

Budget Preparation and Development

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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?



3 min

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

- Necessary and reasonable for the performance of the federal project
- By sponsor, UNL, state and federal government
- Permitted under sponsor's terms and conditions
- Adequately documented

Cost Principles: Consistent

- Same type of costs treated the same across UNL
- Regardless of source of support
- 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
 - Allowable/consistent
 - Reasonable
 - 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:
 - New computers for a Postdoc and GRA (\$5,025 each)
 - Half the cost (\$7,000) of a server
 - 50% of department staff responsible for HR processing for department
 - A journal subscription
 - A wine and cheese opening event
 - Two UNL faculty paid as consultants at a daily rate

Activity



HikingArtist.com



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 are the options and appropriate decision points?




10 min

Budget Justification Activity



Budget Justification

- Why is this expense needed?
- Personnel: effort, role, COLA
- Benefit estimates, actual cost charged
- Equipment: project-specific, vendor quote(s)

Budget Justification

- Travel: who, where, when, why, estimates
- Supplies: project-specific
- Subawards: minimal if requires separate budget & justification with proposal
- Consultant: role, rate
- Facilities & Administrative: specific language

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”)

	Committed	Uncommitted
Mandatory	 <i>Don't exceed minimum required</i>	
Voluntary		

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 are the implications of including these items?

Cost Share: Real Life

- Justification wording to avoid quantifying
 - The PI will devote *the time necessary* to complete the project
 - The department of X will provide *the equipment necessary* to accomplish the proposed research
 - *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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