HOW TO PREPARE A GRANT PROPOSAL BUDGET

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Gathering the information

• Put all of the relevant costs down on paper
• What should be considered a direct cost versus and indirect cost?
• What is the fringe rate?
• What F&A rate should I use?
• What is the graduate stipend rate?
Getting Started

• Know your limits: make sure you read the funding opportunity announcement for budget criteria.
  • Items that are unallowable
  • Spending caps on certain expenses (e.g. travel)
  • Overall funding limits
  • Cost sharing or matching requirements

• Identify all costs that are necessary and reasonable.

• Throughout the process round to whole dollars.

• The best strategy is to request a reasonable amount.
Direct Versus Indirect Costs

• Direct costs: Costs that can be specifically identified with a particular project or that can be assigned to the project relatively easily with a high degree of accuracy (e.g. personnel, subrecipients, research supplies).

• Indirect Costs: Costs that are incurred by a grantee for common or joint objectives and that, therefore, cannot be identified specifically with a particular project. (e.g. local telephone, Tier 1 IT support, IT infrastructure, clerical salaries, office supplies).
NIH Modular Versus Detailed Budgets

- NIH uses 2 different formats for budget submission
- SF424 R&R Budget Form (detailed budget)
- PHS398 Modular Budget (simplified budget)
Modular Budgets

• A modular budget submission does not require a detailed budget, but Grants and Contracts accounting will need one to create your budget in the PeopleSoft Financials. Basic budget categories only.

• Modular budget justification should include:
  • Personnel Justification
  • Consortium Justification
  • Additional Narrative Justification (explain any variation in the number of modules requested and any direct costs excluded from the total direct costs).
Detailed Budget Categories

- Salary
- Fringe
- Stipends
- Consultant Costs
- Equipment
- Supplies
- Travel (foreign, trainee)

- Patient Care
- Alterations & Renovations
- Other
- Consortium/Contractual (CNT<25, CNT>25)
- F&A
Salary

• Effort based - Must be reported in calendar months.

• **Principal Investigator**
  • How much time do you need to perform and oversee the work.
  • You must set aside at least 3-5% effort for departmental duties and proposal writing.
  • Based on all the hours worked per week, not the 40 hours entered for payroll.
  • Chairs, Deans and other duties will require more time set aside and charged to non grant funds.
  • Be aware of salary cap limitations for Federal and other agency awards.
Salary continued

- Senior/Key Personnel: Co-PI’s and other key personnel.
- Postdoctoral Associates
- Graduate Students
- Other Personnel: Lab technician, data manager

- Should not include personnel who may provide overall leadership, but negligible effort to the project. (e.g. Mentors on K awards)

- Clerical and administrative salaries should not be budgeted in federal awards except for particular instances. (e.g. COBRE, INBRE, multi-site awards, conference grants)
Equipment

• Equipment is defined as an item of property that has an acquisition cost of $5,000 or more and an expected service life of more than a year.

• Equipment is generally purchased early in the life cycle of the project. Don’t wait to purchase equipment until late in the award unless you have informed the sponsor in writing. (Audit risk)

• Equipment is excluded from F&A.
Travel

• Travel is expected usually for attending pertinent conferences in your field or to meet with collaborators.

• Don’t forget travel that may be needed to collect data.

• OUHSC has three budget categories for travel due to State of Oklahoma requirements.
  • TRAVEL: Domestic travel
  • TRVFRN: Foreign travel (State considers Mexico and Canada foreign)
  • TRVTRN: Trainee travel
Supplies

• It is essential to plan for supply costs as accurately as possible.

• On the budget justification, indicate general categories such as glassware, chemicals, and animal costs.

• General purpose equipment, such as desktop computers and laptops, that will be used on multiple projects or for personal or departmental use should not be listed as a direct cost but should come out of the F&A costs.
Other

- Services (e.g. confocal microscopy, DNA sequencing)
- Rent (allowed only for off site facilities)
- Motor Pool charges
- Research participant stipends
- Tuition for graduate student (OUHSC has a specific budget category for tuition – TUITIN)
Other continued

• Publication Costs: Costs associated with helping disseminate your research findings from the proposed research. (For OUHSC, these costs are included in OTHER.)

• Consultant Costs: Differ from consortiums in that they may provide advice, but should not be making decisions for the direction of the research.

• Alterations & Renovations: Does not include general maintenance or projects > $500,000. (e.g. altering a room to make space for a grant-related piece of equipment.)
Consortium costs

- Also commonly referred to as subrecipients.
- Subrecipients **do** participate in research decision making. This is what sets them apart from consultants.
- First $25,000 of the subrecipient agreement is included in the modified total direct cost.
- Subrecipients are allowed a minimum of 10% F&A unless explicitly stated in the funding opportunity announcement.
- If the subrecipient entity has a federally negotiated rate, you must use their rate.
Cost Share

• Cost sharing is a real cost to the University
• Cost sharing decreases the University F&A rate by increasing the base
• Cost sharing should be limited to instances where it is required by the award announcement
• Federal cost sharing is regulated by statute and cannot be considered as part of the scoring for proposals unless it is required in the FOA (funding opportunity announcement)
F&A Rates (FY17-21)

• Calculated on Modified Total Direct Costs (MTDC)

• MTDC excludes: equipment, capital expenditures, patient care, tuition remission, scholarships and fellowships; as well as the portion of each subcontract in excess of $25,000.

• On Campus Research: 45%

• On Campus Instruction: 35%

• On Campus Public Service: 33%

• Off Campus: 26%
Fringe Rates

- Fringe Rates are negotiated annually.
- Posted on ORA and GCA websites
- Full-Time Hourly and Salaried Faculty and Staff – 35.1%
- Residents and Post Doctoral Fellows – 19.3%
- Part-Time (less than 50%) – 7.9%
- Students – 2.9%
Common Mistakes in Grant Budgeting

- Budgeting items into the wrong category
  - [https://www.ouhsc.edu.financialservices/documents/Financial_Services/Budget2 GLAcct.pdf](https://www.ouhsc.edu.financialservices/documents/Financial_Services/Budget2 GLAcct.pdf)

- Incorrectly classifying a consultant as a subrecipient

- Not using the University prescribed budget categories

- Interchanging Stipends and Salaries (COLA versus compensation)

- Faculty receiving promotional increases above what is budgeted for their salary
General Ledger Account to Budget rollup

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<th>Account</th>
<th>Description</th>
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<tr>
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<td>DEFICIT COVERAGE-SALARY/WAGES</td>
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<td>WAGES-HOURLY FULL TIME</td>
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<td>WAGES-HOURLY PART TIME</td>
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<td>WAGES-Student Assistant</td>
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Characteristics of a Subrecipient

• Determines who is eligible to receive assistance
• Has its performance measured in relation to whether objectives of the program were met
• Has responsibility for decision making
• Is responsible for adherence to applicable program requirements
• Uses the funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services
Characteristics of a Vendor (ICA, Prof Svc)

• Provides the goods and services within normal business operations
• Provides similar goods or services to many different purchasers
• Normally operates in a competitive environment
• Provides goods or services that are ancillary to the operation of the program
• Examples: Web designers, On-line course designers, Technical writers
Subrecipient vs Vendor/Contractor

• Importance to the project has no bearing on whether the work is considered a subaward/consortium versus a vendor/contractor

• The characteristics of the relationship is what drives the determination

• F&A application should not be part of the consideration
Solutions to Common Mistakes

• Fortunately most sponsors allow for rebudgets without having to contact them.
  • NIH – 25%
  • OCAST – 10%

• NIH also allows for carryforward of up to 25% of your budget from one year to the next without having to contact them.

• Note, however, that you will have to explain in the annual progress report if your carryforward will be greater than 25%. May be used to offset next year funding.
Contacts

• If you have any questions, please don’t hesitate to call or setup a meeting.
• We are here to help! Use us!!
• Tamara Franklin, Assistant Controller  x46387
• Michelle Bremenkamp, GCA Manager x46383