



Agricultural Marketing Service
U.S. DEPARTMENT OF AGRICULTURE



Developing Your Budget and Expense Justifications

8 Step Guide for Grant Applicants



***AMS LAMP Grants
Technical Assistance Toolkits***





LAMP BUDGET TOOLKIT

8 STEP GUIDE

Plan - Develop - Deliver!

A solid budget that is balanced and justified is a very important element in your proposal. Here are eight steps to help guide you through the budget process. The rest of this toolkit will walk you through these steps in more detail and provide resources to support you as you develop your budget!

Organize



Create a list of expected expenses you will have for your project. Start with a general outline. More details will be added once you begin filling out the budget section of the project narrative form.

Learn & Understand Budget Categories



Read through the grant project narrative form and other program resources to learn about each of the budget categories. Read through the descriptions and understand the differences between each category.

Categorize & Add Detail



Categorize your list of expenses based on the budget categories listed in the RFA. Add the required details for each expense (FTE, salary, per unit costs, etc.).

Check for Unallowable Costs



Review the RFA, AMS Grants General Terms and Conditions, and Federal Costs Principles: 2 CFR 200 Subpart E to determine that all costs outlined in the budget are allowable.

Justify Each Expense



Justify each expense and make sure your budget directly correlates with your project narrative. Ensure that each line item makes sense and is necessary to implement the plans and practices you outline in your proposal.

Calculate, Check & Correct



Enter your expenses into the spreadsheet provided to check and correct your expenses before inputting them into the project narrative form. Check your calculations and ensure that the totals for each budget category and overall budget are accurate.

Identify & Verify Cost Share



For each expense, determine if the expense will require federal funding or if it will be part of your required cost share. Make sure you meet the required 25% cost share and you have documentation for all sources of cost share funding.

Review & Finalize



Review your budget with your team. Input your final budget into the Project Narrative Form and use your spreadsheet to double-check the final numbers.

Review the application instructions to make sure you have met all requirements before finalizing including having signed Letters of Commitment for key staff listed in the budget.

**USDA is an
equal
opportunity
provider,
employer, and
lender.**

May 2025



LAMP Budget Toolkit

8 Step Guide for Grant Applicants

Creating a budget and writing a budget justification for a complex grant project can be an overwhelming task. However, a solid budget that is balanced and justified is a very important element of any grant application. This toolkit breaks down the steps of creating a budget and provides relevant resources and templates to help you confidently complete your project budget.

Be sure to consult your project team or others working on the application while you develop your budget. It is good to have other people review your work while you are going through each step. That way any mistakes can be addressed, or adjustments can be made before getting too far along in the process.

Step 1: Organize

There are many components to writing a detailed budget that meets all the requirements of a grant's Request for Application (RFA). First, the budget must show the total cost for the project and describe how budget category line items were derived. The budget justification must provide enough detail for reviewers to easily understand how costs were determined and how they relate to the Project Objectives and Expected Outcomes you have described in the project narrative component of your application. The budget must also show a relationship between work planned and the predicted costs incurred.

Start with a general outline of how much federal funding you'll need and the matching funds you have. Create an outlined list of the expenses you predict you will have for your project. You can do this on a separate piece of paper ([LAMP Budget Deep Dive: Organizational Worksheet](#)) or in a spreadsheet ([LAMP Budget Deep Dive: Spreadsheet](#)). Make it your go to guide as you develop your budget.

Step 2: Learn & Understand Budget Categories

Read through the different resources below to learn about each of the budget categories. Understand the differences between each category and what expenses fit into each category.

Project Narrative Forms and Guide

- [FMLFPP Project Narrative Guide](#)
- [FMLFPP Project Narrative Form](#)
- [RFSP Project Narrative Form](#)

FAQs

- [FMLFPP FAQs](#)
- [RFSP FAQs](#)

Step 3: Categorize & Add Detail

Categorize your list of expenses based on what you learned from the project narrative form, FAQs, and other guidance materials. Make sure that each expense is in the appropriate category. Re-examine your equipment and supplies to make sure they are in the right category and add additional details that will be requested as part of the grant's project narrative form (costs per unit, acquisition date, funding requested, etc.). You can use the [LAMP Budget Deep Dive: Organizational Worksheet](#) or [LAMP Budget Deep Dive: Spreadsheet](#) to complete this step.

Step 4: Check for Unallowable Costs

Review the RFA, [AMS Grants Terms and Conditions](#) (Section 8.2), and [Federal Cost Principles \(2 CFR 200 Subpart E\)](#) to understand which project costs are allowable and unallowable. Review the expenses listed in Step 3 and make sure that all costs are allowable.

Grant RFAs

- [FMPP RFA](#) – Section 4.4
- [LFPP RFA](#) – Section 4.4
- [RFSP RFA](#) – Section 4.4

Common Allowable Use of Funds

- Pre-award costs: Project costs incurred up to 90 calendar days before the award at the recipient's own risk and when these costs are provided in the approved budget or given prior written approval by the federal agency.
- Rental costs of building space
- Conference costs (with exceptions): may include rental of facilities, speakers' fees, and/or local transportation.
- Special purpose equipment and rental costs of general purpose equipment (with exceptions)
- Participant support costs including stipends or subsistence allowances paid to participants or trainees.
- Salaries and wages
- Training, if required to meet the objectives of the project or program
- Travel, if required to meet the objectives of the project or program

Common Unallowable Use of Funds

- Building and construction
- Contribution/Donations
- Purchasing food to donate or resell
- Purchasing general purpose equipment
- Agricultural production-related costs including farming, gardening, farm tools and supplies
- Fundraising activities
- Enrollment/expansion of Food Assistance Programs (SNAP, WIC)

Additional Resources

- [FMLFPP FAQs](#)
- [RFSP FAQs](#)

Step 5: Justify Each Expense

Justify each expense and make sure your budget directly correlates with your project narrative. Ensure that each line item makes sense and is necessary to implement the plans and activities you outlined in your proposal. Make costs reasonable and commensurate with its activity. *Note: you do not need to justify Indirect Costs. You also do not need to justify Fringe Benefits unless you are requesting a rate higher than 35%.*

The budget justification must provide enough detail for the reviewers to easily understand how costs were determined and how they relate to the Project Objectives and Expected Outcomes you have described in the project narrative component of your application. The budget must also show a relationship between the work planned and the predicted costs incurred. For example: if you put a line item for travel to a conference/meeting or for a cooler unit, then be sure to reference how that travel or those supplies will be used to support the execution of your project.

Step 6: Calculate, Check & Correct

Use the [LAMP Budget Deep Dive: Organizational Worksheet](#) or [LAMP Budget Deep Dive: Spreadsheet](#) provided to calculate and check expenses before adding them into the project narrative form. Add up the individual line-item expenses and compare them to the total amount for each budget category and to the total amount requested. You may want to calculate on a separate document and compare the separate calculations. Having your team proofread and double check is recommended at this stage so that there are no inconsistencies in the budget line-item totals, budget category totals or total amount of funds requested.

Step 7: Identify & Verify Cost Share

AMS LAMP opportunities require cost sharing funds from non-federal sources equal to 25% of the amount of federal funds being requested. For FMPP and LFPP, cost share can be cash or in-kind. For RFSP, a cash cost share is required.

Note: For RFSP, one of the priority considerations is to “use significant non-Federal financial and technical resources and work together with other local, State, Tribal, or national efforts.” Therefore, any cost share provided above and beyond the cost share requirement can help support the application. For FMPP and LFPP, there is no competitive advantage for an applicant to provide a cost share that exceeds the required amount.

For each expense, determine if you will be requesting Federal funds or if you will be covering this expense as part of your cost share requirement. List the cost share value and cost share type (cash or in-kind) next to the associated budget line item on page 2 of the [LAMP Budget Deep Dive: Spreadsheet](#) titled Cost Share or in [LAMP Budget Deep Dive: Organizational Worksheet](#). Make sure that you have your [Letters of Verification for Cost Share Funds](#) for EACH resource that will be used for your cost share.

Step 8: Review & Finalize

Review your budget with your team to get feedback. If possible and if time allows, have someone without any prior knowledge of the project do a review, this will help to highlight any line items that might need additional details or explanation for reviewers.

Ask them to “think like a reviewer” by having them review independently and without additional context to ensure that your budget and budget justification provides enough detail and makes sense. Each applicant will be reviewed and scored based on the Project Evaluation Criteria which can be found in the grant’s RFA. When your

team is reviewing, check out the evaluation criteria for the Fiscal Plan and Resources section in the RFA. Make sure that the budget and budget justification meet every relevant component outlined in the evaluation criteria. Now that you have ORGANIZED your budget, UNDERSTAND the budget categories, CATEGORIZED your expenses, checked for UNALLOWABLE COSTS, JUSTIFIED your expenses, CALCULATED and CORRECTED your data, IDENTIFIED and VERIFIED your cost share, and REVIEWED and FINALIZED your budget, you are ready to submit! Make sure your information is correctly entered into the required project narrative form, that you followed all instructions relating to how to fill out your budget and that you submitted your [Letters of Verification for Cost Share Funds](#) and your [Letters of Commitment from Partner and Collaborator Organizations](#) for all key staff listed in the budget.

Contact Us and Learn More!

For questions about these grant opportunities, after closely reviewing the RFA and FAQs, please email: FMLFPPGrants@usda.gov for questions related to the Farmers Market and Local Food Promotion Program.

IPPGGrants@usda.gov for questions related to the Regional Food System Partnership Grant.

Program Website Links:

- [Farmers Market Promotion Program](#)
- [Local Food Promotion Program](#)
- [Regional Food System Partnership Program](#)

USDA is an equal opportunity provider, employer, and lender.