

Budget

Day 2

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Common Proposal Budget Categories

- Salaries and fringe benefits costs (Day 1)
- Consultants and professional services costs (Day 1)

- **Equipment costs**
- **Supplies**
- **Travel costs**
- **Other direct costs and services**
- **Alterations and renovations**
- **Patient care costs**

— Today!

- Subaward/subcontract costs (Day 3)
- Facilities and Administrative (F&A) costs (Day 3)
- Other Specialty Costs (Day 3)



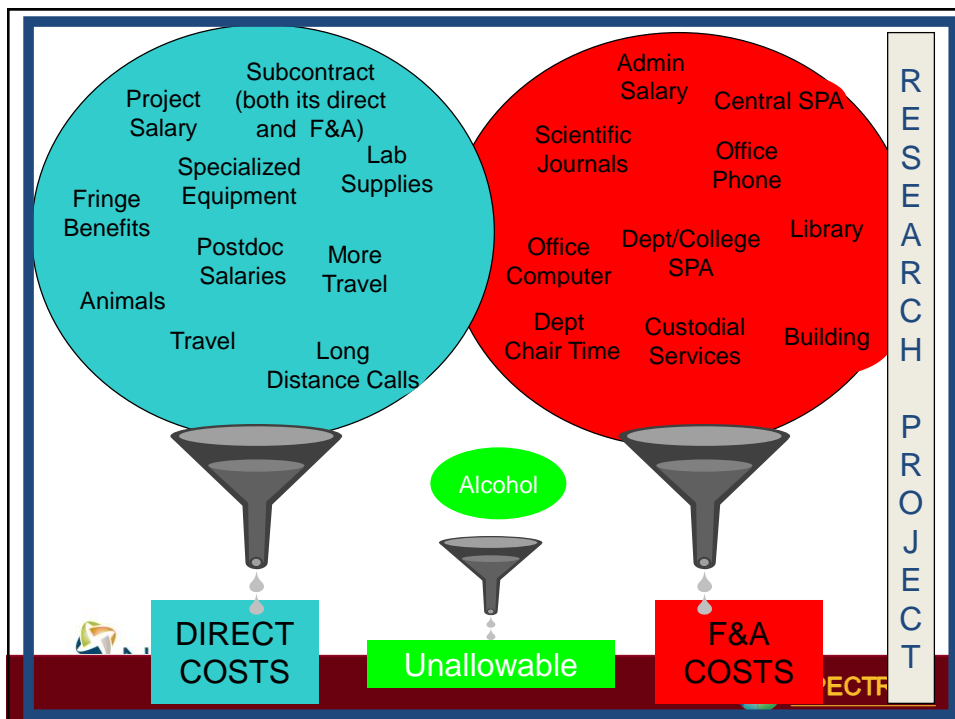
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Overall Considerations in Budget Building

- Must be consistent with the agency and grantee's policy and practices
- Must include reasonable amounts based on current conditions and needs
- Justify everything, especially the “red flag” items like equipment or “large ticket items”
- Science drives the budget and the associated justification
- The budget is important in peer review process as it shows to funding agency the applicant's understanding of what it takes to accomplish the proposed research.



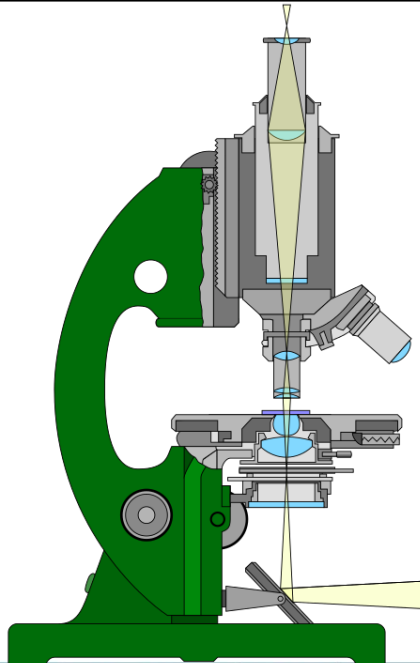
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EQUIPMENT



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Definitions & Charging

§200.33 Equipment.

- *Equipment* means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$5,000.

Related:

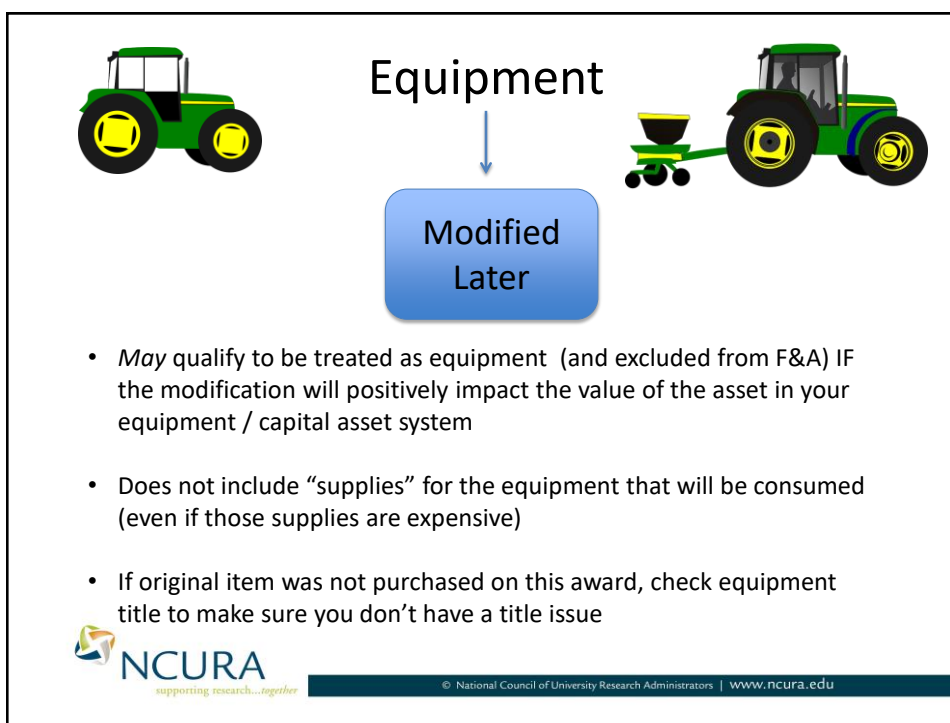
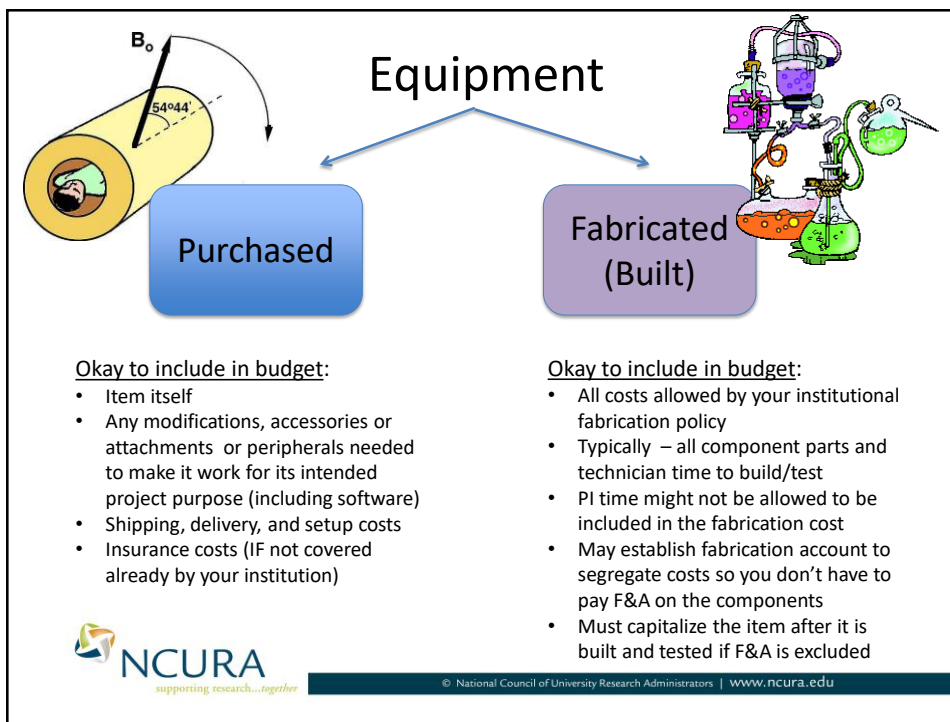
- §200.2 Acquisition cost
- §200.12 Capital assets,
- §200.20 Computing devices,
- §200.48 General purpose equipment,
- §200.58 Information technology systems,
- §200.89 Special purpose equipment
- §200.94 Supplies.

§200.313 Equipment

§200.439 Equipment and other capital expenditures



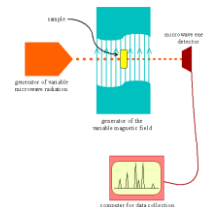
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Equipment Key Points

You Need to Know:

- What is your institution's capitalization threshold? (will be \$5,000 or less)
- Is the equipment item general purpose or scientific?
- What modifications, attachments, accessories, software, etc. will be included in the initial purchase? Any later in the project period?
- When will the item be purchased?
- Does the cost include shipping, delivery, and setup charges?
- Do insurance prices need to be obtained?
- Did you obtain price quotes or cost estimates (these will need to be kept)
- If fabricated, your institution's fabrication policy



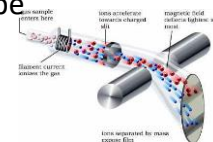
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Sample: Equipment Budget/Justification

- An equipment justification should include:
 - Description of the equipment to be purchased
 - Explanation of why the equipment is needed to successfully complete the project's work scope

- Calculation of equipment cost:

Acquisition costs + additional costs associated with the equipment (freight, installation, and taxes if applicable) = total



"A high performance server is needed to carry out complex simulations, the Cray quote includes the speed and capacity for the necessary analytics needed for the research, \$6850."



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Definitions & Charging



§200.94 Supplies.

Supplies means all tangible personal property other than those described in §200.33 Equipment. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the non-Federal entity for financial statement purposes or \$5,000, regardless of the length of its useful life.

- §200.20 Computing Devices
- §200.33 Equipment



Cost Rules



§200.453 Materials and supplies costs, including costs of computing devices.

- (a) Costs incurred for materials, supplies, and fabricated parts necessary to carry out a Federal award are allowable.
- (b) Purchased materials and supplies must be charged at their actual prices, net of applicable credits. Withdrawals from general stores or stockrooms must be charged at their actual net cost under any recognized method of pricing inventory withdrawals, consistently applied. Incoming transportation charges are a proper part of materials and supplies costs.
- (c) Materials and supplies used for the performance of a Federal award may be charged as direct costs. In the specific case of computing devices, charging as direct costs is allowable for devices that are essential and allocable, but not solely dedicated, to the performance of a Federal award.



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Definitions – What Goes Where?

Materials and Supplies

- Consumables
- Computers and computing peripherals (under \$5K)
- Items from stockrooms
- Animal purchases
- Software



Other Direct Costs

- Services (maintenance, repair, testing services, etc.)
- Human subjects costs
- Long-distance charges
- Animal care
- Consultants

But follow agency's FOA if it lists specifically where the agency wants to see certain items!



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Material and Supplies Key Points

You Need to Know:

- Sponsors often define what they will and won't pay for in this category – read the FOA!
 - Consider whether your expense should be a direct cost or an indirect cost?
- Justifications are one way to demonstrate competence in the science and should include the basis for the calculation:
 - Cost based on # of experiments, or based on previous work in this area
 - Item x number needed x frequency of purchase per budget period
 - A detailed breakdown of the cost could include freight/transportation charges if necessary.
- Laboratory animal purchases should include the animal species, number required, and the purchase price
 - See “other direct costs” for animal per diem costs



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Sample: Materials and Supplies Budget/Justification

- A detailed description of cost and price breakdown that includes rates, number of items to be purchased
- A detailed explanation of how expense will benefit project work scope requirements
- Budget estimates can be based on recently gathered cost information or you can estimate costs for the new project by assessing actual costs and spending patterns from a similar completed project.

“Funds are requested to purchase Apple iPads that will be used by multiple investigators in the field (off campus) to input water quality research data, (3 units x \$400).”



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TRAVEL COSTS



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Definitions & Charging

§200.474 Travel costs.

- *General.* Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the non-Federal entity.
- Documentation must justify that:
 - Participation is necessary to the Federal award
 - Costs are reasonable and consistent with the entity's established travel policy



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Travel Costs

Typical Purposes:

- Conferences - to present results
- Meetings to plan, discuss, perform, or present
- Field work (long-term or short-term)
- Agency-dictated
- Site visits (e.g., of subrecipients)

Domestic versus Foreign

- US flag carriers or exceptions allowed under Fly America act



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Travel Costs

- Airfare (US flag carriers, change fees, baggage fees)
- Car (private car, rental car, university car, taxi)
- Other local transportation (train, bus)
- Lodging
- Conference registration
- Per diem or meal reimbursement
- Mileage
- Visa costs

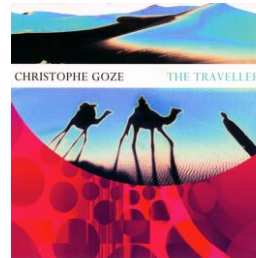


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Special Travel Issues

Me and My
Friend:
The University
Travel Policy

- Gifts, meal reimbursements for hosts
- Private planes, chartered boats, research vessels & ship time
- Non-project related side trips
- Room-sharing
- Guests (e.g., family members accompanying the traveler)
- Higher-than-economy travel for medical or business reasons
- Longer-than-necessary trip durations
- Dependent care costs while on travel status
- Extended stays
- Institutional travel pre-approvals
- Prying receipts out of the hands of travelers



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Sample: Travel Budget/Justification

Travel related justifications should include the following for each trip/item:

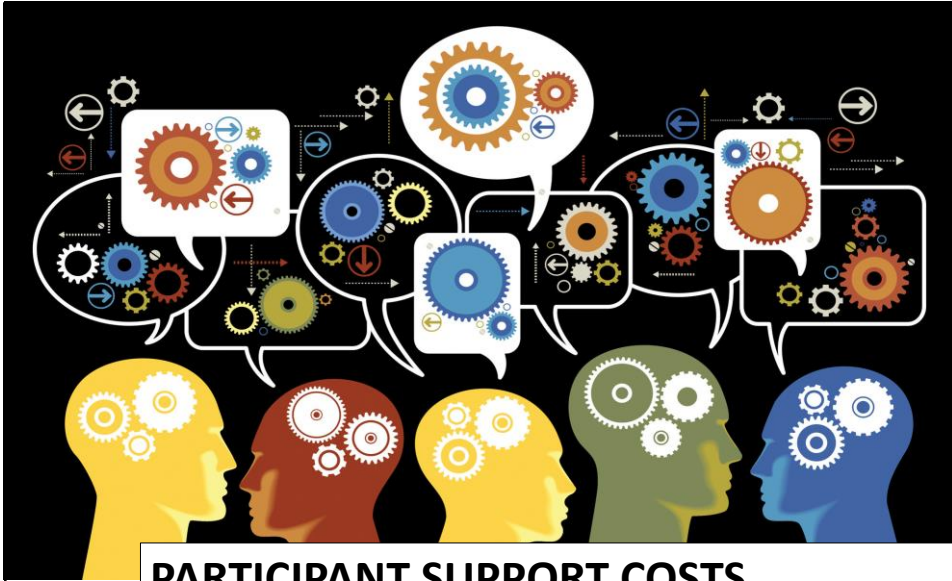
- name of the individual(s) traveling
- detailed description of the travel
- location(s) where the travel occurs
- dates in which the travel will occur
- detailed breakdown of costs
- why travel is necessary or overall purpose of the travel
- how the travel will directly benefit the project
- calculation of costs




"Professor Smith will travel to Portland, OR to meet with the program officer on issues related to the research results for one day, airfare \$400 + \$100 hotel + \$64 per diem + cab fare \$30 = \$594"



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PARTICIPANT SUPPORT COSTS

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Definition and charging



- **\$200.75 Participant Support Costs**
- *Participant support costs* means direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences, or training projects

Related:

\$200.456 - Participant support costs are **allowable with the prior approval of the Federal awarding agency**

Participant Support – Key Points

- Agency rules vary
 - Participant support costs may not be incurred on NIH grants unless specifically listed in the FOA
 - NSF requires permission to add new categories within participant support costs (e.g., to change funds awarded for stipends to buy nominal gifts, for example)
- §200.308 (c)(5) –Agency prior approval is needed to transfer funds budgeted for participant support costs OUT to other categories of expense
- §200.68 Participant support costs are excluded from F&A



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Participant Support – Key Points

- Participant costs = costs for an individual participant
 - e.g., registration, travel, housing, workshop materials, nominal gifts, meals
 - Entertainment costs may be allowable if part of the overall program and approved by the agency (e.g., field trip to a museum or a ball game)
- Costs for the organizers (workshop presenters, coordinators, facilitators) not paid via this mechanism



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Sample: Participant Support Budget/Justification

- Brief summarization of program that requires the cost
- Include the number of participants, travel expenses if appropriate, and other associated participant expenses such as stipend.

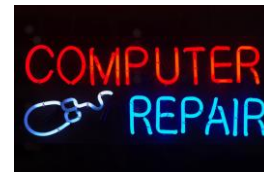
"6 (participants) Middle School teachers will gather to study new techniques on science education. The participant cost for the instruction will include a \$300 payment (stipend) + \$75 (local travel and parking) + \$80 (materials) = \$2,730"



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OTHER DIRECT COSTS



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Definitions & Charging



Services plus everything else that doesn't fit in another budget category!

- Related:
 - \$200.465 space rental
 - \$200.461 page charges & publication costs
- Other charges that normally appear in this section:
 - animal per diem (# of animals/cages X price X duration)
 - human subjects payments (# of subjects x # of payments + travel costs or other reimbursement, if applicable)
 - equipment maintenance / service agreements
 - long distance telephone service



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Publication/Rental/User Costs

- Publication Cost is defined as costs for electronic and print media (associated costs for making available findings and products of the research)
- Rental Costs
 - Off-campus space rental fees
 - Facility rental for a special need
- User fees (recharge centers or purchased external services) also known as Scientific Services



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Sample Justifications

- A detailed explanation of the cost/service
- Price breakdown
- Explanation how cost will benefit research

"Page charges of \$1,500 per year per journal to print scientific results, we anticipate two peer reviewed journals for each calendar year beginning in Year 2. Costs are based on previous costs for the likely journals"

"Off campus rental of facility during the research period to house the required computer server. This computer space rental runs \$100 square foot x 100 square feet per month x 12 months"



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Other Direct Costs/Justification

As much detail as possible including calculations and the cost's relationship to the research needs to be added to the justification.

Miscellaneous -
\$1,000

"The annual service contract from the Apple IT group for the three Notebooks to be used by the Data Field Collectors will run \$200/year and cover both instrument failure and accidental damage to the computer. \$200 x 4 units = \$800"



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ALTERATIONS AND RENOVATIONS



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Less Common Budget Categories

- **Alteration and Renovations-** Changing the physical characteristics of an existing facility or installed equipment. A detailed explanation of costs is required.
- **Patient Care Costs** - Costs of routine and additional services provided by hospitals to individuals participating in research programs. Costs shall be computed in an amount compliant with the principles and procedures used by the Medicare program



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Definitions and Charging



200.462 Rearrangement and reconversion costs

Work that changes the interior arrangements or other physical characteristics of an existing facility or of installed equipment so that it can be used more effectively for its currently designated purpose or adapted to an alternative use to meet a programmatic requirement.

- Generally allowable as an indirect cost
- Costs incurred specifically to perform an award may be approved as a direct cost with agency prior approval
 - Include details such as square footage and specific costs
 - If approved, costs to return the space to its original condition, if needed, are allowable



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Sample: Alterations and Renovations Budget/Justification

- Provide a detailed description of the alteration or renovation.
- Provide a price breakdown of all the associated costs
- Provide a detailed explanation of why the renovation is required and include a copy of the blueprints.
- Provide a detailed explanation of how it will benefit the project's work scope

“Renovation to the floor structure by the introduction of a padded surface will bring the Space Radiation Laboratory up to current standards and eliminate the known issue of data anomalies due to vibration and temperature variations. The price of \$49,000 includes new sub-floor at \$15,000, heating elements at \$16,500 and top surface of \$17,500. Quotes have been obtained from local contractors and the best price was selected.”



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PATIENT CARE COSTS



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Definitions and Charging

Patient Care costs: A patient is defined as a human subject who is enrolled in a research protocol. Patient care is normally the costs of routine services and ancillary services provided by hospitals to individuals, including patients and volunteers, participating in research programs.

Normally you will charge research-related costs ONLY (not standard of care costs)

If multiple sites (multiple hospitals/clinics) are used, list the names and amounts for each site

Typically, F&A costs would not be paid on any component representing the cost of research patient care activities.



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Definitions and Charging

Patient Care costs: A patient is defined as a human subject who is enrolled in a research protocol. Patient care is normally the costs of routine services and ancillary services provided by hospitals to individuals, including patients and volunteers, participating in research programs.

Excluded from the patient care category:

- Human subject payments or reimbursable expenses
- Consulting physician fees
- Costs of test performed by outside labs or by university labs or medical school not a part of the hospital
- Human subject recruitment or retention fees
- Data management or statistical analysis of clinical research results



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Patient Care – Key Points

- Does the hospital have a patient care rate? Use it!
- Determine number of patient days, estimated costs per day, and costs per treatment or test. If both inpatient and outpatient costs are requested, provide information for each separately
- In general, departments must list the patient care cost or rate, multiplied by the number of patients, multiplied by the period of time, multiplied by any other special rate (e.g., inflation).



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Sample: Patient Care Costs/Justification

- Include information regarding projected patient accrual for the project/budget periods and relate this information to the budget request for patient care costs. If patient accrual is anticipated to be lower at the start or during the course of the project, plan budget(s) accordingly.
- Include a detailed explanation of how it will benefit the project's work scope requirements.

"Bilateral pelvic x-rays performed on participants: \$80/x-ray x 860 participants per year x 2 years = \$137,600."



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OUR DAY 2 TEAM!

- **Lori Wallin**
University of Minnesota
- **Jordan Webb**
University of Minnesota
- **Frances Spalding**
University of Minnesota
- **Scott Erwin**
Texas State University, San Marcos



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Coming Attractions! (Day 3)

- Subawards
- F&A Costs
- Other special issues
 - Inflationary Increases
 - Exchange Rates
 - Recharge Rates
 - Budget revisions/transfers
 - Unallowable costs



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QUESTIONS?



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