Objectives

- Participants will:
  - Demonstrate understanding of all parts of a budget
  - Accurately explain what makes a strong budget and justification
  - Demonstrate effective use of UNL’s budget template
Activity: Qualities of a Good Budget

• Why should you create a proposal budget?
• What can it be used for?
• What makes a “good” budget?
• What is a budget justification/narrative? How should the budget and justification work together?
• Does OSP just make this stuff up? Where do they get the idea that some things are okay in a budget and others aren’t?
Why Do I Need a Budget?

- Project scope dictates financial needs
- Reflect project goals financially
- Maps successful work progress
What Makes a Good Budget?

- Clear
- Realistic
- Conforms to regulations and policies
Cost Principles

- Allowable and consistent
- Reasonable
- Allocable
Cost Principles: Allowable & Consistent

• Allowable
  o Necessary and reasonable for the performance of the federal project
  o By sponsor, UNL, state and federal government
  o Permitted under sponsor’s terms and conditions
  o Adequately documented

• Consistent
  o Same type of costs treated the same across UNL
  o Regardless of source of support
  o Can’t be both direct and indirect unless is specifically authorized
Cost Principles: Reasonable

- “Prudent person”
- Ordinary and necessary for project
- In line with comparable market prices
- Follow laws, regulations, and established practices
Cost Principles: Allocable

• Assignable entirely to this award only, or
• Assignable to an award plus other UNL work, in proportions you can reasonably estimate, or
• Necessary to overall operation of UNL, a portion of which is assigned to this project
Cost Principles: Summary

• Federal Cost Principles
  o Allowable/consistent
  o Reasonable
  o Allocable

• We generally apply to all sponsored projects, regardless of funding source
Cost Principles: Real Life

• A PI has budgeted the following on a federal project:
  o New computers for a Postdoc and GRA ($5,025 each)
  o Half the cost ($7,000) of a server
  o 50% of department staff responsible for HR processing for department
  o A journal subscription
  o A wine and cheese opening event
  o Two UNL faculty paid as consultants at a daily rate
Activity
Budget Template

UNL -> Office of Research & Economic Development -> Sponsored Programs -> Forms & Templates

http://research.unl.edu/sponsoredprograms/
Indirect Costs: Real Life #1

- UNL is submitting a proposal to NIH. The budget includes:
  - Personnel time and benefits (including 1 GRA)
  - Equipment
  - Supplies
  - Study subject payments
  - 2 subawards (UNMC and Kansas State)

- If the sponsor allows our negotiated rate of 53.5% MTDC, what would be excluded from F&A?
Indirect Costs: Real Life #2

- Your PI says she needs someone outside UNL to help with the project she’s proposing. She wants to choose the method that will include the least amount of F&A in UNL’s budget

  - Why is this inappropriate?
  - What criteria should be used to make this decision?
BREAK TIME
Budget Justification Activity
Budget Justification Tips

• Not a time for creativity; be clear, succinct, easy to follow
• Don’t challenge your reviewer to understand your costs
• Budget and justification need to match and be in the same order
• This is where the budget details should be, but don’t need to include dollar amounts
• Don’t include more than required, but DO INCLUDE everything sponsor asks for
• Fully justify every item of cost. Clearly document any unusual costs and the reason they are necessary in this circumstance – e.g., secretarial support
Budget Justification: Real Life

• A solicitation states that federal per diems must be used for travel.
• How would you address this in the budget and justification?
Cost Share
Cost Share

- Project costs not paid by the sponsor ("match")

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*Don’t exceed minimum required*
Cost Share

- No federal to federal cost share
- Must be tracked and reported
- Can cost share an item only once
- Approved in NUgrant before submission
Third-Party Cost Share

- Entity other than UNL contributes the cost share
- Third-party tracks and reports to UNL
- UNL responsible if third-party doesn’t meet its obligation
- Include in amount routed in NUgrant
Cost Share: Real Life

- A proposal states that an individual will work 0.25 person months on the project, but this doesn’t appear in the request budget. It also states that a piece of specialized equipment will be provided by UNL.
- What in this example is considered cost share?
- What kind of cost share is it?
Cost Share: Real Life

• Justification wording to avoid quantifying
  o The PI will devote the time necessary to complete the project
  o The department of X will provide the equipment necessary to accomplish the proposed research
  o Computer support for the project will be provided by the College of X

• As a general rule, avoid cost share, if possible
Cost Share POP QUIZ!

• Cost share is committed if it is ____________________.
• Cost share is mandatory if ____________________.
• UNL does its mandatory cost share approvals using ____________________.
• Third party cost share is both the same and different because ________________.
• If the sponsor limits F&A and requires cost share, the first item to consider for cost share should be ____________________.
• UNL prefers to cost share when ____________________.
Questions?
Thank you!

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