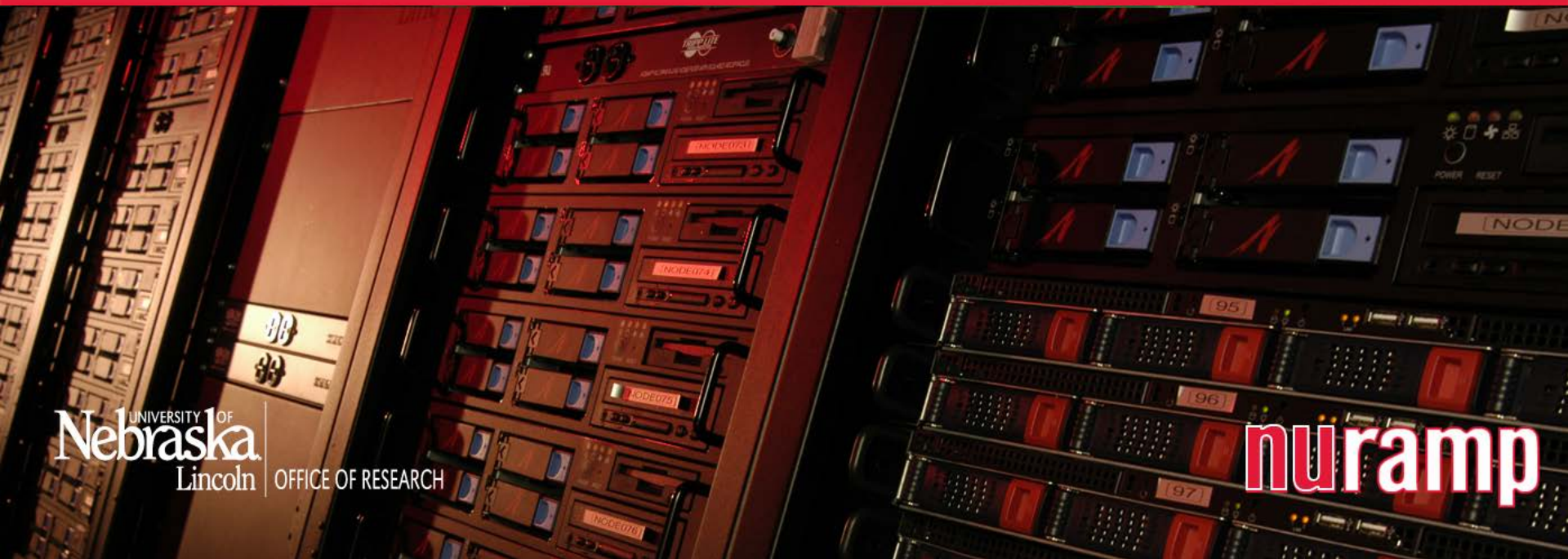




Budget Preparation and Development



Objectives

- Articulate the basics of developing good budgets
- Prepare a strong budget and budget justification
- Utilize UNL's budget templates
- Locate tools and information to create budgets

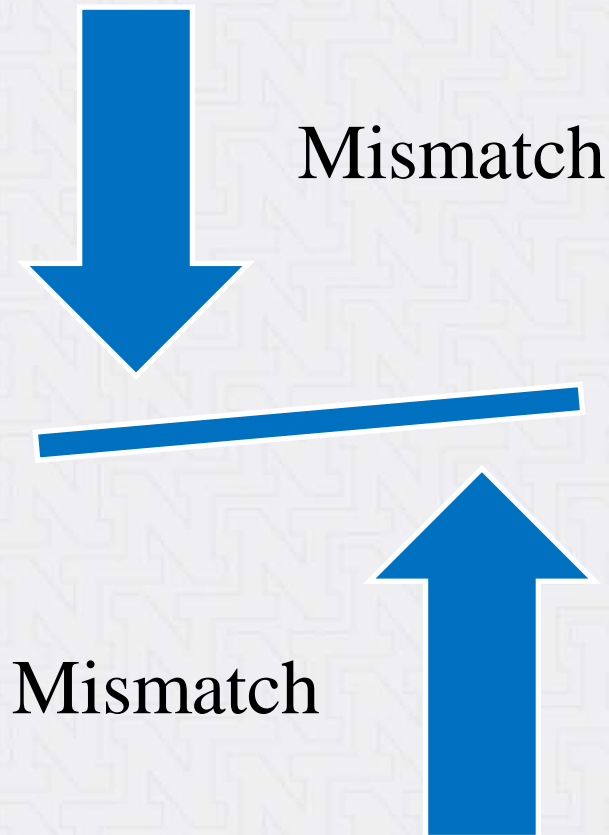


Purpose & Qualities of a Good Budget

- Project scope dictates financial needs
- Maps successful work progress
- Reflect project goals financially
- Clear
- Realistic
- Conforms to regulations and policies



Common Reviewer Issues to Avoid



- Budget too small or inflated for project size
- Justification does not support budget
- Budget and justification do not reflect project aims



Budget Considerations

- Costs to a federal project must meet the criteria in OMB Circular A-21
- Primary principles all costs must meet
 - Reasonable
 - Allocable
 - Allowable
 - Treated consistently across the institution

*The cost is **unallowable** if any of the primary principles isn't met!*



Budget Considerations

- Reasonable
 - “Prudent person”
 - Document unusual circumstances
 - Necessary for the project
 - Benefit the grant directly
 - Follow all laws and regulations



Budget Considerations

- Allocable

- Solely for work of this agreement (not other projects)
- OR benefits the agreement and other UNL work, in proportions you can estimate
- OR is necessary to overall operation of UNL, a portion of which is assigned to this project

- Allowable

- By sponsor
- By UNL, state and federal government



Budget Considerations

- Treated consistently
 - Same type of costs = treat the same across UNL
 - Regardless of source of support
 - E.g., Can't buy a computer for office use
 - Cost can't be both direct and indirect unless granting agency specifically authorizes
 - E.g., Usually, secretarial/admin support is indirect



Budget Exercise 1

**Work at your tables using
presenter instructions**



Types of Costs

- Direct



- Indirect



Types of Costs

Direct Costs

- *Specifically* identified with a particular sponsored project or activity
- Can be *assigned* to that project or activity with a high degree of *accuracy*
 - E.g., “the cost of liquid nitrogen and liquid helium consumption for refrigerating the superconducting magnetocryostat...”
 - Not “general supplies needed”



Types of Costs

Direct Cost Examples

- Portion of Principal Investigator (PI), other investigators or key personnel salaries related to scope of work
- Lab supplies or scientific equipment needed specifically for project
- Survey instruments
- Project-related travel expenses to attend scientific meetings and present results



Types of Costs

Indirect Cost Definition

- Real costs that matter
- UNL common/joint objectives
- Not identified with a single sponsored project
- “Overhead”
- “Facilities & Administrative / F&A”



Types of Costs

Indirect Cost Examples

- Furniture
- Utilities
- Computers
- Administrative support salaries
- Memberships and dues
- General office supplies



Types of Costs

Indirect/F&A Policy

- Required to request full rates on all proposals
- If sponsor has a **publicly published limitation** on F&A costs, UNL will accept (usually foundations)
 - Need this documentation in NUgrant
- **Waivers of F&A costs are generally not allowed**



Developing a Budget

- **Read and follow all sponsor instructions**
- Understand project needs
- Review a current draft of proposal, if possible
 - Note possible expenses and other questions to follow up on
- If no budget format provided, use the Office of Sponsored Programs' (OSP) standard formats



Developing a Budget

Personnel

- Principal Investigator
- Co-Investigators or Co-PIs
- Other senior/key personnel
- Other personnel – usually not key personnel
- Amount of effort for each – usually in person months



Developing a Budget

Key Personnel

- Responsible for design and conduct of the study
- Usually PI, Co-Investigators and essential collaborators
- Be judicious in determining who is “key” to the project
- Consider cost of living increases on multi-year awards



Developing a Budget

Fringe Benefits

- Rates
 - Based on an average
 - Applied consistently
 - Higher or lower rate may be estimated on a case-by-case basis, if justified
- Actual benefits will be charged on project
- Benefits aren't a fixed rate – say “estimated”
- Modified Total Direct Costs (MTDC) excludes Graduate Research Assistant (GRA) tuition remission



Developing a Budget

Equipment

- Single item:
 - Costing \$5,000 or more; **and**
 - Having a life of a year or more
- Multiple items to fabricate a single piece of equipment:
 - Fall under equipment even though they don't meet definition individually
 - Must work with Business & Finance beforehand
- Justification should include a vendor quote whenever possible



Developing a Budget

Equipment

- General purpose equipment
 - Usually not allowable on federal grants
- Scientific equipment
 - Generally allowable with sponsor approval
- Departmental records
 - Clearly indicate need for the item for the grant
 - Required for auditors
- Excluded from MTDC calculation



Developing a Budget

Travel

- Check program announcement
 - Required travel to meetings?
- Indicate if domestic or foreign
- Multi-year project?
 - Consider the effect of inflation (no National Institutes of Health [NIH])
- Travel with non-employee students
 - Include cost of required insurance



Developing a Budget

Participant/Trainee Support

- Specific budgeted costs:
 - Pay participant/trainee fees, travel, stipends, etc.
 - On certain conference or training proposals
 - National Science Foundation Research Experiences for Undergraduates (NSF/REU) proposals
- Not for:
 - General travel to conferences
 - Bringing collaborators together to meet, discuss the project
- Generally incur F&A



Developing a Budget



Materials & Supplies

- Specific items needed to perform the project
- Use the word “estimate”
 - “About \$1,200 for X,” not, “We’ll buy X for \$1,200”
- General use items generally not allowable
 - E.g., pens, pencils, paper, general lab supplies



Developing a Budget

Materials & Supplies

- Include copper gaskets, nuts, bolts, liquid nitrogen, wire, pure metal foils, chemicals (boranes, boric acid, various oxides, solvents, etc.), diamond paste polishing grit, channeltrons, small U.H.V. parts, and other supplies as deemed necessary to complete the project.



Developing a Budget

Human & Animal Costs

- Human Subjects
 - Patient care expenses
 - Travel, food, other reimbursements
 - Participant incentives
 - Number of participants
 - Timeline of activities
- Animal Subjects
 - Type of animal
 - Housing expenses
 - Special needs
 - Purchase = Supplies
 - Maintain, house = Other



Developing a Budget

Consultants

- Provide professional or highly technical advice or assistance to the university
- University controls the work scope but not how the service is performed
- Consulting agreements = service contracts not subawards



Developing a Budget

Consultants

- Costs
 - Hourly or daily rate
 - Number of hours or days estimated
 - Travel
- **UNL employees cannot serve as paid consultants on a UNL or NU system grant**



Developing a Budget

Other Expenses

- Services
 - UNL Service Centers
 - Computer services
- Specialized equipment maintenance
- Publication costs
- Fee for service vendors
 - Web development
- Animal maintenance



Developing a Budget

Subawards

- Subrecipient is responsible for:
 - Carrying out a portion of the grant program as defined in the subaward
 - Having its performance measured against grant program objectives
 - Programmatic decision making
 - Following federal guidelines that flow down through the subaward



Developing a Budget

Subawards

- Deliver these items to OSP prior to submission:
 - Subrecipient Commitment Form
 - Subrecipient's detailed budget and budget justification (prepared using prime sponsor forms/format).
 - Subrecipient's statement of work for their work only

Note: Read agency guidelines to determine how sub's F&A costs are to be calculated in your budgets.



Developing a Budget

Vendors




- Operate in a competitive environment
- Not subject to compliance requirements of a federal grant or contract
- Their goods and services:
 - Provided within normal business operations
 - Provide these similarly to many different purchasers
 - Provided as a supplement to the operation of the grant or contract



Developing a Budget

Cost Share

- Project costs not paid by the sponsor; “Match”

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



Developing a Budget

Cost Share

- Can't use federal money for cost share on federal projects
- Cost sharing has to be tracked and reported
- You can't cost share an item more than once
- Approved in NUgrant before submission
- Third-party cost share
 - Someone other than UNL contributes the cost share
 - UNL is responsible if third-party reneges
 - Still needs to be routed in NUgrant
 - Third-party needs to track it



Developing a Budget

Cost Share

- Acceptable 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**



Budget Exercise Review

The next slides will give you a list of the tools and information needed to prepare your draft budget



Budget Exercise Review

Tools and Info Needed

- Request for Proposals (RFP) or solicitation
- The project start date
- Budget template and/or calculator
- Salary rates for personnel involved



Budget Exercise Review

Tools and Info Needed

- Fringe benefit rates
- Travel rate estimates
- Determine what F&A rate is appropriate
- Determine if cost share is required



Budget Exercise Discussion

- **What items were you missing that would have made a difference in your budget totals?**
- **What did you notice or learn that will help you when on your own?**
- **What might you do differently?**



Budget Justification

- Explain items on budget form, succinctly
- Fully justify every:
 - Person listed in the proposal
 - Budget category in same order as budget form
- Make it easy for reviewer to understand proposed costs
- Most important part of the budget



Budget Justification



Budget &
Justification =
Twins

- Justify any items
 - Normally unallowable;
 - Normally treated as F&A cost; or
 - Requiring sponsor approval
- Provide details here rather than list in budget



OSP Budget Templates

- Starting new proposal? Pull most recent template from our website:
 - <http://research.unl.edu/sp1/unlforms.shtml>
- Three versions:
 - Basic:
 - Enter sponsor, PI, title, start/end date, % increase
 - All years one page
 - Benefits, F&A & Consortium calculations built in
 - Can change benefits & type of F&A



OSP Budget Templates

- Three versions continued:
 - NSF:
 - Same as Basic, but excludes Participant Support from F&A
 - Grants.gov/424 R&R (great for NIH)
 - 1 sheet per year
 - Helps when doing a modular budget – see cell L88 for your target that must be in \$25,000 increments



Web Resource Links

- **OSP main website** <http://research.unl.edu/sp1/index.shtml>
- **OSP budget tools** <http://research.unl.edu/sp1/stage3.shtml>
- **F&A rates** <http://research.unl.edu/sp1/farates.shtml>
- **Fringe benefit rates**
<http://research.unl.edu/sp1/fringerates.shtml>
- **Export Control guidance (travel)**
http://research.unl.edu/orr/exportcontrol_detail.shtml
- **Equipment Systems**
<http://accounting.unl.edu/FinAcct/AssetMgmt/EquipmentSystems.shtml>
- **Core/Shared Facilities**
<http://research.unl.edu/facultyresources/coreFacilities.php>
- **EdMedia** <http://edmedia.unl.edu/>





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