



How to Develop and Write a Grant Proposal

Merete F. Gerli

Information Research Specialist

January 11, 2012

Congressional Research Service

7-5700

www.crs.gov

RL32159

CRS Report for Congress

Prepared for Members and Committees of Congress

Summary

This report is intended for Members and staff assisting grant seekers in districts and states and covers writing proposals for both government and private foundations grants. In preparation for writing a proposal, the report first discusses preliminary information gathering and preparation, developing ideas for the proposal, gathering community support, identifying funding resources, and seeking preliminary review of the proposal and support of relevant administrative officials.

The second section of the report covers the actual writing of the proposal, from outlining of project goals, stating the purpose and objectives of the proposal, explaining the program methods to solve the stated problem, and how the results of the project will be evaluated, to long-term project planning, and, finally, developing the proposal budget.

The last section of the report provides a listing of free grants-writing websites, including guidelines from the Catalog of Federal Domestic Assistance and the Foundation Center's "Proposal Writing Short Course."

Related CRS reports are CRS Report RL34035, *Grants Work in a Congressional Office*, by Merete F. Gerli; CRS Report RL34012, *Resources for Grantseekers*, by Merete F. Gerli; and CRS Report RS21117, *Ethical Considerations in Assisting Constituents With Grant Requests Before Federal Agencies*, by Jack Maskell.

This report will be updated as needed.

Contents

Developing a Grant Proposal.....	1
Preparation.....	1
Developing Ideas for the Proposal.....	1
Community Support	2
Identifying Funding Resources.....	3
Getting Organized to Write the Proposal.....	4
Writing an Effective Grant Proposal.....	5
Overall Considerations	5
Basic Components of a Proposal	5
Cover Letter.....	6
Proposal Summary: Outline of Project Goals.....	6
Introduction: Presenting a Credible Applicant	7
Problem Statement or Needs Assessment.....	7
Project Objectives: Goals and Desired Outcome.....	8
Program Methods and Program Design: A Plan of Action.....	8
Evaluation: Product and Process Analysis.....	9
Future Funding	11
Budget Development and Requirements	11
Proposal Appendix.....	13
Additional Proposal Writing Websites.....	13

Contacts

Author Contact Information.....	14
---------------------------------	----

Developing a Grant Proposal

Preparation

A well-formed grant proposal is one that is carefully prepared, thoughtfully planned, and concisely packaged. The potential applicant generally seeks first to become familiar with all of the pertinent program criteria of the funding institution. Before developing a proposal, the potential applicant may refer to the information contact listed in the agency or foundation program description to learn whether funding is available, when applicable deadlines occur, and the process used by the grantor agency or private foundation for accepting applications.

Grant seekers should know that the basic requirements, application forms, information, and procedures vary among grant-making agencies and foundations. Federal agencies and large foundations may have formal application packets, strict guidelines, and fixed deadlines with which applicants must comply, while smaller foundations may operate more informally and even provide assistance to inexperienced grantseekers. However, the steps outlined in this report generally apply to any grant-seeking effort.

Individuals without prior grant proposal writing experience may find it useful to attend a grantsmanship class or workshop. Applicants interested in locating workshops or consulting more resources on grantsmanship and proposal development should consult the Internet sites listed at the end of this report and explore other resources in their local libraries.

Local governments may obtain grant writing assistance from a state's office of Council of Governments (CSG) or Regional Council. The primary mission of CSG is to promote and strengthen state government in the federal system by providing staff services to organizations of state officials. Grassroots or small faith-based nonprofit organizations can seek the help and advice of larger, more seasoned nonprofit organizations or foundations in their state.

Developing Ideas for the Proposal

The first step in proposal planning is the development of a clear, concise description of the proposed project. To develop a convincing proposal for project funding, the project must fit into the philosophy and mission of the grant-seeking organization or agency; and the need that the proposal is addressing must be well documented and well articulated. Typically, funding agencies or foundations will want to know that a proposed activity or project reinforces the overall mission of an organization or grant seeker, and that the project is necessary. To make a compelling case, the following should be included in the proposal:

- Nature of the project, its goals, needs, and anticipated outcomes;
- How the project will be conducted;
- Timetable for completion;
- How best to evaluate the results (performance measures);

- Staffing needs, including use of existing staff and new hires or volunteers; and
- Preliminary budget, covering expenses and financial requirements, to determine what funding levels to seek.

When developing an idea for a proposal, it is also important to determine if the idea has already been considered in the applicant's locality or state. A thorough check should be made with state legislators, local government, and related public and private agencies which may currently have grant awards or contracts to do similar work. If a similar program already exists, the applicant may need to reconsider submitting the proposed project, particularly if duplication of effort is perceived. However, if significant differences or improvements in the proposed project's goals can be clearly established, it may be worthwhile to pursue federal or private foundation assistance.

Community Support

For many proposals, community support is essential. Once a proposal summary is developed, an applicant may look for individuals or groups representing academic, political, professional, and lay organizations which may be willing to support the proposal in writing. The type and caliber of community support is critical in the initial and subsequent review phases. Numerous letters of support can influence the administering agency or foundation. An applicant may elicit support from local government agencies and public officials. Letters of endorsement detailing exact areas of project sanction and financial or in-kind commitment are often requested as part of a proposal to a federal agency. Several months may be required to develop letters of endorsement, since something of value (e.g., buildings, staff, services) is sometimes negotiated between the parties involved. Note that letters from Members of Congress may be requested once a proposal has been fully developed and is ready for submission.

While money is the primary concern of most grantseekers, thought should be given to the kinds of nonmonetary contributions that may be available. In many instances, academic institutions, corporations, and other nonprofit groups in the community may be willing to contribute technical and professional assistance, equipment, or space to a worthy project. Not only can such contributions reduce the amount of money being sought, but evidence of such local support is often viewed favorably by most grant-making agencies or foundations.

Many agencies require, in writing, affiliation agreements (a mutual agreement to share services between agencies) and building space commitments prior to either grant approval or award. Two useful methods of generating community support may be to form a citizen advisory committee or to hold meetings with community leaders who would be concerned with the subject matter of the proposal. The forum may include the following:

- Discussion of the merits of the proposal;
- Development of a strategy to create proposal support from a large number of community groups, institutions, and organizations; and
- Generation of data in support of the proposal.

Identifying Funding Resources

Once the project has been specifically defined, the grant seeker needs to research appropriate funding sources. Both the applicant and the grantor agency or foundation should have the same interests, intentions, and needs if a proposal is to be considered an acceptable candidate for funding. It is generally not productive to send out proposals indiscriminately in the hope of attracting funding. Grant-making agencies and foundations whose interest and intentions are consistent with those of the applicant are the most likely to provide support. An applicant may cast a wide, but targeted, net. Many projects may only be accomplished with funds coming from a combination of sources, among them federal, state, or local programs and grants from private or corporate foundations.

The best funding resources are now largely on the Internet. Key sources for funding information include the federal government's *Catalog of Federal Domestic Assistance* (CFDA), <http://www.cfda.gov>, and the Foundation Center, <http://www.foundationcenter.org>, the clearinghouse of private and corporate foundation funding. For a summary of federal programs and sources, see CRS Report RL34012, *Resources for Grantseekers*, by Merete F. Gerli, and other CRS reports on topics such as community or social services block grants to states, rural development assistance, federal allocations for homeland security, and other funding areas.

A review of the government or private foundation's program descriptions' objectives and uses, as well as any use restrictions, can clarify which programs might provide funding for a project. When reviewing individual CFDA program descriptions, applicants may also target the related programs as potential resources. Also, the kinds of projects the agency or foundation funded in the past may be helpful in fashioning your grant proposal. Program listings in the CFDA or foundation information will often include examples of past funded projects.

Many federal grants do not go directly to the final beneficiary, but are awarded through "block" or "formula" grants to state or local agencies which, in turn, distribute the funds. For more information, see CRS Report R40486, *Block Grants: Perspectives and Controversies*, by Robert Jay Dilger and Eugene Boyd; and CRS Report R40638, *Federal Grants-In-Aid: An Historical Perspective on Contemporary Issues*, by Robert Jay Dilger.

There are many types of foundations: national, family, community, corporate, etc. For district or community projects, as a general rule, it is a good idea to look for funding sources close to home, which are frequently most concerned with solving local problems. Corporations, for example, tend to support projects in areas where they have offices or plants. Most foundations only provide grants to nonprofit organizations (those registered by the Internal Revenue Service as having 501(c) tax-exempt status), though the Foundation Center publishes information about foundation grants to individuals.

Once a potential grantor agency or foundation is identified, an applicant may contact it and ask for a grant application kit or information. Federal agencies may refer applicants to the website Grants.gov. Later, the grant seeker may ask some of the grantor agency or foundation personnel for suggestions, criticisms, and advice about the proposed project. In many cases, the more agency or foundation personnel know about the proposal, the better the chance of support and of an eventual favorable decision.

Federal agencies are required to report funding information as funds are approved, increased, or decreased among projects within a given state depending on the type of required reporting. Also, grant seekers may consider reviewing the federal budget for the current and future fiscal years to determine proposed dollar amounts for particular budget functions.

The grant seeker should carefully study the eligibility requirements for each government or foundation program under consideration (see, for example, the Applicant Eligibility and Rules and Regulations sections of the CFDA program description). Federal department and agency websites generally include additional information about their programs. CFDA program descriptions and websites include information contacts. Applicants should direct questions and seek clarification about requirements and deadlines from the contacts. The applicant may learn that he or she is required to provide services otherwise unintended such as a service to particular client groups, or involvement of specific institutions. It may necessitate the modification of the original concept in order for the project to be eligible for funding. Questions about eligibility should be discussed with the appropriate program officer.

For federal grants, funding opportunities notices appear on websites such as Grants.gov at <http://www.grants.gov> or FedConnect at <https://www.fedconnect.net>. Applicants can search and sign up for email notification of funding opportunities, and download applications packages. To submit applications, registration is required. The grantseeker must also obtain Dun and Bradstreet (DUNS) and register with Central Contractor Registration (CCR): Grants.gov provides instructions and links. Deadlines for submitting applications are often not negotiable, though some federal programs do have open application dates (refer to the CFDA program description). For private foundation funding opportunities, grant seekers should contact foundations or check the Foundation Center's website for daily postings of Requests for Proposals (RFPs) at <http://foundationcenter.org/findfunders/fundingsources/rfp.html>. Specified deadlines are usually associated with strict timetables for agency or foundation review. Some programs have more than one application deadline during the fiscal or calendar year. Applicants should plan proposal development around the established deadlines.

Getting Organized to Write the Proposal

The grant seeker, after narrowing the field of potential funders, may want to approach the most likely prospects to confirm that they might indeed be interested in the project. Many federal agencies and foundations are willing to provide an assessment of a preliminary one- or two-page concept paper before a formal proposal is prepared. The concept paper should give a brief description of the needs to be addressed, who is to carry out the project, what is to be accomplished, by what means, how long it will take, how the accomplishments will be measured, plans for the future, how much it will cost, and the ways this proposal relates to the mission of the funding source.

Developing a concept paper is excellent preparation for writing the final proposal. The grant seeker should try to see the project or activity from the viewpoint of the grant-making agency or foundation. Like the proposal, the concept paper should be brief, clear, and informative. It is important to understand that from the funder's vantage point, the grant is not seen as the end of the process, but only as the midpoint. The funder will want to know what will happen to the project once the grant ends. For example, will it be self-supporting or will it be used as a demonstration to apply for further funding? Will it need ongoing support, for how long, and what are the anticipated outcomes?

If the funding source expresses interest in the concept paper, the grant seeker can ask for suggestions, criticism, and guidance, before writing the final proposal.

Feedback and dialog are essential elements to a successful funding proposal.

Throughout the proposal writing stage, an applicant may want to keep notes on ideas and related materials for review. The gathering of documents such as articles of incorporation, tax exemption certificates, and bylaws should be completed, if possible, before the writing begins.

At the end of this report, useful websites cover proposal writing, give sample grant proposals (including a template for writing a proposal), and link to federal program information and grants management circulars.

Writing an Effective Grant Proposal

Overall Considerations

An effective grant proposal has to make a compelling case. Not only must the idea be a good one, but so must the presentation. Things to be considered include the following:

- All of the requirements of the funding source must be met: prescribed format, necessary inclusions, deadlines, etc.
- The proposal should have a clear, descriptive title.
- The proposal should be a cohesive whole, building logically, with one section leading to another; this is an especially important consideration when several people have been involved in its preparation.
- Language should be clear and concise, devoid of jargon; explanations should be offered for acronyms and terms which may be unfamiliar to someone outside the field.
- Each of the parts of the proposal should provide as brief but informative a narrative as possible, with supporting data relegated to an appendix.

At various stages in the proposal writing process, the proposal should be reviewed by a number of interested and disinterested parties. Each time it has been critiqued, it may be necessary to rethink the project and its presentation. While such revision is necessary to clarify the proposal, one of the dangers is that the original excitement of those making the proposal sometimes gets written out. Somehow, this must be conveyed in the final proposal. Applicants are advised: make it interesting!

Basic Components of a Proposal

The basic sections of a standard grant proposal include the following:

1. Cover letter
2. Proposal summary or abstract

3. Introduction describing the grant seeker or organization
4. Problem statement (or needs assessment)
5. Project objectives
6. Project methods or design
7. Project evaluation
8. Future funding
9. Project budget

Cover Letter

The one-page cover letter should be written on the applicant's letterhead and should be signed by the organization's highest official. It should be addressed to the individual at the funding source with whom the organization has dealt, and should refer to earlier discussions. While giving a brief outline of the needs addressed in the proposal, the cover letter should demonstrate a familiarity with the mission of the grantmaking agency or foundation and emphasize the ways in which this project contributes to these goals.

Proposal Summary: Outline of Project Goals

The grant proposal summary outlines the proposed project and should appear at the beginning of the proposal. It could be in the form of a cover letter or a separate page, but should definitely be brief—no longer than two or three paragraphs.

The summary should be prepared after the grant proposal has been developed in order to encompass all the key points necessary to communicate the objectives of the project. It is this document that becomes the cornerstone of the proposal, and the initial impression it gives will be critical to the success of the venture. In many cases, the summary will be the first part of the proposal package seen by agency or foundation officials and very possibly could be the only part of the package that is carefully reviewed before the decision is made to consider the project any further. When letters of support are written, the summary may be used as justification for the project.

The summary should include a description of the applicant, a definition of the problem to be solved, a statement of the objectives to be achieved, an outline of the activities and procedures to be used to accomplish those objectives, a description of the evaluation design, plans for the project at the end of the grants, and a statement of what it will cost the funding agency. It may also identify other funding sources or entities participating in the project.

For federal funding, the applicant should develop a project which can be supported in view of the local need. Alternatives, in the absence of federal support, should be pointed out. The influence of the project both during and after the project period should be explained. The consequences of the project as a result of funding should be highlighted, for example, statistical projections of how many people might benefit from the project's accomplishments.

Introduction: Presenting a Credible Applicant

In the introduction, applicants describe their organization and demonstrate that they are qualified to carry out the proposed project—they establish their credibility and make the point that they are a good investment, in no more than a page. Statements made here should be carefully tailored, pointing out that the overall goals and purposes of the applicant are consistent with those of the funding source. This section should provide the following:

- A brief history of the organization, its past and present operations, its goals and mission, its significant accomplishments, any success stories.
- Reference should be made to grants, endorsements, and press coverage the organization has already received (with supporting documentation included in the appendix).
- Qualifications of its professional staff, and a list of its board of directors.
- Indicate whether funds for other parts of the project are being sought elsewhere; such evidence will strengthen the proposal, demonstrating to the reviewing officer that all avenues of support have been thoroughly explored.
- An individual applicant should include a succinct resume relating to the objectives of the proposal (what makes the applicant eligible to undertake the work or project?).

Problem Statement or Needs Assessment

This section lays out the reason for the proposal. It should make a clear, concise, and well-supported statement of the problem to be addressed, from the beneficiaries' viewpoint, in no more than two pages.

The best way to collect information about the problem is to conduct and document both a formal and informal needs assessment for a program in the target or service area. The information provided should be both factual and directly related to the problem addressed by the proposal. Areas to document are as follows:

- Purpose for developing the proposal.
- Beneficiaries—who are they and how will they benefit.
- Social and economic costs to be affected.
- Nature of the problem (provide as much hard evidence as possible).
- How the applicant or organization came to realize the problem exists, and what is currently being done about the problem.
- Stress what gaps exist in addressing the problem that will be addressed by the proposal.
- Remaining alternatives available when funding has been exhausted. Explain what will happen to the project and the impending implications.
- Most important, the specific manner through which problems might be solved. Review the resources needed, considering how they will be used and to what end.

One of the pitfalls to be avoided is defining the problem as a lack of program or facility (i.e., giving one of the possible solutions to a problem as the problem itself). For example, the lack of a medical center in an economically depressed area is not the problem—the problem is that poor people in the area have health needs that are not currently being addressed. The problem described should be of reasonable dimensions, with the targeted population and geographic area clearly defined. It should include a retrospective view of the situation, describing past efforts to ameliorate it, and making projections for the future. The problem statement, developed with input from the beneficiaries, must be supported by statistics and statements from authorities in the fields. The case must be made that the applicant, because of its history, demonstrable skills, and past accomplishments, is the right organization to solve the problem.

There is a considerable body of literature on the exact assessment techniques to be used. Any local, regional, or state government planning office, or local university offering course work in planning and evaluation techniques should be able to provide excellent background references. Types of data that may be collected include historical, geographic, quantitative, factual, statistical, and philosophical information, as well as studies completed by colleges, and literature searches from public or university libraries. Local colleges or universities which have a department or section related to the proposal topic may help determine if there is interest in developing a student or faculty project to conduct a needs assessment. It may be helpful to include examples of the findings for highlighting in the proposal.

Project Objectives: Goals and Desired Outcome

Once the needs have been described, proposed solutions have to be outlined, wherever possible in quantitative terms. The population to be served, time frame of the project, and specific anticipated outcomes must be defined. The figures used should be verifiable. If the proposal is funded, the stated objectives will probably be used to evaluate program progress, so they should be realistic. There is literature available to help identify and write program objectives.

It is important not to confuse objectives with methods or strategies toward those ends. For example, the objective should not be stated as “building a prenatal clinic in Adams County,” but as “reducing the infant mortality rate in Adams County to X percent by a specific date.” The concurrent strategy or method of accomplishing the stated objective may include the establishment of mobile clinics that bring services to the community.

Program Methods and Program Design: A Plan of Action

The program design refers to how the project is expected to work and solve the stated problem. Just as the statement of objectives builds upon the problem statement, the description of methods or strategies builds upon the statement of objectives. For each objective, a specific plan of action should be laid out. It should delineate a sequence of justifiable activities, indicating the proposed staffing and timetable for each task. This section should be carefully reviewed to make sure that what is being proposed is realistic in terms of the applicant’s resources and time frame. Outline the following:

1. The activities to occur along with the related resources and staff needed to operate the project (“inputs”).

2. A flow chart of the organizational features of the project: describe how the parts interrelate, where personnel will be needed, and what they are expected to do. Identify the kinds of facilities, transportation, and support services required (“throughputs”).
3. Explain what will be achieved through 1 and 2 above (“outputs”), that is, plan for measurable results. Project staff may be required to produce evidence of program performance through an examination of stated objectives during either a site visit by the grantor agency or foundation, and/or grant reviews which may involve peer review committees.
4. It may be useful to devise a diagram of the program design. Such a procedure will help to conceptualize both the scope and detail of the project.

Example:

Draw a three-column block. Each column is headed by one of the parts (inputs, throughputs, and outputs), and on the left (next to the first column) specific program features should be identified (i.e., implementation, staffing, procurement, and systems development). In the grid, specify something about the program design, for example, assume the first column is labeled inputs and the first row is labeled staff. On the grid one might specify under inputs five nurses to operate a child care unit. The throughput might be to maintain charts, counsel the children, and set up a daily routine; outputs might be to discharge 25 healthy children per week.

5. Carefully consider the pressures of the proposed implementation, that is, the time and money needed to undertake each part of the plan. Wherever possible, justify in the narrative the course of action taken. The most economical method should be used that does not compromise or sacrifice project quality. The financial expenses associated with performance of the project will later become points of negotiation with the government or foundation program staff. If everything is not carefully justified in writing in the proposal, after negotiation with the grantor agencies or foundations, the approved project may resemble less of the original concept.

A Program Evaluation and Review Technique (PERT) chart could be useful and supportive in justifying some proposals. Larger projects can easily be laid out using commercial off-the-shelf project or grants management software. The software allows the project manager to construct a PERT chart that provides a graphical representation of all tasks in the project and the way tasks are related to each other. Such project manager software provides a variety of report formats that can be used to track project progress. The PERT chart and other related reports can be maintained on a network of computers so that all project participants can access the latest project information.

6. Highlight the innovative features of the proposal which could be considered distinct from other proposals under consideration.
7. Whenever possible, use appendixes to provide details, supplementary data, references, and information requiring in-depth analysis. These types of data, although supportive of the proposal, if included in the body of the proposal, could detract from its readability. Appendixes provide the proposal reader with immediate access to details if and when clarification of an idea, sequence, or conclusion is required. Time tables, work plans, schedules, activities, methodologies, legal papers, personal vitae, letters of support, and endorsements are examples of appendixes.

Evaluation: Product and Process Analysis

An evaluation plan should be a consideration at every stage of the proposal’s development. Data collected for the problem statement form a comparative basis for determining whether measurable

objectives are indeed being met, and whether proposed methods are accomplishing these ends; or whether different parts of the plan need to be fine-tuned to be made more effective and efficient.

Among the considerations will be whether evaluation will be done by the organization itself or by outside experts. The organizations will have to decide whether outside experts have the standing in the field and the degree of objectivity that would justify the added expense, or whether the job could be done with sufficient expertise by its own staff, without taking too much time away from the project itself.

Methods of measurement, whether standardized tests, interviews, questionnaires, observation, etc., will depend upon the nature and scope of the project. Procedures and schedules for gathering, analyzing, and reporting data will need to be spelled out.

The evaluation component is two-fold: (1) product evaluation and (2) process evaluation. “Product evaluation” addresses results that can be attributed to the project, as well as the extent to which the project has satisfied its stated objectives. “Process evaluation” addresses how the project was conducted, in terms of consistency with the stated plan of action and the effectiveness of the various activities within the plan.

Most federal agencies now require some form of program evaluation among grantees. The requirements of the proposed project should be explored carefully. Evaluations may be conducted by an internal staff member, an evaluation firm, or both. Many federal grants include a specific time frame for performance review and evaluation. For instance, several economic development programs require grant recipients to report on a quarterly and annual basis. In instances where there are no specified evaluation periods, the applicant should state the amount of time needed to evaluate, how the feedback will be disseminated among the proposed staff, and a schedule for review and comment. Evaluation designs may start at the beginning, middle, or end of a project, but the applicant should specify a start-up time. It is desirable and advisable to submit an evaluation design at the start of a project for two reasons:

- Convincing evaluations require the collection of appropriate baseline data before and during program operations; and
- If the evaluation design cannot be prepared at the outset, then a critical review of the program design may be advisable.

Even if the evaluation design has to be revised as the project progresses, it is much easier and cheaper to modify a good design. If the problem is not well defined and carefully analyzed for cause and effect relationships, then a good evaluation design may be difficult to achieve. Sometimes a pilot study is needed to begin the identification of facts and relationships. Often a thorough literature search may be sufficient.

Evaluation requires both coordination and agreement among program decision makers. Above all, the federal grantor agency’s or foundation’s requirements should be highlighted in the evaluation design. Also, grantor agencies may require specific evaluation techniques such as designated data formats (an existing information collection system) or they may offer financial inducements for voluntary participation in a national evaluation study. The applicant should ask specifically about these points. Also, for federal programs, consult the “Criteria For Selecting Proposals” section of the CFDA program description to determine the exact evaluation methods to be required for a specific program if funded.

Future Funding

The last narrative part of the proposal explains what will happen to the program once the grant ends. It should describe a plan for continuation beyond the grant period, and outline all other contemplated fund-raising efforts and future plans for applying for additional grants. Projections for operating and maintaining facilities and equipment should also be given. The applicant may discuss maintenance and future program funding if program funds are for construction activity; and may account for other needed expenditures if the program includes purchase of equipment.

Budget Development and Requirements

Although the degree of specificity of any budget will vary depending upon the nature of the project and the requirements of the funding source, a complete, well-thought-out budget serves to reinforce the applicant's credibility and to increase the likelihood of the proposal being funded. The estimated expenses in the budget should build upon the justifications given in the narrative section of the proposal. A well-prepared budget should be reasonable and demonstrate that the funds being asked for will be used wisely. The budget should be as concrete and specific as possible in its estimates. Every effort should be made to be realistic, to estimate costs accurately, and not to underestimate staff time.

The budget format should be as clear as possible. It should begin with a Budget Summary, which, like the Proposal Summary, is written after the entire budget has been prepared. Each section of the budget should be in outline form, listing line items under major headings and subdivisions. Each of the major components should be subtotaled with a grand total placed at the end. If the funding source provides forms, most of these elements can simply be filled into the appropriate spaces.

Generally, budgets are divided into two categories: personnel costs and non-personnel costs. In preparing the budget, the applicant may first review the proposal and make lists of items needed for the project. The personnel section usually includes a breakdown of the following items:

- salaries (including increases in multiyear projects),
- fringe benefits such as health insurance and retirement plans, and
- consultant and contract services.

The items in the non-personnel section will vary widely, but may include

- space/office rental or leasing costs,
- utilities,
- purchase or rental of equipment,
- training to use new equipment, and
- photocopying, office supplies.

Some hard-to-pin-down budget areas are utilities, rental of buildings and equipment, salary increases, food, telephones, insurance, and transportation. Budget adjustments are sometimes made after the grant award, but this can be a lengthy process. The applicant should be certain that implementation, continuation, and phase-down costs can be met. Costs associated with leases,

evaluation systems, hard/soft match requirements, audits, development, implementation and maintenance of information and accounting systems, and other long-term financial commitments should be considered.

A well-prepared budget justifies all expenses and is consistent with the proposal narrative. Some areas in need of an evaluation for consistency are as follows:

- Salaries in the proposal in relation to those of the applicant organization should be similar.
- If new staff persons are being hired, additional space and equipment should be considered, as necessary.
- If the budget calls for an equipment purchase, it should be the type allowed by the grantor agency.
- If additional space is rented, the increase in insurance should be supported.
- In the case of federal grants, if an indirect cost rate applies to the proposal, such as outlined by the Office of Management and Budget (OMB) in Circulars such as numbers A-122, A-21, and A-87 (see http://www.whitehouse.gov/omb/grants/grants_circulars.html), the division between direct and indirect costs should not be in conflict, and the aggregate budget totals should refer directly to the approved formula.
- If matching funds are required, the contributions to the matching fund should be taken out of the budget unless otherwise specified in the application instructions.

In learning to develop a convincing budget and determining appropriate format, reviewing other grant proposals is often helpful. The applicant may ask government agencies and foundations for copies of winning grants proposals. Grants seekers may find the following examples of grants budgets helpful:

- Budget Information, Instructions and Forms
<http://www.neh.gov/grants/guidelines/pdf/BudgetInstructions.pdf>
- Foundation Center: Examples of Nonprofit Budgets
<http://foundationcenter.org/getstarted/faqs/html/samplebudget.html>
- Getting Your Grant Proposal Budget Right
<http://nonprofit.about.com/od/foundationfundinggrants/a/grantbudget.htm>
- Proposal Budgeting Basics
http://foundationcenter.org/getstarted/tutorials/prop_budget/index.html

In preparing budgets for government grants, the applicant may keep in mind that funding levels of federal assistance programs change yearly. It is useful to review the appropriations and average grants or loans awarded over the past several years to try to project future funding levels: see “Financial Information” section of the CFDA program description for fiscal year appropriations and estimates; and “Range and Average of Financial Assistance” for prior years’ awards. However, it is safer never to anticipate that the income from the grant will be the sole support for larger projects. This consideration should be given to the overall budget requirements, and in particular, to budget line items most subject to inflationary pressures. Restraint is important in determining inflationary cost projections (avoid padding budget line items), but the applicant may attempt to anticipate possible future increases.

For federal grants, it is also important to become familiar with grants management requirements. The CFDA identifies in the program description OMB circulars applicable to each federal program. Applicants should review appropriate documents while developing a proposal budget because they are essential in determining items such as cost principles, administrative and audit requirements and compliance, and conforming with government guidelines for federal domestic assistance. OMB circulars are available in full text on the Web at http://www.whitehouse.gov/omb/grants/grants_circulars.html.

To coordinate federal grants to states, Executive Order 12372, “Intergovernmental Review of Federal Programs,” was issued to foster intergovernmental partnership and strengthen federalism by relying on state and local processes for the coordination and review of proposed Federal financial assistance and direct federal development. The executive order allows each state to designate an office to perform this function, addresses of which may be found at the OMB website at http://www.whitehouse.gov/omb/grants_spoc. States that are not listed on this Web page have chosen not to participate in the intergovernmental review process. If the applicant is located within one of these states, he or she may still send application materials directly to a federal awarding agency.

Proposal Appendix

Lengthy documents that are referred to in the narrative are best added to the proposal in an appendix. Examples include letters of endorsement, partial list of previous funders, key staff resumes, annual reports, statistical data, maps, pictorial material, and newspaper and magazine articles about the organizations. Nonprofit organizations should include an IRS 501(c)(3) Letter of Tax Exempt Status.

Additional Proposal Writing Websites

Proposal Writing Short Course (Foundation Center; English and Spanish)

<http://fdncenter.org/learn/shortcourse/prop1.html>

Where can I find examples of grant proposals?

http://foundationcenter.org/getstarted/faqs/html/proposal_writing.html

Sample Proposals (SchoolGrants.org)

<http://www.k12grants.org/samples/>

Selected Proposal Writing Websites (University of Pittsburgh)

<http://www.pitt.edu/~offres/proposal/propwriting/websites.html>

Tips on Writing a Grant Proposal (Environmental Protection Agency)

<http://www.epa.gov/ogd/recipient/tips.htm>

Writing a Successful Grant Proposal (Minnesota Council on Foundations)

<http://www.mcf.org/mcf/grant/writing.htm>

Writing a Winning Grant Proposal (Education Money) http://www.educationmoney.com/federal_write_proposal.html

Author Contact Information

Merete F. Gerli
Information Research Specialist
mgerli@crs.loc.gov, 7-7109