually asked for such letters of support, and will gladly provide them, but

it speeds up the process if they can see an example of the type of letter desired.

It is a good idea to draft letters of support and share them with potential signees. This will ensure that you do not receive a glowing endorsement for your program "to provide a shelter for homeless immigrant families" when you are actually seeking support for "establishing a source of food and shelter for migrating birds." Telephone discussions which summarize project ideas often do not get heard exactly as you think you've transmitted them.

If you plan to include "motherhood letters" along with your proposal, i.e. "As a mother in Centerville with six children, I have nothing but praise for the Headstart program and urge you to continue funding it," try to keep such endorsements to a minimum—no more than two such letters per proposal!

10. Resumes

Whenever possible, resumes/curriculum vitae of key staff should be updated periodically so that you are not submitting the exact resume which was placed in the agency's file ten years ago when the person was hired.

Also, it helps the ease of reading if different resumes are written in the same format, so when updating resumes you might consider developing a similar format for each. With the exclusion of academic and medical personnel, they need be no longer than 2-3 pages.

11. Job Descriptions

While in some instances it is important to create a capsule resume for inclusion in the body of the proposal, in most cases the description of positions ought to be an Appendix item.

This reprint is available from The Grantsmanship Center. For a free copy of The Grantsmanship Center's Whole Nonprofit Catalog, which includes a reprint price list and order form, as well as a current schedule of Grantsmanship Center Training Programs, write to: The Grantsmanship Center, Dept. DD, 650 S. Spring St., Suite 507, P.O. Box 6210, Los Angeles, CA 90014.