

Topic: “Nuances of Budget Preparation”

Introduction:

Proposal Budgets do not have to be perfect. We know it’s hard to estimate costs 5 years down the line. However, an estimate is different from a guess. We must review the budget to ensure that it is reasonable, accurate, and appropriate for the project.

The Departments are our first line of defense because they see the budget first. The Office of Sponsored Programs (OSP) relies on the departments to help catch mistakes.

Grants vs. Contracts – How different types of awards affect the budget:

- Who is the sponsor?
- Contracts generally call for more detailed, accurate numbers.
- Many contracts include Prior Approval clauses relative to re-budgets. We must ask for approval from the sponsor before changing the budget.
- Many sponsors request backup documentation for budgets. We need to show where the numbers came from.
- ✚ Budget numbers should be as accurate as possible.

Q: What types of documentation do Sponsors request as backup documentation of the budget?

A: Examples include:

- Salary verification from IRIS – individual base salaries and fringe benefits
- Travel documentation – Who is going? Where to? When? How much?
- Printing cost estimates per page, etc.

Proposal Budget Preparation for GRA Costs

Graduate Research Assistantships (GRA) are financial awards to grad students for work.

Appointments are normally on a ¼ to ½ time basis, ranging from 10-20 hours a week.

GRAs who maintain at least ¼ appointments are entitled to tuition waivers and health insurance payments.

- Nuances:
 - If the project period is less than one year, you must pro-rate the tuition costs.
 - Escalation - If the start date is beyond the published rates of tuition, escalate 9 to 10 percent of the current published amount in order to anticipate rising tuition costs.
 - Communicate to OSP if tuition is not included because the GRA has a split teaching appointment, or if the Graduate Assistant is paid hourly.
 - Communicate to OSP if a GRA has opted out of University insurance.

Example: ADOD project comes forward for award and part of the award is a cost analysis. The University must verify the GRA rates, thus it is important to use published or going rates.

Include an explanation in the budget justification when there is a GRA/GTA in the proposal/budget, it will save everyone time and effort: i.e.: going back and forth asking for additional support information.

Q: We have an award starting 9/1. How do we charge for tuition costs when the semester has already started and tuition has already been paid in August? Do we have to request Pre-award costs on the award?

A: All agencies are different.
Generally speaking the tuition costs should be prorated and allocated to the appropriate project.

Related Example: If a project ends 11/30, you must prorate for the December portion of tuition.

Subcontracts vs. Prof Services

- Getting these two line items mixed up can really cause a great deal of issues when it comes to F & A recovery.
- Call your OSP award contact as soon you find out that a previously determined contractual service or subcontract has been amended to the opposite category.

Proposal/award budgets are not to be used to cover the cost of an adjunct professor to teach a class that needs coverage due to the receipt of the award. Instruct the PI to include his/her effort in the budget. Adjuncts are not allocable costs because they do not work on the project directly.

Participant Support Costs (PSC)

- PSC apply mostly to NSF awards.
- NSF has made it clear that PSC get 0% F&A.
- How do we know if it counts as PSC or not?
 - Rule of Thumb: Ask yourself, "Is this person coming to be a learner or a collaborator on the project?"
 - If a learner, then probably a participant.
 - Collaborators are not participants.
 - Participants cannot be University employees.

University faculty serving on sponsored projects in an advisory role for a consultation fee is **not allowed**. Faculty charges should be based on time and effort, not a fixed fee.

After the Fact

Getting re-budget approval from sponsors after the fact can be difficult. It is always best to keep an eye on the budget and make appropriate adjustments in a timely manner.

We must explain "how did it get this way?"

To be a Top 25 Research University, we need to be more pro-active in managing budgets in a timely manner and spend per the approved categories. Some sponsors allow 1%-20% budget variances but some sponsors want exact dollar amounts. Every sponsor is different and we must follow the terms and conditions of the award agreement.

What makes a solid Budget and Justification?

- escalation rate percentages, i.e. salary, benefits and /or tuition
- appropriate, allocable GRA costs
- using spreadsheet without errors
- individual fringe benefit rates
- individual base salaries
- breakdown tuition by semester
- detailed travel breakdowns, airfare, per diems, etc.
- show your work
- include special language: JFOs, hourly rates
- What is the role of the personnel? Why are they needed?
- if you see in the department that there's info missing, go back and ask for explanation before submitting

The better the budget and justification, the fast and easier it is to get the award moved along and set up.

When OSP receives re-budget requests, the proposal budget and justification are always referenced.