

## BUDGET FORMULATION

In planning your program you will identify activities that will require staffing, equipment, materials, services, operating expenses and general administration costs. Based on this information you will formulate a budget. Proposal reviewers will be looking to see if your budget and program activities are a good match.

1. It's best to develop a draft before you develop written statement of program objectives.
2. List all activities in order of priority that will be required to achieve each of these objectives.
3. List time-consuming components of each activity beginning with the activity of highest priority.
  - Travel
  - Consultation (with whom and why)
  - Research (reading, observation, etc.)
  - Field work (conducting interviews, collecting data, surveying, etc.)
  - Evaluation
4. Determine the kinds of people who will perform each activity and assign it to the lowest adequate skill level/classification.
5. Estimate the amount of time that will be needed by each kind of person on each activity.
6. Determine the equipment that will be needed as people perform the necessary activities.
7. List materials and supplies needed in support of each activity.
8. Assign dollar values to each—estimate for staffing, equipment, materials, operating expense and services. If staff, services, equipment or materials are being provided as "in-kind," list in your *budget* and explain in your *budget justification* the individual/organization providing these resources.
9. Compute the cost of your program as indicated above. Ask your Administrative Officer for an estimate of general administration costs (rent, indirect, etc.) to support positions and total. This will give you your cost estimate.

The above material will help you establish a sound basis to formulate your budget and write your budget justification.

### Wisdom Acquired The Hard Way

The allocation of time for the above activities should equal 60% of your budgeted time. So where does the other 40% go? Allow...

- 10% of your time for agency staff meetings, opening your mail, and other stuff.
- 20% for the things that will take longer than you thought or that will go wrong. This will happen.
- 10% for the things that will be wonderful, outstanding, serendipitous opportunities that did not exist when you wrote your proposal.