

## FY2025 OMS Budget Webinar

0:01

Welcome to "Preparing a Budget and Budget Justification," an instructional video from the Office of Museum Services at IMLS.

0:09

Our goal in this presentation is to provide you with basic information to help you prepare two essential parts of your grant application, the IMLS Budget Form and the Budget Justification.

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The Notice of Funding Opportunity, or NOFO, is your best source of information when preparing a grant application.

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This video is a supplement to the NOFO and provides more detailed guidance on completing the budget related components for your grant application.

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Each NOFO includes a link to the IMLS Budget Form and instructions.

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Please make sure to use the NOFO for the fiscal year in which you are applying to access the most recent version of the form.

0:59

Please note the funding range for individual grant programs.

1:03

Your request must fall within that range.

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For example, in the Museums for America program, you may request from \$5,000 up to \$250,000, regardless of whether you are proposing a 1-, 2-, or 3-year project.

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If your request is outside the funding range, we may reject your application from consideration for funding.

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Note the required start date and the allowable period of performance for your project.

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The start date listed in the NOFO must match the start date you enter on your Budget Form.

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Likewise, your project end date may not exceed the maximum specified for the grant program to which you are applying.

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The budget should include project costs that will be charged to grant funds as well as those that will be supported by cost share.

2:00

Most grant programs require a 1:1 cost share, although some grant programs or project types may have no cost share requirement.

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Be sure to check the NOFO for cost share requirements for the program you are applying to.

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And remember, all the expenses included in your budget, whether supported by grant funds or cost share, must be: necessary to accomplish project objectives,

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allowable according to the applicable federal cost principles,

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auditable, and incurred during the period of performance.

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Pro Tip: coming up with cost share can feel daunting for some museums, but it doesn't have to be.

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You may use donations and grants from other funders so long as those funders are not federal.

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You may also use in-kind contributions, such as staff and volunteer time spent on the project.

3:04

Let's also take a moment to discuss allowable and unallowable costs.

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The NOFO for each grant program includes a section that lists typical examples of project costs that are allowable or unallowable according to federal cost principles.

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For more in-depth information, you may consult 2 CFR Part 200, which is available online.

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Please note that unallowable costs cannot be in your project budget at all.

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The rules for grant funds also apply for cost share.

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You may not use unallowable costs to meet your cost share requirements.

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You also may not use funds from other federal sources as cost share.

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Another pro tip: all Office of Museum Services NOFOs list general operating support as an unallowable cost.

4:05

General operating costs are those which you would incur whether or not you get the grant.

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For example, the cost of renting the museum building you work in is unallowable, but renting a meeting room to host a convening that your museum cannot accommodate is allowable.

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Office of Museum Services program staff are also here to help.

4:31

The webpage for each program includes a link to sign up for a free counseling call with a staff member to discuss your project, questions, and which expenses are allowable and unallowable.

4:43

We always welcome your questions.

4:47

Successfully completing your budget form starts by downloading the form and working on it from your desktop.

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You must save the IMLS budget form to your desktop to ensure that the automatic formulas work correctly.

5:05

At the top of the form, enter the legal name of your organization and start and end date of the proposed project.

5:14

The IMLS Budget form is organized into ten sections and accommodates up to three years of project activities and expenses.

5:25

As you enter cost items in the different categories, such as Section 1: Salaries and Wages, you can enter them under grant funds or cost-share.

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Individual cost items can be supported with grant funds or cost share, or split between the two.

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You will need to organize your project budget to align with the categories in the IMLS Budget Form.

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For example, hosting a workshop at your museum may include travel costs, supplies for participants, and an honorarium for a speaker.

6:00

Those expenses should be entered in Travel; Supplies, Materials, and Equipment; and Other Costs, respectively.

6:11

Sections 1 through 7 of the Budget form are for your direct costs, costs that can be directly attributed to your project's activities. In Section 1, include staff Salaries & Wages that will be committed to the project.

6:29

Calculate this using one of two ways: a staff member's hourly wage multiplied by the number of hours you anticipate that staff member will devote to the project, or as a percentage of an annual salary.

6:44

Include any cost-of-living increases from year to year; if your staff receives an annual 3% raise, factor that into your project budget.

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Your budget may also include new employees hired on a permanent or temporary basis to assist with your proposed project.

7:03

Please make sure that planned compensation for new hires is reasonable and consistent with comparable salaries or wages for similar work in your labor market.

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You will be expected to include an explanation of how you determined the salary in your Budget Justification.

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Next Pro Tip: you should carefully consider the percentage of time a staff member dedicates to other grant-funded projects because overfunding a position is not allowed.

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In other words, using grants to pay for 110% of a staff member's annual salary is a misuse of grant funds that will become apparent in an audit.

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A portion of staff's fringe benefits may be included in your budget.

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Fringe benefits often include health insurance, retirement contributions, and paid leave.

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This is typically calculated as a percentage of staff's annual salary or wages.

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If you don't know the percentage, we recommend contacting your human resources team or finance manager.

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If fringe rates vary among staff, please use multiple lines in the budget form to account for that.

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Fringe rates may only be applied to those positions included in the project plan and only on the portion of their salaries or wages included in the project budget.

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If your project entails travel, the United States General Services Administration (GSA) rates must be used to calculate expenses.

8:48

GSA rates for transportation, lodging, and per diem may be found online at [www.gsa.gov](http://www.gsa.gov).

8:58

If you use a different rate, please be prepared to explain that rate in your budget justification.

9:06

While it is acceptable to enter a lump sum for a planned trip in the budget form, you should provide the full breakdown of a trip's expenses in the Budget Justification.

9:17

Applicants to the Native American/Native Hawaiian Museum Services Program and to the Museum Grants for African American History and Culture Program should note that traveling to annual IMLS meetings is required and applicants should include \$3000 per project year in their travel budgets to support attendance at these events.

9:44

Enter your project specific costs for Supplies, Materials, and Equipment into the Budget Form.

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While supply costs may vary over the course of your project, you will need to explain how you have calculated these expenses.

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Provide a detailed list in your Budget Justification with the quantity and unit cost for each item.

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Provide quotes, bids, cost estimates, or even a PDF of an online shopping cart to justify supply and material costs.

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These may be included in your application as Supporting Documents. In the Subawards and Contracts section, please note the drop-down options in the Item column.

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Make sure to change each row's designation to indicate if the expense is a contract or a subaward.

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A contractor provides goods and services, such as program evaluation or the graphic design of a gallery guide.

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A subrecipient carries out a portion of the work required under a federal award, such as a partnering museum that will undertake a portion of a research project.

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With your submitted application, you will need to provide justification and supporting documentation for the contracts and sub awards listed in this section.

11:05

Appropriate documentation includes memorandums of understanding (MOUs), contracts, quotes, estimates, and bids.

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When college, graduate, or postgraduate students are part of a project plan, you may include student support in the budget.

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The NOFO for each grant program includes a section that provides guidance on who is considered a student and what types of support should be included in this section of the budget.

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Carefully review that section and contact IMLS program staff with any questions.

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The Other Costs section is used for project expenses that cannot be easily assigned to one of the other categories.

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Some of the most common examples include honoraria, stipends, and other compensation for project advisors, speakers, community collaborators, and culture bearers involved in the project.

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IMLS encourages applicants to plan for compensation for such partners regardless of whether the expertise they bring to the project is scholarly, professional, or lived experience.

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If you run out of lines for your items, you're welcome to group the expenses so long as you fully break out the costs included in that line in your budget justification.

12:26

All of the information you have entered into your budget so far will auto sum in Section 8, Total Direct Costs.

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The next section is Indirect Costs.

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Indirect costs are expenses that you will incur during your project that cannot be easily itemized or assigned directly to your project's activities.

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For example, it can be difficult to figure out just how much air conditioning you need for one exhibition in an entire museum, or how much time staff spent on related HR tasks for just your project.

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That is where the Indirect Cost allowance helps.

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Some museums have a Negotiated Indirect Cost Rate agreement.

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IMLS honors those rates regardless of the federal agency your institution negotiated with. You must apply the approved rate or rates according to the terms of your agreement.

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If you use a Negotiated Indirect Cost Rate, you will be required to submit a current, non-expired copy of your agreement with your grant application.

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Museums without a Negotiated Indirect Cost Rate may still include indirect costs in their project budget by using the de minimis rate, which is set at 15% of the Modified Total Direct Costs of your project.

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Modified Total Direct Costs can also be confusing, especially for first-time applicants.

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Although your Total Direct Costs are summarized on the previous page of the Budget Form, not all costs in that subtotal are eligible for inclusion in your Indirect Cost Rate calculations.

14:10

Modified Total Direct Costs mean salaries and wages, applicable fringe, travel for your staff and contractors, materials and supplies, services, and up to the first \$50,000 of each sub award.

14:30

Expenses that may not be added to your Modified Total Direct Costs include equipment, tuition remission, scholarships, participant costs, and the portion of each subaward in excess of \$50,000.



14:46

Participant costs include stipends, travel allowances, and registration fees paid on behalf of participants (other than your museum's employees) in connection with workshops, conferences, and professional development training.

15:01

When in doubt about what to include in your Modified Total Direct Costs, please contact Office of Museum Services staff.

15:10

Once you have properly calculated your Modified Total Direct Costs, you may apply your Indirect Cost Rate to that number.

15:21

Pro tip: you may ask for Indirect Costs as grant funds, use them to meet your cost share requirement, a combination of both, or you may choose not to include indirect costs in your budget at all.

15:40

The budget form will auto-calculate your Total Project Costs.

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If a 1:1 cost-share is required, you need to be sure that the 1:1 ratio is showing in the sum totals in Section 10, Total Project Costs.

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Now that your Budget Form is complete, you can move on to your Budget Justification.

16:03

While the Budget Forum presents a summary of your project budget, the Budget Justification is where you provide the details.

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In writing the Budget Justification, you should follow the same ten section headings, identify each line-item expense, show your method of cost calculation, and include a description of why that expense is necessary to your project plan.

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Although many of the documents required for your grant application have suggested page limits, the Budget Justification does not.

16:37

This is because the Office of Museum Services staff use the Budget Justification to check for allowability, allocability, and reasonableness, and we require a high level of detail to accomplish this task.

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Each expense category has requirements, which are addressed in the NOFO.

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A full listing is beyond the scope of this video, but the basics are as follows;

17:03

Salaries and Wages: For each person included in the Budget Form, please list their name or position, title, base salary or hourly wage, and method of calculation, either in percentage of base salary or number of hours allocated to project activities.

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You should also provide a brief description of that person's role in the project.

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Fringe benefits should identify your organization's rate.

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Show your math by applying the rate to the Salary and Wages total for each person or position identified in the previous section.

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For budgeted travel, explain the purpose of each trip, the points of origin and destination, the individuals who will be travelling, and an itemized list of costs that may include transportation, lodging, and per diem, using the GSA rates relevant for the locations.

17:54

List each type of supply, material, or equipment, you propose to purchase; detail the number and unit cost of each item; and explain how you arrived at your estimates.

18:12

Remember to include vendor quotes and price lists as supporting documents and reference those documents in the Justification.

18:24

For contracts and sub awards, please list by name, describe their role in the project and the activities for which they will be responsible, and explain the costs and how those were determined.

18:35

In your Justification, make sure to reference quotes, estimates or MOU's you included in your submitted application's Supplemental Materials.

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Make sure that all costs included in Student Support are allowable and explain your method of calculating these costs.

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Other costs should be well-defined and supported.

19:01

Provide a summation of your total direct costs and, if necessary, a summation and explanation of your modified total direct costs.

19:10

Clearly show how you calculated indirect costs:

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your modified total direct costs multiplied by your Indirect Cost Rate (either negotiated or de minimis.)

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If you elected not to include Indirect Costs in your budget, you should note that here. Total your project costs and specify how much of that number is cost share and how much you are requesting from IMLS.

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Now for the final pro tip: Your budget form must match your Budget Justification.

19:44

You should do a side-by-side comparison before submitting.

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We highly recommend asking a colleague to double check your work as well.

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IMLS does check the math, and the numbers need to add up in order for IMLS to award your grant.

20:01

In summary, please be sure your budget justification follows:

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the section headings from the budget form; details each line item from the budget form; briefly explains how each cost relates to your proposed project activities;

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expands upon any consolidated line-items in your Budget Form; references any supplemental documents such as vendor or contractor estimates;

20:31

clearly shows the math you used to arrive at the numbers in your Budget Form; and includes a subtotal for each expense category or section heading.

20:46

Thank you for watching the IMLS 'Preparing a Budget Form and Budget Justification' instructional webinar.

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We hope you have found this video helpful.

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Please remember that the Office of Museum Services staff are here and happy to help you.

21:00

Please e-mail your questions to [imls-museumgrants@imls.gov](mailto:imls-museumgrants@imls.gov).