



NATIONAL ENDOWMENT FOR THE  
**Humanities**

## BUDGET INFORMATION AND INSTRUCTIONS

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### General Instructions

- Please see the [NEH Sample Budget \(PDF\)](#) for an example of what an acceptable NEH budget looks like.
- Using the Sample Budget as a guide, you may create your budget using the spreadsheet or word processing program of your choice, provided that the format furnishes the necessary computational detail and the font is at least 11 points. However, as the guidelines explain, you must convert your budget to Adobe Acrobat (PDF) format before uploading it to Grants.gov.
- To produce your budget document you don't need to create a spreadsheet from scratch. Instead you may download the "fillable" [NEH Budget Form](#) (Microsoft Excel format) which is available on the NEH website. This spreadsheet already has the basic rows, columns, and sections found in the Sample Budget.
- Before developing a project budget, review the program guidelines to determine cost sharing expectations, types of NEH support, allowable periods of performance, and any restrictions on the types of costs that may appear in the project budget.
- In the NEH Sample Budget, you'll find columns for Budget Years 1, 2, and 3. Feel free to add (or subtract) budget year columns as needed.

### Types of NEH Support

NEH supports projects with outright funds, matching funds, or a combination of the two.

#### **Outright Funds**

Outright funds are awarded by NEH and do not require cost share or match. Outright funds are not contingent on additional fund-raising.

#### **Federal Matching Funds**

Federal matching funds require a grant or cooperative agreement recipient to secure gift funds from nonfederal third parties before federal funds are awarded. Except for Challenge Grants, NEH matching grants are made on a one-to-one basis. Because matching awards enable NEH to provide support to a greater number of projects, applicants are encouraged to request complete or partial support in the form of matching grants. Whenever possible, applicants requesting federal matching funds should identify potential sources of gift funds at the time they submit an application to NEH (see Eligible Gifts and Donors below).

## Combined Funds

Applicants may also request a combination of outright and federal matching funds. For example, if an applicant is requesting \$40,000 in NEH funds, and the applicant includes in its cost sharing \$5,000 from an eligible third-party donor, the applicant should request \$5,000 in federal matching funds. The balance of the NEH request (\$35,000) would then be for outright funds.

NEH may offer funding at a different level from that requested. In some instances, NEH may offer federal matching funds only, or it may offer a combination of federal matching and outright funds in response to a request for outright funds.

## Cost Sharing

NEH normally can contribute only part of the funds needed to carry out projects.

- Voluntary cost sharing consists of the cash contributions made to a project by the applicant, including unrecovered indirect costs, and by third parties as well as third-party in-kind contributions. Third-party in-kind contributions means the value of non-cash contributions (i.e., property or services) that benefit the funded project, and are contributed by nonfederal third parties, without charge, to the recipient of the federal award.
- Required cost sharing includes third-party nonfederal gift money that will be raised to release federal matching funds.

Recipients are responsible for maintaining auditable records of cost sharing contributions. Please see program guidelines for specific cost sharing expectations. Also see [2 CFR §200.306](#) for additional information.

## Period of Performance

The period of performance is the time during which the recipient may incur new obligations to carry out the work authorized under the NEH award. All project activities and the expenditure of project funds must occur during the period of performance.

In determining the beginning date of a proposed period of performance, applicants should refer to the application guidelines. NEH periods of performance begin on the first day of the month and end on the last day of the month.

## Eligible Gifts and Donors for Federal Matching Funds

For the purpose of NEH's gifts and matching program, a gift is a voluntary transfer of money (or a noncash contribution that is subsequently converted to cash) from a nonfederal third party to the applicant without compensation or consideration in return. Only gifts that will be used to support budgeted project activities during the period of performance are eligible to be matched with federal matching funds. Ineligible donors include the applicant that will carry out the project and any institution that is involved (or individual who is involved) in project activities and will receive some sort of remuneration from project funds. For further information, please see the [Federal Matching Funds Guidelines](#).

## Project Costs

If the applicant is requesting federal matching funds, the budget must include the project costs that will be covered by both the NEH funds and the required cost share.

If the applicant is not requesting federal matching funds, the budget should include the project costs that will be charged to NEH outright funds. The applicant may address costs that will be supported by applicant or third-party cash and in-kind contributions (voluntary cost sharing) in the project narrative. If the applicant chooses to include voluntary cost share in the application budget, please note that those costs are subject to audit, record retention and other requirements set forth in 2 CFR 200.

All of the items listed, whether supported by NEH funds or cost sharing contributions, must be reasonable, necessary to accomplish project objectives, allowable in terms of [2 CFR 200 Subpart E - Cost Principles](#), auditable, and incurred during the period of performance. Also see the property and procurement standards set forth in 2 CFR 200 Subpart D.

When indirect costs are charged to the project, take care to ensure that expenses included in the organization's indirect-cost pool are not charged to the project as direct costs. For further information, see the Indirect Costs section below.

## Budget Item

### 1. Salaries and Wages

Staff costs should include the position title, name (if possible), percent of full time equivalent or total number of hours charged to the project. For support staff, include the title of each position and indicate in brackets the number of persons who will be employed in that capacity. For persons employed on an academic year basis, list separately any salary charge for work done outside the academic year. All salaries and wages claimed must be in compliance with 2 CFR §§200.430 and 466.

### 2. Fringe Benefits

Fringe benefits are allowances and services provided by employers to their employees as compensation in addition to regular salaries and wages. Fringe benefits include, but are not limited to, the costs of leave (vacation, family-related, sick or military), employee insurance, pensions, and unemployment benefit plans. All fringe benefits claimed must be in compliance with [2 CFR §200.431](#).

List each rate and salary base.

### 3. Consultant Fees

Include payments for professional and technical consultants and honoraria. All consultant fees claimed must be in compliance with [2 CFR §200.459](#).

### 4. Travel Costs

If there will be long-distance travel for any project team members, the budget should name the travelers (if possible) or their positions; reflect the travel expenses (for example, airfare, lodging, parking, per diem, etc.) for each person and trip; briefly describe the purpose of the travel; and list the destinations.

Calculate per diem amounts for meals and lodging using written institutional policy (for applicant organizations) or [standard GSA rates](#) (for individual applicants). The lowest available commercial fares for coach or equivalent accommodations must be used. All travel costs claimed must be in compliance with [2 CFR §200.474](#), and foreign travel must comply with article 10 of the [General Terms and Conditions for Awards to Organizations](#).

Travel to regularly occurring professional meetings is not supported with NEH funds.

**All trips—both foreign and domestic—must be listed individually.**

## **5. Supplies and Materials**

Include consumable supplies, materials to be used in the project costing the lesser of the capitalization level established by the applicant or \$5,000, regardless of the length of its useful life .

## **6. Subawards**

The costs of project activities to be undertaken by a third-party subrecipient should be included in this category as a single line item charge. A complete itemization of the cost comprising the charge should be provided in an attachment. If there is more than one subrecipient, each must be budgeted separately on the NEH form and must have an attached itemization. See [2 CFR §§200.330 and 331](#) for additional information.

## **7. Other Costs**

Include participant stipends and room and board, equipment rental or purchases, duplication, printing, long distance telephone calls, and other items not previously listed under other budget categories or in the indirect cost pool. Please note that “miscellaneous” and “contingency” are not acceptable budget categories.

Note about equipment: Permanent equipment is defined as tangible personal property having a useful life of more than one year and a per unit cost that equals or exceeds the lesser of the capitalization level established by the applicant or \$5,000. Unless prohibited by the application guidelines, equipment is allowable if the applicant can demonstrate that the purchase of equipment will be less expensive than rental charges or user fees. See [2 CFR §200.313](#) for information regarding conditional title, use, management, and disposition requirements. If a budget includes compensation for the use of equipment or facilities owned by an applicant and allocable to the project, the applicant must charge depreciation in compliance with [2 CFR §200.436](#). If the equipment was purchased with federal funds under another award, user fees may be appropriate (see [2 CFR §200.313](#) (c)(2)). The applicant may not charge both depreciation and user fees.

Per [2 CFR §200.432](#), allowable conference costs may include rental of facilities, speakers’ fees, costs of meals and refreshments, and other items incidental to such conferences. Conference hosts/sponsors must exercise discretion and judgment in ensuring that conference costs are appropriate, necessary and managed in a manner that minimizes costs to the NEH award. Please note: if incidental food items and/or meals are provided at no charge during meetings, conferences, training, or other events attended while on NEH-supported travel, the per diem charged to the award must be reduced accordingly. Alcoholic beverages are unallowable and may not be included in your budget.

## **8. Total Direct Costs per year**

Total the sum of items 1-7.

## **9 a.- c. Indirect Costs (Facilities and Administration or “F&A”)**

This budget item applies only to institutional applicants. These are costs that are incurred for common or joint objectives and therefore cannot be readily identified with a specific project or activity of an organization. Items that would typically be regarded as indirect costs include the

depreciation on buildings, equipment and capital improvement, operations and maintenance expenses, salaries of executive officers, accounting and legal services.

Indirect costs are computed by applying a federally negotiated indirect cost rate to a distribution base (usually the direct costs of the project). For applicants seeking reimbursement for indirect costs: please review carefully your institution's federally-negotiated indirect-cost rate(s) to make sure you are using the most appropriate rate in your application budget. Many institutions negotiate multiple rates—for example, “Research,” “Instruction,” and “Other Sponsored Activities.” With rare exceptions, your institution’s “Research” rate will not be the appropriate rate for inclusion in your NEH project budget, as the use of this rate is reserved for projects involving scientific research, not scholarly inquiry of the type most often supported by NEH. **If your institution has a current federally negotiated indirect cost rate, please indicate on the budget form the appropriate rate, the base, the name of the agency with which you negotiated, and the date of that agreement.**

**Note:** Except as provided in paragraph (c)(1) of 2 CFR §200.414 Indirect (F&A) costs, federal agencies must use the negotiated rates in effect at the time of the initial award throughout the life of the federal award. Award levels may not be adjusted in future years as a result of changes in negotiated rates. Except as provided in §200.414 Indirect (F&A) costs, when an educational institution does not have a negotiated rate with the federal government at the time of an award (because the educational institution is a new recipient or the parties cannot reach agreement on a rate), **the provisional rate used at the time of the award must be adjusted once a rate is negotiated and approved by the cognizant agency for indirect costs.** If the recipient fails to negotiate an indirect cost rate applicable to the period of performance within the period of performance, indirect costs may be disallowed.

Organizations that wish to include indirect (F&A) charges in the budget but have never had a federally negotiated indirect cost rate may choose one of the following options:

1. direct cost all expenses;
2. submit an indirect cost proposal to their cognizant federal agency to negotiate a rate with the federal government within three months of the effective date (period of performance start date) of the award (subrecipients may negotiate a rate with the recipient consistent with the requirements outlined in [2 CFR §200.414](#)); or
3. per [2 CFR §200.414\(f\)](#), the applicant may **charge a de minimis rate of 10% of modified total direct costs (MTDC)**

MTDC means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each subaward (regardless of the period of performance of the subawards under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of \$25,000.

If you choose one of these three options, please indicate on the budget form which option you are choosing.

Indirect costs are unallowable under construction and major alteration and renovation projects.

## **10. Total Project Costs:**

The sum of items 8. and 9.

**11. Project Funding:**

11.a. Requested from NEH: Indicate the amount of outright and/or federal matching funds that is requested from NEH.

11.b. Cost sharing: Indicate the amount of cash contributions that will be made by the applicant and cash and in-kind contributions made by third parties to support project expenses that appear in the budget. Cash gifts that will be raised to release federal matching funds should be included under "Third-party contributions." (Consult the program guidelines for information on cost-sharing requirements.) When a project will generate income that will be used during the period of performance to support expenses listed in the budget, indicate the amount of income that will be expended on budgeted project activities. Indicate funding received from other federal agencies.

**12. Total Project Funding:**

The sum of 11.a. and 11.b.