

Consulting Fees for Grant Proposal Writing: *An Exchange of Ideas and Information from TGCI-Forum*

TGCI-Forum is The Grantsmanship Center's online discussion group for training program graduates. In addition to posting job openings, technical assistance inquiries, and information about new funding opportunities, Forum participants share insights and opinions on a broad range of issues. Recently, these have included local agencies' strategies for dealing with welfare reform, how to select the right fundraising software, and creating job descriptions for development office personnel.

Another hot topic has been consulting fees for grant source research and proposal writing. What to charge-and how to measure a consultant's real value-are concerns that continue to stir debate. What follows is a digest of Forum members' thoughts on the subject. (Special thanks to Beth Ardapple, who did the original compilation.)

Setting Rates

Fees should not be set according to a linear relationship with the grant amount. Someone who prepares a \$1 million proposal should not get a 100 times more money than someone who prepares a \$1,000 grant proposal. I suggest you come up with an hourly billing rate (or billing range) that you can charge for all projects. You might want to come up with a tiered scale: one for small jobs (fewer hours) and a slightly lower rate for long-term projects. Many of the grantwriters I know who live outside of major metropolitan areas charge between \$40 and \$50 an hour for their work. Fees are slightly more in major cities.

Other writers charge according to the size of the agency. For example, agencies whose budgets are \$500,000 or less get a 10-12% reduction in the hourly rate charged to agencies whose budgets are bigger.

--Mary Genis

First of all, figure out how many hours it would take you to complete the project. Second, how much will it cost you in terms of materials (costs of going on-line, supplies, etc.) See if anyone at the agency can give you a ballpark figure as to how much they could budget for you. Compare your rate to the

benefit they'll get from receiving this grant--not just the \$10,000 that they'll get now, but how much more potential there could be for them later.

--Andy Fischer

What's at issue is not the type of agency or the size of the grant. It's how much time it will take and what you are willing to accept as a day-rate, plus out-of-pocket costs.

My standard day-rate is \$250. The lowest I can go financially -- if I'm doing this as necessary income rather than as a favor -- is \$100 a day, so what I have to charge usually has to fall somewhere between \$100 and \$250 per day. I think you need to figure out what you need as a minimum (in my case, the \$100) and go from there.

There are many considerations that determine what I charge, but they basically come down to two:

1. How much do I want to do this? (Do I like the client or project? Can they can keep me busy with other work? How busy I am at the time? Is this is a good "marketing" opportunity for my work?)
2. What I call "most favored nation" status. I expect my pay to be similar to that of other people within the agency who do similar work. I assume that my value to the organization is roughly equal to that of the person I will work most closely with. If I'm working for a small non-profit whose executive director makes \$19,000 a year, I don't mind charging less than I when I'm working for a mid-level administrator in local government who makes \$40,000 a year (\$50,000+ if you include fringes).

This may mean that I'm simply not worth it if the grant is small, the application is time-intensive, and the odds of success are long.

--Wade Black

An up-front fee should be at an hourly rate. Keep track of your time and bill accordingly. Since you are probably using your own home, PC, etc., I would charge about 50 percent over what you are being paid at your regular job.

--Michael Cohen

I have written proposals as a consultant for several years. I charge an hourly rate (this varies depending if we sign a yearly contract or if I am hired for a single project) and try to ballpark the amount time it will take for me to write the proposal. Usually, my initial consult is free, basically to determine the commitment of the organization and how well the project has been planned. Within the contract, I stipulate that I make no guarantees that they will receive a favorable funding response. Also, we agree to a maximum amount of hours and both parties must agree to any extension.

--Jean Lehmann

Collaboration

We've been writing proposals together for 25 years. Often one of us reads the materials, then tells the other the pertinent stuff, or highlights it for quick assimilation.

Also, when you become very fast at turning out proposals, the fee can be based on an estimate of what the client thinks it's worth, which is usually more time than we actually need. Team (or group) discussion of the salient points can be done before writing anything, which speeds up the process. For example, we used to hang newsprint around the office, each sheet labeled with a different proposal element (objectives, evaluation, budget, etc.). As we discussed the project, we'd write key words and phrases on each sheet, indicating what section each should occupy. At the end of the discussion, the proposal was virtually written. It just had to be inputted.

Generally, the dollar amount of the grant is not directly related to the amount of time needed to complete a proposal. For example, a rather modest request to NEA will be as time-consuming as a \$300,000 project request to the Department of Commerce. Try to look over the guidelines, see what information is already in hand (boiler plate concerning background of organization, job descriptions, budgetary information, resumes, etc.) and then try to estimate how long it will take you to write the proposal. Come up with an amount per hour or a total package amount and let the organization know what that figure will be.

You can't really determine how long it's going to take based on what they're applying for. Sometimes, a \$10,000 request will involve 20 hours of your time. What would you charge? A \$40,000 request could involve 10 hours of your time. Same question.

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If you're a veteran, you've probably seen so many different organizations, so many guidelines and RFP's, that you can look closely at a task and be pretty much spot on as to how long it will take you. If you're trying to develop an ongoing relationship with the organization, you might be willing to bill them less in order to get your foot in the door.

--Jerry and Linda Mundel

Working on Percentage

I have a friend who does grantwriting for different political subdivisions. My friend charges 3% of the full grant, but he only gets paid if the grant is awarded. It was his idea to set it up this way.

--Debbie Mathews

The National Society of Fund Raising Executives (NSFRE) has a Code of Ethics which precludes charging a fee that's based on a percentage of the amount of money raised or amount of the grant award. This is to help prevent funders from feeling that the amount that they're being requested to provide is in some way padded. This is true even if the funds that are paid to the proposal writer (which is what they're actually writing) come from some other fund source.

The issue is that if proposal writers are preparing grant proposals for which the size of the budget determines the amount that they are paid, then proposal writers may be less likely to look for the most economical way to implement the grant-funded project. For example, many of the grant programs on which I work have to do with some element of professional development. I can find high-quality "free" or low-cost consultants to design and provide the training through a regional educational alliance as well as a local university. It's a little more hassle to coordinate, arrange, etc., than just paying to bring an "expert" in to do the training. If I simply build in customary consulting fees as a part of the proposal's budget, then it is much larger. It's also less likely to be sustainable after grant funding has been spent. However, it could be a design preference if my income were based on the size of the proposal's budget.

--Bricca Sweet

Commissions sound tempting. If you raise a lot, you get paid more. And the nonprofit may think it sounds like a good deal that if the grant doesn't come through, they don't have to pay you.

The National Society of Fund Raising Executives (1-800-666-FUND) has a Code of Ethics that specifically prohibits fundraisers from charging a percentage. While this is not binding on people who are not members, it is good advice. Here's why:

1. Someone paid on a commission may (even unconsciously) start using techniques that put pressure on the donor to give. This may not build a good relationship for the long-term.
2. People paid on commission have no reason to share information which could make the nonprofit more self-sufficient, but could take valuable consulting time. This is less important if the nonprofit doesn't want to learn, and wants someone to "just do it" -- but I don't consider that the best form of consulting.
3. Donors get very upset if they hear that the proposal writer was paid a commission.
4. Donations (including grants) are often made not just because the proposal was good. Often volunteers with personal contacts visit the donor. In fact this is the way many of the largest donations are made from corporations and foundations. Even government grants are often influenced by who knows who. The volunteer may feel that it was her or his influence that got the donation, and resent paying a commission to a proposal writer.

Even great grant proposals get turned down because the grantor had (a) too many other great proposals, or (b) pressure from somebody who knows somebody, or (c) a sudden change in policy. Do you really want to do all the work and risk not getting paid because of factors outside your control?

And can the nonprofit use your proposal for other applications without paying you more?

For all these reasons -- and more -- I strongly suggest you should be paid for the amount of time you invest, or a flat fee.

--Ken Wyman

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I too have been a grant proposal writing consultant for nearly ten years and would not interview with a client who wanted to pay on percentage. They pay me for the time and expertise involved in developing the grant. Not for the level of risk involved in the competition. That's their risk factor, not mine. I have found that organizations that want to pay by percentage don't really want to pay and do not value the work.

I write an estimate/contract and deal with the projected realities of the job directly with my client. To do otherwise would certainly not seem professional.

I raised over a million dollars through grants last year (it would be nice to make 10% because I sure didn't make \$100,000) but the organizations don't have that kind of money in their general fund for spending on things other than their staff and their cause, and grant fees should never be taken out of grant funds.

--Lynette Murphy

Most federal government procurement regulations require that organizations applying for grants and contracts include a signed statement that no one who is developing the proposal will get a percentage of the grant or budget for developing the proposal.

--Cat McIntyre

Let's get it straight up front that it is considered unethical and amateurish to work on a percentage basis. This applies to all facets of fundraising. PERIOD. I know that lots of other professions rightfully and ethically base their income on commission, but when you are dealing with the public good and the furtherance of your organization's mission, percentages (for consultant fees or as a basis for bonuses to paid staff) have no place in fundraising. You should put as much professionalism into a \$5,000 request as you would into a \$500,000 request.

--Regina Rogoff

Re: Fees based on a percentage of the grant.

Please read the extensive discussions of this topic in the Nonprofit FAQ

<http://www.idealists.org/if/idealists/en/FAQ/QuestionViewer/default?category-id=33&item=39§ion=16&sid=69229574-56-DoDTI>

--Putnam Barber

Assessing "Value"

I've been consulting for 10 years, doing nonprofit work for over 20. When I work with clients, they often think I'm just getting money for them, but often I'm taking what is a germ of an idea and developing it into an achievable and fundable program. In doing this I require a fair amount of work from the client -- after all, they're going to have to implement the project, not me.

I've never done proposal writing on a percentage but I have done pro bono work. What I find is that pro bono clients waste much more of my time because it isn't costing them anything and therefore they don't value it. If they're paying me \$75/hour or \$3-4,000 per project, they don't miss meetings or show up unprepared.

To those who think that offering a percentage scares away less competent consultants and attracts the best: Actually, it shows a lack of understanding of the field and probably drives away experienced professionals. If offered a percentage (which happens often with inexperienced organizations), I explain why I don't work that way. If a potential client insists, I politely decline the project.

--Michael Wells

I fell into proposal writing because none of the agencies I was helping had any funds to implement programs. In a nutshell, I wrote over 50 proposals, 41 of which were funded. I never charged a dime to write the proposals. Word spread and soon I was getting 10 to 15 calls a week to help numerous nonprofits.

Then I got a call from an agency telling me that they realized the value of a good fund developer and had invested \$8,000 in a grant writer from Pasadena! This after I had invested hundreds of hours of free labor and successfully wrote seven successful grants for them!

There is a fine line between being nice and being a sucker. I had to look at what motivated agencies to call me for free labor, yet pay someone else. I also

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had to look at the demands placed on me by those who had never given me a dime or even the courtesy of a call when a grant was awarded.

I finally came to the conclusion, that FREE means NO VALUE to some people. I also came to the conclusion that those who have no clue what proposal writing entails could not possibly value the skill, time and energy it takes. Too many of them think that you pull the research and the writing from thin air and simply fill in blanks. Some think of it as a clerical function, rather than as a professional service.

Now I write only for agencies that have a well-defined mission and a strong commitment to that mission, plus a desire for self-sufficiency. I never write when the bottom line is exclusively money. (There is a difference between "getting money" and "funding programs.")

I set up my contracts as follows:

1. I charge \$500, which is nonrefundable, for initial grant searches, potential program designs and proposal development options.
2. I credit the entire deposit toward the cost of the grant proposal.
3. I charge \$50 per hour, with 50% due when I start writing, and the balance due on delivery of the grant proposal to the agency.
4. If the grant proposal is unsuccessful, I will credit up to \$1,000 toward a second proposal.
5. I give them an estimate of time required to write a proposal before I write.
6. I give them several options to reduce the cost (e.g., assistance with research!)
7. I make them sign a document when the grant proposal is delivered saying that while I wrote the proposal and designed the program, it belongs to them -- along with all responsibilities of complying with what I have written. I tell them that my name doesn't appear on the grant, but theirs does.
8. On delivery, I ask the nonprofit to sign a document which states that they accept responsibility for what has been written in the proposal and agree with the requirements of the funding source.

9. I ask for a letter of recommendation for all grants that are successful, and often get letters before the awards are announced. This is my "credibility file" for new clients.

I no longer waste time with prospective clients who claim they have no money. If they are serious, \$500 is a reasonable deposit. If an agency is truly without funds, I point them in the right direction in terms of potential sources. I answer their questions, but I make sure they understand that my priorities must be with agencies that I have contracts with.

--Jacquie Richardson