

Phase III Securing Financing

Finding Funding for the Program

Much like potential homeowners must secure financing for their dream home before they begin construction, those desiring to offer programming to students within their community will generally need to obtain funding as well. The home builder must pay the costs generally associated with such a project which include, but are not limited to, the general contractor, laborers, purchasing building materials, and fixtures. Likewise, there are costs associated with programming efforts including, but not limited to, staffing and programming costs.

While a few fortunate individuals may be able to pay for the construction of their home out-of-pocket, or with help from family and friends, the overwhelming majority of individuals will have to find outside financing. Similarly, the number of social service professionals capable of underwriting the costs of a social service project is limited.

For an individual considering building a home, the most likely source of financing is the local bank or credit union. To apply for financing, the individual fills out a loan application. The basis of the amount of money that an individual requests in a loan application is the amount of money it will cost to build the house and this is considered to be the project's budget. Thus, the first step to securing financing is the development of a reasonable and detailed budget. The budget in the loan application will include estimates from the home builder for items such as land acquisition, labor costs, and material costs. The more detailed the budget is, the easier it is for a loan officer to decide on the loan. Generally, a good budget will list details such as: labor costs; amount and quantity of building materials; kitchen appliances; bathroom fixtures; and flooring. This attention to detail can alleviate the possibility of running out of funds prematurely because an expense was not taken into account.

The majority of funding for most educational programming efforts, particularly programs serving large numbers of students, will come not from loans but from grants. Grants differ from loans in that they do not need to be paid back. Grants can be secured from a variety of sources. Securing a grant generally involves filling out an application or writing a grant proposal.

Like the loan application, the first and most important step to a grant application is the budget. The budget for a project should not be an after thought or hurriedly completed in the final minutes before the application is put in the mail. When developing the budget, be realistic in the cost projection. Do not estimate the costs; rather, do research to find the actual costs of the products or services the project requires. In a grant application, the budget will need to be explained, which is generally referred to as a budget narrative or budget justification. The budget narrative details how the budget numbers were developed and demonstrates the calculations used. The budget and the budget narrative together explain why and how funds will be used by the project.

Because grant money does not have to be repaid and, as such, is many times considered by the funding source as an investment, the project proposal has to rationalize why the money should be given to that project. This is normally done in a comprehensive written grant narrative. The narrative typically includes: explanation of the need for the money; what will be accomplished with the money; and why the money should be spent in this way.

While the idea of preparing a grant narrative can seem daunting to many, the grant narrative should be seen as an opportunity to answer the questions that the potential funder may have about the project. Many times, the information that needs to be included in the grant narrative will be provided in the form of questions from the funding source selected. It is absolutely imperative that the grant narrative be tailored specifically to the requirements of each individual funding source.

Once the funding agency has received the application, a staff member from the potential funding source will evaluate the grant application much like a loan officer evaluates a home loan application. They will look at the character (does the statement of need identify a problem that needs to be addressed?), the assets that have been gathered to address the problem (are the history, mission and work of the agency and the partners sufficient to address the problem?), and the capacity of the program (does this program show promise to add to the way this problem is addressed?). With the right preparation, the program will soon be “moving into” new programming efforts.

A more detailed discussion of how to approach, prepare for, and undertake finding and securing funding for your program through grants can be found in *The Grant Writing Help Book – Effective Strategies, Tips and Resources for Juvenile Justice Professionals* compiled by DJJDP, located at www.ncdjdp.org/grants/.

The following tools are included to assist the funding phase:

Tool 1 - Components of a Successful Grant

- A description of common grant narrative components

Tool 2 - Typical Funding Sources and Advantages/Disadvantages of Each

- Various sources for grants and the advantages and disadvantages of each source

Tool 3 - Budget Summary and Budget Narrative

- Budget template and narrative outline including examples

Tool 4 - Selected Online Grant Writing Tools, Tutorials, and Tips

- Useful resources excerpted from *The Grant Writing Help Book – Effective Strategies, Tips and Resources for Juvenile Justice Professionals*, DJJDP