

# Welcome to the Tri-University Research Administration Conference.

Your session will begin shortly. While you wait, please review the following reminders:

## Zoom Troubleshooting

### Issues with Audio

Verify that your microphone and speakers are set to the appropriate device.

Turn off headset/computer speakers and call in by phone for audio.

### General Issues

Log off and log back in using SSO.

### Technical Support

Call 480-965-9065 Ext 1.

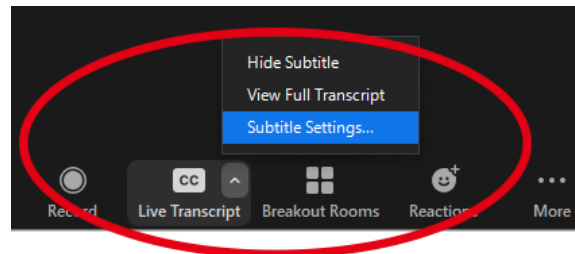
## About this Session

### Recording

Today's session is being recorded and will be made available for later viewing

### Closed Captioning

The Closed Caption/Live Transcript feature has been enabled. You can show/hide the CC via your meetings controls located at the bottom of your screen.



## We'd Love Your Feedback!

At the end of this session, you will receive a Qualtrics survey link. Please take 2-3 minutes to complete the survey. Your feedback is important for continuous improvement of the Tri-University Research Administration Conference (TURAC).

# Land Acknowledgement

The **Arizona State University** (ASU) acknowledges the twenty-three Native Nations that have inhabited this land for centuries. Arizona State University's four campuses are located in the Salt River Valley on ancestral territories of Indigenous peoples, including the Akimel O'odham (Pima) and Pee Posh (Maricopa) Indian Communities, whose care and keeping of these lands allows us to be here today. ASU acknowledges the sovereignty of these nations and seeks to foster an environment of success and possibility for Native American students and patrons. We are advocates for the incorporation of Indigenous knowledge systems and research methodologies.

**Northern Arizona University** sits at the base of the San Francisco Peaks, on homelands sacred to Native Americans throughout the region. We honor their past, present, and future generations, who have lived here for millennia and will forever call this place home.

We respectfully acknowledge the **University of Arizona** is on the land and territories of Indigenous peoples. Today, Arizona is home to 22 federally recognized tribes, with Tucson being home to the O'odham and the Yaqui. Committed to diversity and inclusion, the University strives to build sustainable relationships with sovereign Native Nations and Indigenous communities through education offerings, partnerships, and community service.



# Budgeting & Spending 101

Samantha Munguia and Sarah Gates

# Presenters



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# About this session

- This session was adapted from a 90-minute budgeting seminar. We have compressed the information but will retain a lot of the original information in the slides so it can be used as a training resource.

# Session Objectives

- Gain an understanding of basic cost principles and how they apply to budgeting and spending
  - Learn about the common proposal budget categories, differences between direct and indirect costs, cost allowability, and the purpose and format of budget justifications
  - Learn strategies for creating a comprehensive and cohesive budget and budget justification for post-award success
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# The Least You Should Know

- Pre-award and Post-award are both guided by cost principles and applicable policies
- The scope of the project determines the size of the budget
- Ask for what you need

# WHY BUDGETS MATTER






# Purpose of Budgets

- A research proposal budget is meant to help you determine whether you have the resources necessary to successfully complete the work!
- A good budget...
  - Helps inform reviewers whether a proposal has been carefully considered and is feasible as described and budgeted.
  - Shows that you have taken into consideration everything you will need to carry out the proposed research
  - Can serve as your initial request for prior authorization for an unusual expense or one which is not normally allowed.
- Budgets serve as the blueprint for how your project will be carried out.

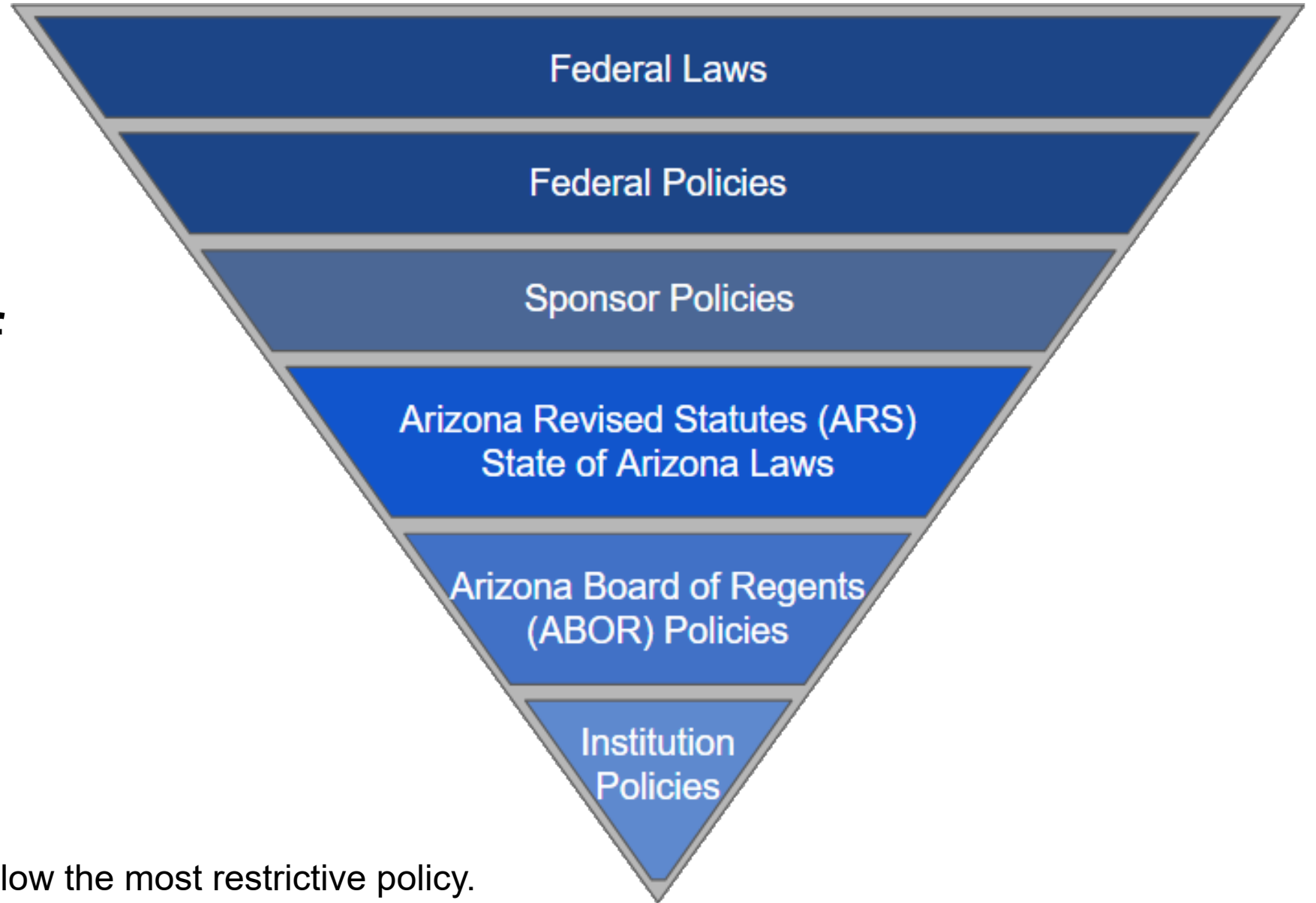
## Poor budgets can result in...

- Project delays while you await approval/prior authorization from the sponsor to reallocate or purchase items not previously included in the budget.
  - An inability to carry out and complete the work as proposed.
  - Audit findings which may result in the return of funds.
  - Reduced future funding for the investigator and the institution.
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# GUIDING COST PRINCIPLES



# Hierarchy of Governing Policies



\*ASU, NAU, and UA will follow the most restrictive policy.

# Uniform Guidance

- Also known as the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
- Electronic Code of Federal Regulations (eCFR)  
Title 2 → Subtitle A → Chapter II → Part 200  
[https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200\\_main\\_02.tpl](https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl)
- When there is no specific policy or guidance from the sponsor, state, or institution, all three state universities default to Federal Uniform Guidance.

# Guiding Cost Principles

- **ALLOWABLE** Costs are necessary for the performance of the award and are not specifically excluded by guidance or policy.
- **REASONABLE** Costs do not exceed that which would be incurred by a prudent person under similar circumstances.
- **ALLOCABLE** Costs can be distributed proportionately to the project(s) consistent with the relative benefit received using reasonable methods.
- **CONSISTENT** Costs incurred for the same purpose in like circumstances are treated similarly and follow current institution and sponsor policy and guidance.

# FIRST STEPS



# Reading the Solicitation

## Annual/Total Dollar Limits

- Is there a proposal cap?
- Is there an annual cap?
- Is the cap on Direct costs or Total costs?

## Cost Sharing

- Is cost sharing required/mandatory? voluntary? prohibited?
- Are there restrictions on what can be used as cost share?

## Required Costs

- Are there any costs required to be included in your budget?
- Required program/meeting travel is an example

## Unallowable Costs

- Are there restrictions on what can be included in your budget (unallowable costs)?
- If there are, and those items are still necessary for your project, this may be indicative of cost-share!

## Facilities & Administrative Costs

- Is the institution's federally negotiated F&A rate allowed?
- If a lower rate is indicated, is the language a stipulation (must) or a suggestion (should)?
- What are your institutions policies on stipulations, reductions, and waivers?



# Activity Type

## Sponsored Research

Activity intended to result in the creation, development, organization, and/or application of knowledge.

Research activities include rigorous inquiry, experimentation or investigation to increase scholarly understanding in the involved discipline.

May be funded by both external sponsors and the institution.

## Sponsored Instruction

Activity intended to elicit educational change in a learner or group of learners.

Agreements which support teaching/training activities (other than research training).

**Note** that some projects may be considered “Research” when the preponderance of activity is data collection, development, evaluation, and reporting.

## Other Sponsored Activity

Activity that responds to a community need or solves a public problem.

- Mobile dental vans
- Public vaccination sites

Projects that involve the performance of work other than Research or Instruction.

- Travel grants
- Conference grants
- Support for public arts and culture events

# On vs. Off Campus Determination

## On Campus

Project activity occurs only at institution's facilities or project activity does not meet the thresholds specified by each institution's off-campus guidance.

## Off Campus

- **ASU** – if project activity occurs both at ASU facilities and non-ASU facilities, then determination is made based on where personnel costs are incurred. If 75% or more personnel costs incurred at non-ASU facilities for which **no rent is budgeted**, off-campus rate applies. If 50% or more of personnel costs incurred at non-ASU facilities for which **rent is budgeted**, off-campus rate applies.

## Off Campus


- **NAU** – if project is conducted in leased space and lease costs are directly charged to the project, off-campus rate applies. If more than 50% of NAU salaries and wages are incurred at a non-NAU facility, off-campus rate applies.
- **UA** – if project is conducted in leased space and lease costs are directly charged to the project, off-campus rates applies. If more than 50% of personnel costs are incurred at a non-UA facility, off-campus rate applies.

**\*It is important that you verify on/off campus designation with appropriate central office to avoid significant budget issues!**

# Things to know before you start...

- Who will be working on the project?
  - When named individuals will be included in the project, it is important that you budget for that specific individual.
  - For To-Be-Named (TBN) individuals, you must base their inclusion on the position.
- What supplies or equipment might be needed?
  - Are there listed prices? Estimates? Quotes?
- Will travel be required?
  - Purpose? Anticipated number of trips? Travelers and duration?
- Are there any external collaborators?
  - Will they have their own budget (subaward)?
  - Obtain a Statement of Work which identifies what their role will be in the overall project and any deliverables
- Are there any vendors/service providers, consultants?
  - Do we have estimates or quotes? Hourly/daily/weekly rates?
- Other Costs?

# Timeline

- The budget should not be completed in the last few days or weeks before submission!
  - Budgets should be developed along with the proposal narrative (considering scope, duration, and project significance) to ensure consistency between the budget and the proposed methods.
  - Be sure to communicate to the PI any internal timing and deadlines they may need to keep in mind as you work through this process.
- 

# BUDGETING (finally!)



# Direct Costs vs. F&A Costs



## **Direct Costs (DC)**

Costs which can be identified specifically with specific project and can be directly assigned to the project with a high degree of accuracy.

## **Facilities & Administrative Costs (F&A)**

Costs are incurred for common or joint objectives which cannot be readily and specifically identified with a specific project or activity.

# Budget Categories

- **Direct Costs**

- Personnel
- Equipment
- Travel
- Participant Support
- **Other Direct Costs**
  - Materials and Supplies
  - Services and Consultants
  - Subawards
  - Tuition Remission
  - Publication Costs

- **Facilities & Administrative Costs**



# Personnel Costs: Salary, Wages, ERE

Salaries, wages, and fringe benefits must be budgeted for each person necessary for the project in accordance with their effort on the project unless specifically prohibited by the sponsor.

For Graduate Research Assistants (GRAs), Tuition Remission must also be included.

- Calculation
- Escalation
- Sponsor specific guidance (salary cap, limit on compensated effort)
- Effort
- Fringe benefits (aka Employee Related Expenses or ERE)
- GRAs Tuition Remission\*



# Fringe Benefits/Employee Related Expenses (ERE)

## ASU

Approved rates in effect July 1, 2022 through June 30, 2023.

- Faculty 25.6%
- Staff 34.0%
- Postdoctoral Associates 21.4%
- RA/TA 10.7%
- Student (Hrly)/Graduate or Undergraduate 2.0%
- Part Time & Non-Benefits Eligible 10.6%

Current Rates can be found at:

<https://researchadmin.asu.edu/salaries-wages-and-ere>

## NAU

Rates in effect July 1, 2022 through June 30, 2023.

NAU's ERE rates vary by the individual and their benefit package. The employee's ERE rate is calculated by dividing their salary by the total cost of their benefit package. A benefit rate calculator is available under Forms, Worksheets, & Tools (<https://in.nau.edu/osp/forms-worksheets-tools/>).

**Fringe Benefit Calculator:**

<https://in.nau.edu/wp-content/uploads/sites/147/2022/11/Fringe-Benefit-Rate-Calculator.xlsx>

## UA

Approved rates in effect July 1, 2022 through June 30, 2023.

- Full-Benefit Employees 31.9%
- Ancillary Employees 17.6%
- Graduate Assistants 13.0%
- Student Employees 2.0%

Current Rates can be found at:

<https://rgw.Arizona.edu/administration/build-budget/budget-categories/salaries-and-wages/ere-rates>

Or

<https://www.fso.Arizona.edu/financial-management/ere-rates>

# Post-Award Implications: Personnel Costs

- **Fiscal faculty with administrative appointments**
  - Depending on the institution, might require additional level of approvals for PI to receive compensation from sponsored projects.
  - Depending on the institution, salary might need to be paid out as additional pay.
  - If administrative appointment is not permanent, there might be a significant change in institutional base salary during period of performance. Salary should always be paid out at the individual's institutional rate. Grants cannot be used to temporarily increase a person's rate of compensation.
- **Faculty with planned sabbaticals**
  - Depending on the institution, this could limit the amount of compensation the PI can receive from the grant.
- **Graduate research assistants who will become Post-Doctoral Associates during period of performance**
  - Change in base salary, FTE and ERE
- **“To Be Named” vs “To Be Hired”**
  - Depending on level of effort, can impact ERE rates (non-benefits eligible vs benefits eligible)

# Post-Award Implications: Personnel Costs

- **Recruitment costs for specialized TBH positions:** Operating costs of an employment office necessary to secure and maintain an adequate staff, costs of operating an aptitude and educational testing program, travel costs of employees while engaged in recruiting personnel, travel costs of applicants for interviews for prospective employment, and relocation costs incurred incident to recruitment of new employees, are allowable to the extent that such costs are incurred pursuant to the non-Federal entity's standard recruitment program.
- **Other allowable recruitment costs**
  - Employment agency services
  - Advertising services
  - Background checks
  - Relocation costs
  - Short-term visa costs

# Capital Equipment

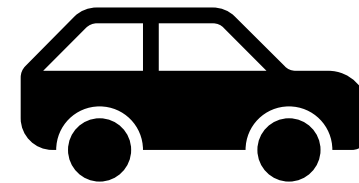
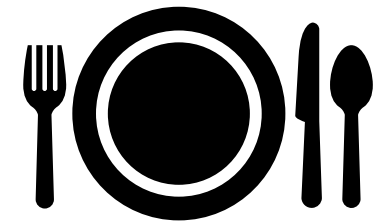
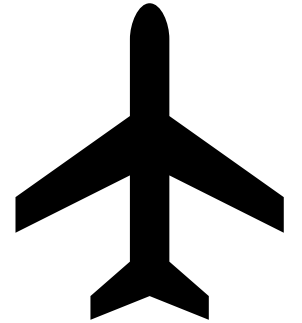
- Acquisition cost of \$5,000 or more
- Useful life of greater than one year
- Free-standing, movable (not permanently attached to buildings or grounds)
- Does not lose its identity when affixed to or installed on other property
- Must be necessary for the completion of the project, allowable under the sponsor's guidelines, allocable to the particular project, and should not already be an available resource at your institution.
- Excluded from F&A calculations
- Different guidance for different categories of capital expenditures\*

# Post-Award Implications: Capital Equipment

- **Equipment is available at your institution**
  - If the equipment being purchased is available at the institution, procurement transaction should explain why existing equipment is insufficient/unavailable for the project and how the equipment is critical to the execution of the project.
- **Naming vendors at proposal time**
  - As public institutions, the cost of capital equipment will require a competitive bid to comply with Arizona procurement policies. Sole source exceptions are allowed and it is recommended that if the vendor is known at proposal time, it should be included in the budget justification. This documentation will be attached to the transaction.
- **Ensuring enough funds are allocated for capital purchase:**
  - Costs to include in capital purchase:
    - Freight
    - Sales Tax
    - Use Tax
    - Installation
  - Whenever possible, request a quote from the vendor to make sure enough funds are allocated for the purchase

# Travel

- Governing policy
- Lodging rates
- Per diem rates
- Transportation
- Domestic or Foreign?



# Post-Award Implications: Travel

- **Additional travel costs for international travel:** 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.
- **Allowable expenses may include**
  - Passport fees
  - Travel Visas
  - Vaccinations
- **All backup documentation should show that participation of the individual is necessary to the Federal award.**

# Participant Support

- Defined as “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”
- Does not generally include project personnel or anyone providing service to the project
- Distinguishable from honoraria, human subjects pay or incentives, fellowships
- Excluded from MTDC



# Post-Award Implications: Participant Support

- **Participant support is a restricted category and frequently requires prior sponsor approval to rebudget.**
  - PIs will frequently use participant and human subject interchangeably.
  - Rebudgeting out of participant support may have F&A implications.
  - Rebudgeting out of participant support may indicate a change in the scope of work.
- **Use correct terminology with PIs**
  - **Participant Support:** 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 project.
  - **Human Subject Pay:** Incentive payments to encourage individuals to participate in research study and provide private data/information through intervention or interaction. This includes participation in surveys and interviews.

# Other Direct Costs

- Anything not included in the Personnel, Equipment, Travel, Participant Support categories.
- Common items:
  - Materials and Supplies
  - Publication Costs
  - Subawards
  - Vendor Services
  - Consultant Services
  - Tuition Remission
  - Subject Pay/Incentives
  - Other

# Post-Award Implications: Other Direct Costs

- **Human Subject Pay**

- Depending on the amount, can have tax implications for human subjects
- USDA does not allow “incentives” as it implies research subjects are being influenced to respond in a particular way during their participating in a research study. Best practice is to use the term “research subject pay” or “human subject pay” which denotes people are being compensated for the time invested in the project.

- **Consultants/Services**

- As with capital purchases, depending on the amount, the purchase might require an open bid. As best practice, consultants/services should be included in the proposal with a named vendor.

# Subrecipient vs. Vendor vs. Consultant

## Subrecipient (subaward/subcontract)

**Organization collaborates with our institution to perform a substantive portion of the programmatic effort.**

Collaborates with our PI as Co-Investigator at another entity to which funds are being passed.

Has authority to make administrative and programmatic decisions and to control the method and results of work.

Subject to sponsor compliance regulations and must meet sponsor requirements.

## Vendor (contractor)

**An individual, business, or other entity which supplies products or services to our institution.**

Provides similar goods or services to different purchasers.

Does not make program decisions or take actions that impact a program's overall success or failure.

Is not subject to sponsor compliance regulations.

## External Consultant

**An individual/business whose expertise is required to perform project. Services are temporary and technical.**

An individual or business outside the project who confers with the PI regarding research objectives.

Does not develop the objectives of the project.

Is not responsible for the overall outcome of the project.

Is not subject to sponsor compliance regulations.

# Cost Share

- **ANY** portion of a sponsored project's costs necessary for the completion of the project which is not provided by the sponsor.
- Should only be included when **required** by the sponsor as detailed in their public policies or solicitation/proposal guidance.
- It must be **documented** at time of proposal in accordance with your institution's policies.
- Three types:
  - **Mandatory Committed** – required by the sponsor; must be documented, tracked, and represents a financial commitment by the institution to your project.
  - **Voluntary Committed** – not required by the sponsor but committed in the proposal as part of the project; must be documented and tracked and represents a financial commitment by the institution to your project.
  - **Voluntary Uncommitted** – not required by the sponsor and not committed in the proposal; generally does not need to be tracked and documented and does not represent a financial commitment by the institution to your project.

# Post-Award Implications: Cost-Share

- **If allowed by the sponsor, cost-share should be primarily in-kind (i.e. costs the university would have incurred regardless of the outcome of the proposal):**
  - Salary
  - ERE
  - F&A
- **If cash contributions are required (i.e. new costs the university will cover as a result of the project):**
  - Source must be approved and identified at proposal time

# F&A Costs

- **Research is Expensive**

Depreciation of research equipment and buildings, laboratory utilities, hazardous agent management, libraries, internet, data transmission and storage, radiation safety, insurance, compliance with federal, state and local regulations, and yes, administrative and support services.

- **F&A Costs are Under-recovered**

Many sponsors either decline to pay F&A costs altogether or stipulate them at lower rates than an institution's negotiated federal rate. As each institution generally accepts those sponsor stipulations, using internal funds to cover the difference. It is therefore even more important for the institutions to budget full F&A where they can.

# Costs of Federally Sponsored Research

The total cost of federally sponsored research includes a combination of both direct and facilities and administrative (F&A) costs. Both types of expenditures are key to an institution's ability to conduct cutting-edge research. F&A consists of the construction and maintenance costs of laboratories and high-tech facilities; energy and utility expenses; and safety, security, and other government-mandated expenses. These costs are real and research cannot be conducted without them.



*Direct costs - These expenses solely cover research and include lab supplies and equipment; salaries and stipends for researchers and graduate students; and travel costs for conducting and sharing research*

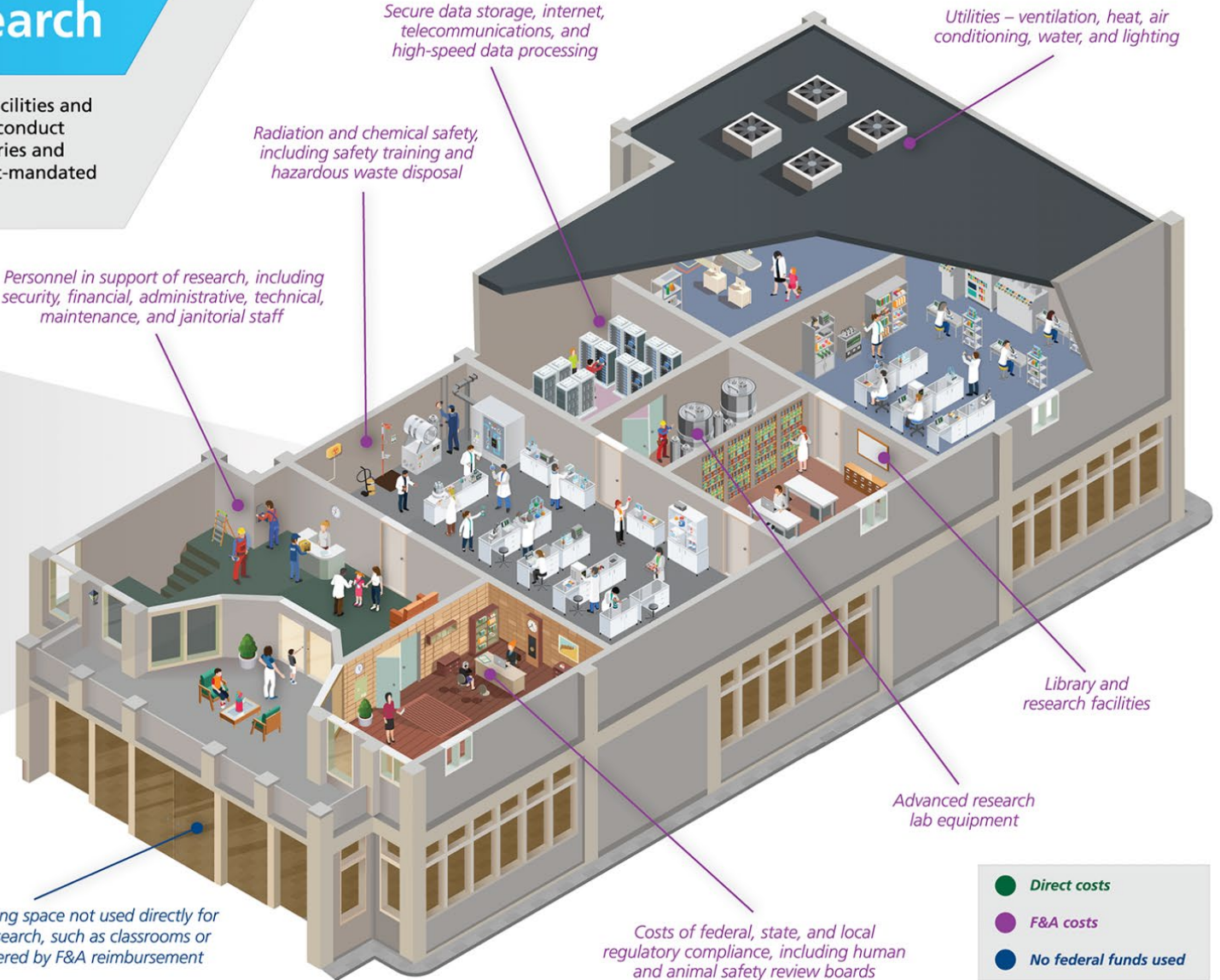
*Upkeep of any building space not used directly for federally funded research, such as classrooms or lobbies, is **not** covered by F&A reimbursement*

*Personnel in support of research, including security, financial, administrative, technical, maintenance, and janitorial staff*

*Radiation and chemical safety, including safety training and hazardous waste disposal*

*Secure data storage, internet, telecommunications, and high-speed data processing*

*Utilities – ventilation, heat, air conditioning, water, and lighting*



*Library and research facilities*

*Advanced research lab equipment*

*Costs of federal, state, and local regulatory compliance, including human and animal safety review boards*

- Direct costs
- F&A costs
- No federal funds used



# Post-Award Implications: F&A

- **Depending on size/scope of the project it might be necessary to directly charge to the grant items generally covered by F&A recovery:**
  - Office supplies
  - Internet and telecommunications services
  - Postage
  - Administrative & clerical salaries

# Facilities & Administrative (F&A) Rates

## ASU

**Current Rate Agreement date:**  
[June 02, 2022.](#)

Current rates are provisional and effective from July 1, 2020 until amended.

Organized Research	57.0%
Instruction	48.0%
Other Sponsored Activities	44.4%
Off-Campus	26.0%

**Current Rates can be found at:**

<https://researchadmin.asu.edu/fa/fa-wizard>

## NAU

**Current Rate Agreement date:**  
[March 16, 2017.](#)

Current rates are provisional and effective from July 1, 2021 until amended.

Organized Research	52.0%
Instruction	51.2%
Other Sponsored Activities	30.9%
Off-Campus	26.0%

**Current Rates can be found at:**

<https://in.nau.edu/osp/frequently-requested-information/>

## UA

**Current Rate Agreement date:**  
[April 05, 2022.](#)

Current rates are provisional and effective from July 1, 2020 until amended.

Organized Research	53.5%
Instruction	50.0%
Other Sponsored Activities	47.0%
Off-Campus	26.0%

**Current Rates can be found at:**

<https://rgw.arizona.edu/administration/build-budget/FA-Costs/FA-rates>

# F&A Cost Bases

- **Modified Total Direct Costs (MTDC)**

The institutions' default cost basis excludes certain categories from F&A cost calculations. Be sure to verify and utilize the specific exclusions for your institution.
- **Total Direct Costs (TDC)**

The Facilities & Administrative (F&A) rate will be applied to all direct projects costs without exclusion.
- **Total Costs (TC)**

Often stated as a percentage of total budget, you must calculate the amount of F&A allowed based on the funding limit and then use that to determine the TDC rate to apply to the direct costs

# Exclusions from F&A on MTDC

- Equipment
- Capital Expenditures
- Charges for Patient Care
- Student Tuition Remission
- Rental Costs of Off-Site Facilities
- Scholarships/Fellowships
- Participant Support Costs
- Portion of Subawards in excess of \$25,000
- Specified by sponsor in solicitation\*

# Budget Justification/ Narrative

- **Personnel:** name or title, role in project, responsibilities, project specific need, effort (may include salary info/calculations)
- **Equipment:** description (name/model if known, name of vendor if available), cost, basis of estimate (quote, catalog, historical information), rationale/project specific purpose/need
- **Travel:** travelers, destination, duration, purpose/need, how it benefits the project's aims
- **Participant Support:** general description of participants and their involvement, number, description of budgeted costs
- **Materials/Supplies:** itemization of individual supplies, dedicated only to this project, essential to meet the project's aims
- **Consultants:** name of individual/entity, period of performance, number of hours/days/weeks, fully burdened rate, reimbursement for incurred costs, description of service, qualification to perform work, explanation of how selected consultant benefits project

# Budget Justification/ Narrative

- **Vendor Goods/Services:** name of entity, description of goods/services, cost, basis of estimate, rationale/project specific need
- **Tuition Remission:** statement that Tuition Remission for GRAs is a mandatory benefit charged in direct proportion to the amount of their effort on the project, number of GRAs, cost basis for tuition remission including any escalation.
- **Subawards:** institution/PI name, explanation of role and selection, what they are responsible for, and how they benefit the project
- **F&A Costs:** Explanation of F&A rate and cost base used, categorization (research, instruction, other sponsored activity), on/off campus, exclusions to cost base, link to rate agreement, etc.

# Budget Justification/ Narrative

- Does it follow the same layout/order as the budget?
- Does it explain costs (not just repeat them)? Does it specify the project specific need/rationale for each line item?
- Does it meet the guiding principles? Does it only include costs that are allowable, allocable, reasonable, and consistent?
- Is it easy to read? Is it concise?
- Do any numbers listed match to the budget?
- Does it meet page limitations if there are any?

# Post-Award Implications: Budget Justification/Narrative

- **The approved budget justification is a great tool to ensure transactions are audit ready. Best practice is to include the budget justification with non-standard transactions including:**
  - Subawards
  - Capital purchases
  - Purchases considered exceptions to Cost Accounting Standards



# Additional Resources

## ASU

- <http://funding.asu.edu>
- <https://researchadmin.asu.edu/>
- <https://researchadmin.asu.edu/acronyms-and-glossary>
- <https://researchacademy.asu.edu/>
- <https://research.asu.edu/researcher-support>

## NAU

- <https://in.nau.edu/osp>
- <https://in.nau.edu/osp/who-is-my-osp-contact/>
- <https://nau.edu/university-policy-library/research/>
- <https://in.nau.edu/osp/forms-worksheets-tools/>
- <https://in.nau.edu/osp/frequently-requested-information/>

## UA

- <https://rgw.arizona.edu/development/rds-new-homepage>
- <https://rgw.arizona.edu>
- <https://rgw.arizona.edu/administration/getting-started>
- <https://rgw.arizona.edu/administration/build-budget>

Tri-University

Research  
Administration  
Conference



## Questions?

- Samantha Munguia, ASU [samantha.munguia@asu.edu](mailto:samantha.munguia@asu.edu)
- Sarah Gates, ASU, [sarah.gates@asu.edu](mailto:sarah.gates@asu.edu)