

## Do Your Budget First

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by Cassandra O'Neill, MA

When thinking about applying for a grant the first question to ask yourself is, "Are we eligible?" If yes, the second question should be, "Is there a matching funds requirement?" If so, "Is it cash or in-kind, and can we come up with it?" If not, do not proceed.

This may sound obvious, but I recently heard about a situation where a team of people spent a month writing a grant that couldn't be submitted because they found out the day before it was due, that they didn't have the required match. This happened in part because the people writing the narrative and the people doing the budget didn't work together.

Ideally, the people working on the budget and the narrative will work together from the beginning, developing the program design and the budget together, before the narrative is written. It took me only one time of letting someone else's assurances that the budget was fine, and then having to rewrite an entire narrative after finding out the budget was too high after the fact, to reorganize the steps.

What I recommend is listing what you want to do and figuring out how much it will cost, then comparing the total to the maximum amount or the average funded amount listed in the request for proposals. If it is above this, then decide what to cut. If it is below it, then proceed. But before you start writing the narrative, here is another very valuable step. Calculate the following:

1. The cost of the activities, supplies, and equipment that will have lasting impact, two years after the end of the grant, assuming that no additional money was raised to continue anything.
2. Calculate the cost to your agency of applying for the grant, preparing and submitting the proposal.
3. Calculate the costs your agency will incur to operate the grant, above what the grant is funding.

Then look at these figures to determine if it is cost effective for you to continue. I am going to give you an example of how this can be helpful with a true story.

1. An organization applied for and received a \$900,000 grant. Two years after the grant ended when no additional money was raised to continue anything, the amount of grant dollars that went to producing a manual which was all that was remained, was \$40,000.
2. The cost of applying for the grant in staff time and other direct costs was \$20,000.
3. The costs the organization incurred in staff time and direct expenses to operate the grant above what the grant funded was \$40,000.

What does this tell us? The costs incurred by the agency were \$20,000 for writing the grant + \$40,000 for implementation costs over the grant funding = \$60,000.

The total spent on activities, supplies, and equipment that existed after the end of the grant was \$40,000.

Was there not a better investment of the \$60,000? Were there not activities that could have produced lasting impact in ways that were more aligned with the core mission of the organization, and not the leftovers of grant funded activities that were less related to the core mission of the organization? Yes there were.

If you do this calculation prior to writing a proposal, you will be able to determine what the best use of an organizations funds really is in creating lasting impact. And it may lead you to decide not to pursue the grant. That alone will save you \$20,000 if it is a federal grant.

In another example, an agency CEO once told me he wanted more money coming in because a grant was ending, and so he wanted his agency to get another one. It was very interesting to me that he thought of it this way because the grant that was ending was costing his agency \$50,000 a year. In my view, he was going to have an extra \$50,000 a year when the grant ended. In this example, the community was getting a net gain from the grant money, but the organization was experiencing a financial net loss.

Now, in this particular case the grant was adding considerable value to the community that would have significant lasting impact. Probably there wouldn't have been a way to get a bigger bang for the buck for the community than investing the \$50,000 per year in this way. However, this is not always the case. Being conscious of how you are investing your organizational dollars, and the lasting value that is returning to both the organization and community, is important to consider to make good decisions about investment of resources. And you can only do this by doing your budget first.

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