

Budgeting: Grant Timelines Impact Project Cost - April 28, 2023

A common error in project budgeting is failing to consider how grant timelines might impact project cost. For a construction project, the time from submitting a grant application, to receiving an award, to construction commencement and substantial completion can take 2-4 years (or longer!); 2-4 years for a planning study. In the past, including a 10% cost contingency in a project budget might have been sufficient, but the costs of wages, materials and associated project needs continue to increase due to economic forces and 10% is not even close to enough anymore.

The [New England Employment Cost Index](#) shows that wages and salaries increased by 5.9% from December 2021 to December 2022. If increases continue at that same rate annually, it would equate to an 18.7% increase in wages over three years and 41% over six years. When creating your project budgets, keep these increases in mind for both municipal staff that will be paid through a grant and for consultant and contractor costs.