



Welcome to the Tri-University Research Administration Conference.

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

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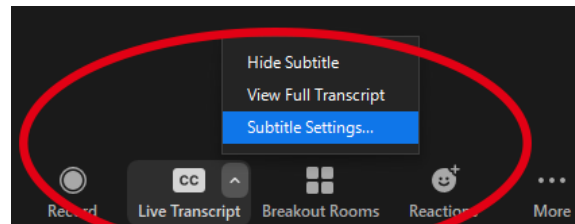
About this Session

Recording

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

Closed Captioning

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We'd Love Your Feedback!

To help us plan next year's Tri-University Research Administration Conference, we would love to get your feedback.

If you want to provide feedback for the presenters of today's session, make sure to complete the survey you will receive via email at the end of the day.



Proposal Budgets 101

Vince Borleske, Sarah Gates, and Shana McClelland

Presenters



Vince Borleske

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Session Objectives

- Gain an understanding of basic cost principles and how to apply them
 - 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 working with investigators to collect necessary information for drafting a proposal budget
- 

Question and Answer Instructions

- **All** questions should be submitted through the Question/Answer (QA) feature and will be answered at the end to avoid redundancy.
- Please do not submit questions in chat as it will not be monitored, and your question may be missed.
- We will attempt to answer as many questions as possible during this session.
- For any questions we are unable to get to, we will email all attendees with the questions and answers following the conference.

ORIENTATION



Life Cycle of a Sponsored Project



Common Budgeting Acronyms

BAA	Broad Agency Announcement	DC	Direct Costs
FOA	Funding Opportunity Announcement	TDC	Total Direct Costs
NOFO	Notice of Funding Opportunity	TC	Total Costs (aka Total Project Costs)
RFA	Request for Applications	MTDC	Modified Total Direct Costs
RFP	Request for Proposals		
SOW	Scope of Work/Statement of Work	NICRA	Negotiated Indirect Cost Rate Agreement
ERE	Employee Related Expenses (aka Fringe Benefits)	DHHS	Department of Health & Human Services
FTE	Full-time Equivalent	CAS	Cost Accounting Standards
F&A	Facilities & Administrative Costs		

Common Research Roles

SPONSOR

GCO Grant and Contract Officer
GMS Grants Management Specialist
PO Program Officer
SRO Scientific Review Officer

INSTITUTION

AO Administrative Official
AOR Authorized Organizational Representative
GCO Grant and Contract Officer
PD Project Director
PI Principal Investigator
SO Signing Official
SPO Sponsored Program/Projects Office
SRO Sponsored Research Office

Things to Keep in Mind...

- The University is the awardee.
 - Grants, cooperative agreements, and contracts are awarded to the awardee (the University) on behalf of the Project Director/Principal Investigator (PD/PI).
 - The University is ultimately responsible for the acceptance, performance, and expenditure of the award.
- The University is the steward of the award.
 - The University must ensure that the funds are spent in accordance with all applicable regulations and policies so that future awards are possible.
- The Project Director/Principal Investigator (PD/PI) is approved by the Sponsor and by the University.
 - Certain programs or sponsors may identify specific criteria for PI eligibility.
 - Different institutions have different guidance and criteria on who can serve as PD/PI. You must meet your institution's criteria.
 - The PD/PI directs the project or program and is ultimately responsible and accountable to the University for the proper conduct of the project or program.


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.

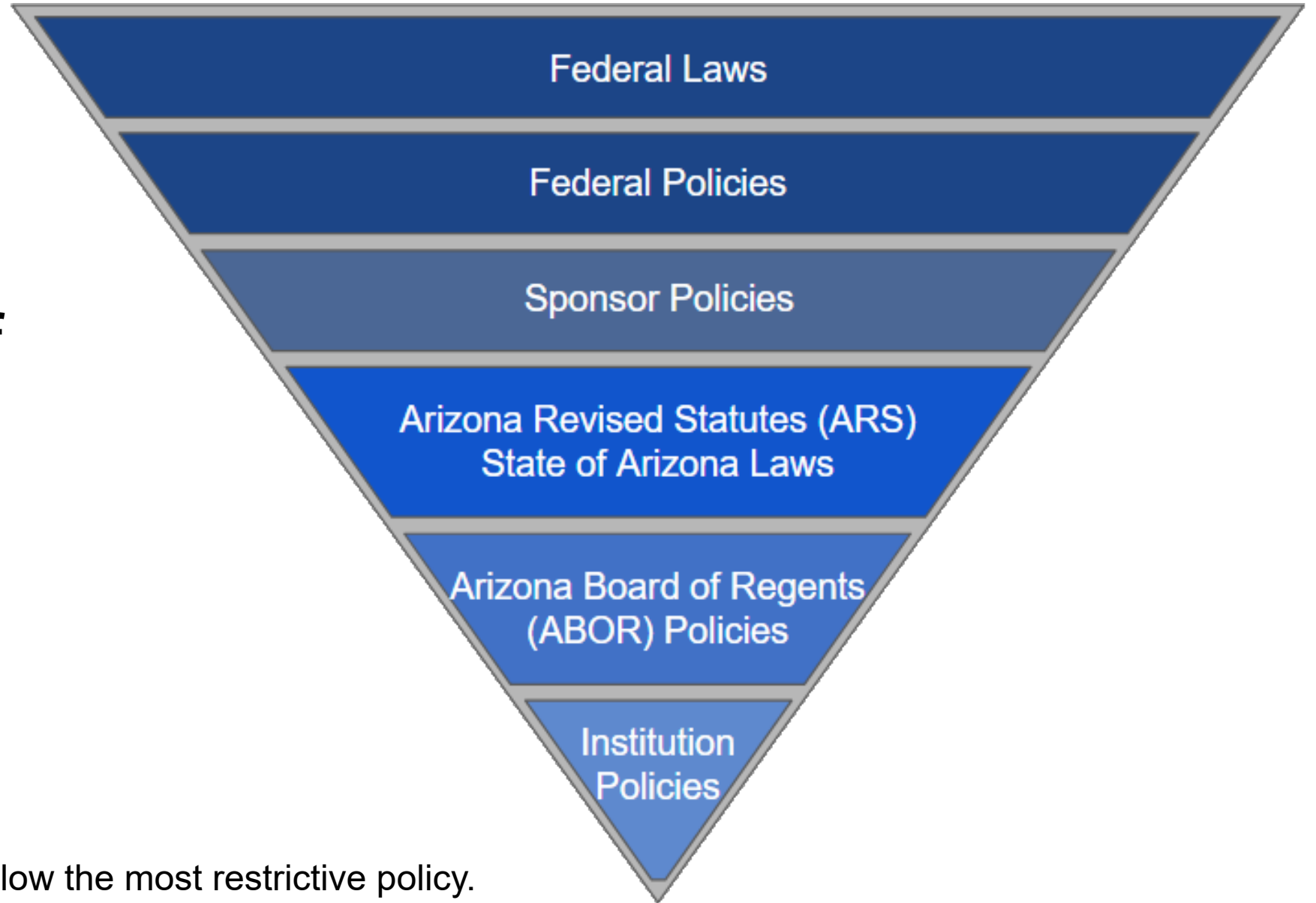
Poor budgets can result in...

- 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.
- 

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
- 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 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.
- 



**University of Arizona Timeline*

Timeline

- **INFORM** whoever will assist you with proposal and budget preparation as soon as possible. More notice = better assistance!
- **PREPARE** your proposal and budget with your designated assistance with enough time to ensure your budget supports your science and meets guidance.
- **ROUTE** any internal proposal documents/forms to obtain necessary approvals and signatures prior to your institution's internal deadline
- **SUBMIT** (provide access to) the complete, ready-to-submit package for review, coordination of any necessary corrections, and actual submission by your institution's designated individual(s).

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)

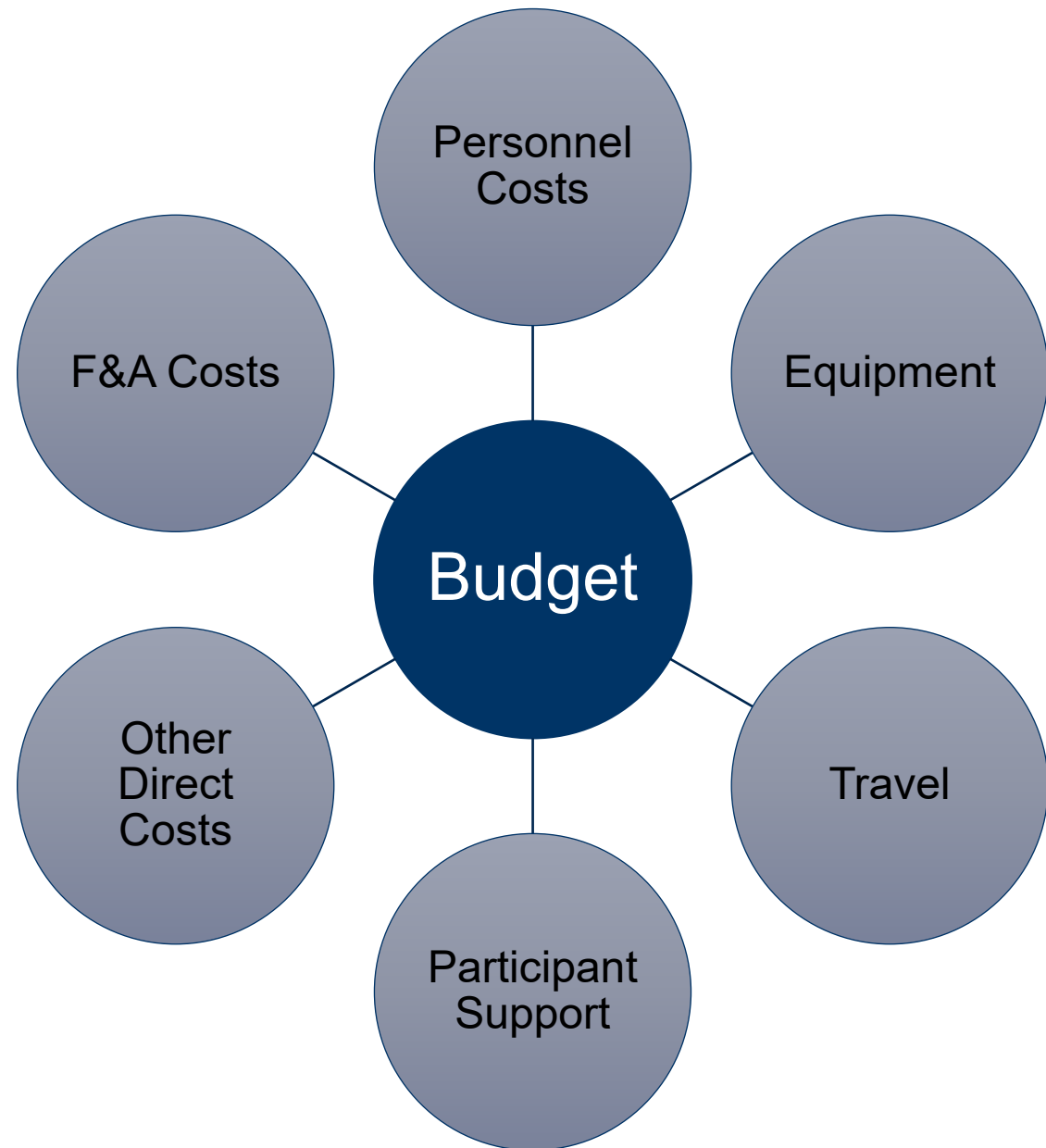
Costs are incurred for common or joint objectives which cannot be readily and specifically identified with a specific project or activity.

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, 2020 through June 30, 2021.

- Faculty 26.3%
- Staff 33.0%
- Postdoctoral Associates 21.0%
- RA/TA 10.0%
- Student (Hrly)/Graduate or Undergraduate 1.5%
- Part Time & Non-Benefits Eligible 9.4%

Current Rates can be found at:

<https://researchadmin.asu.edu/salaries-wages-and-ere#Employee%20Related%20Expenses>

NAU

Approved rates in effect July 1, 2020 through June 30, 2021.

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/147/2018/08/Fringe-Benefit-Rate-Calculator-20201102.xlsx>

UA

Approved rates in effect July 1, 2020 through June 30, 2021.

- Full-Benefit Employees 31.0%
- Ancillary Employees 17.6%
- Graduate Assistants 11.1%
- Student Employees 1.8%

Current Rates can be found at:

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

Or

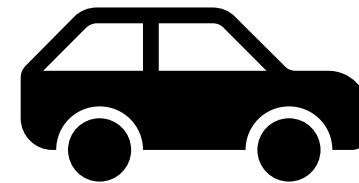
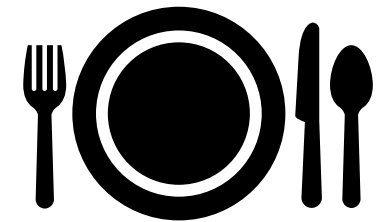
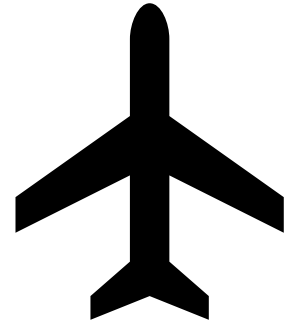
<https://www.fso.Arizona.edu/financial-management/ere-rates>

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*

Travel

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



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 F&A calculations

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

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.

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

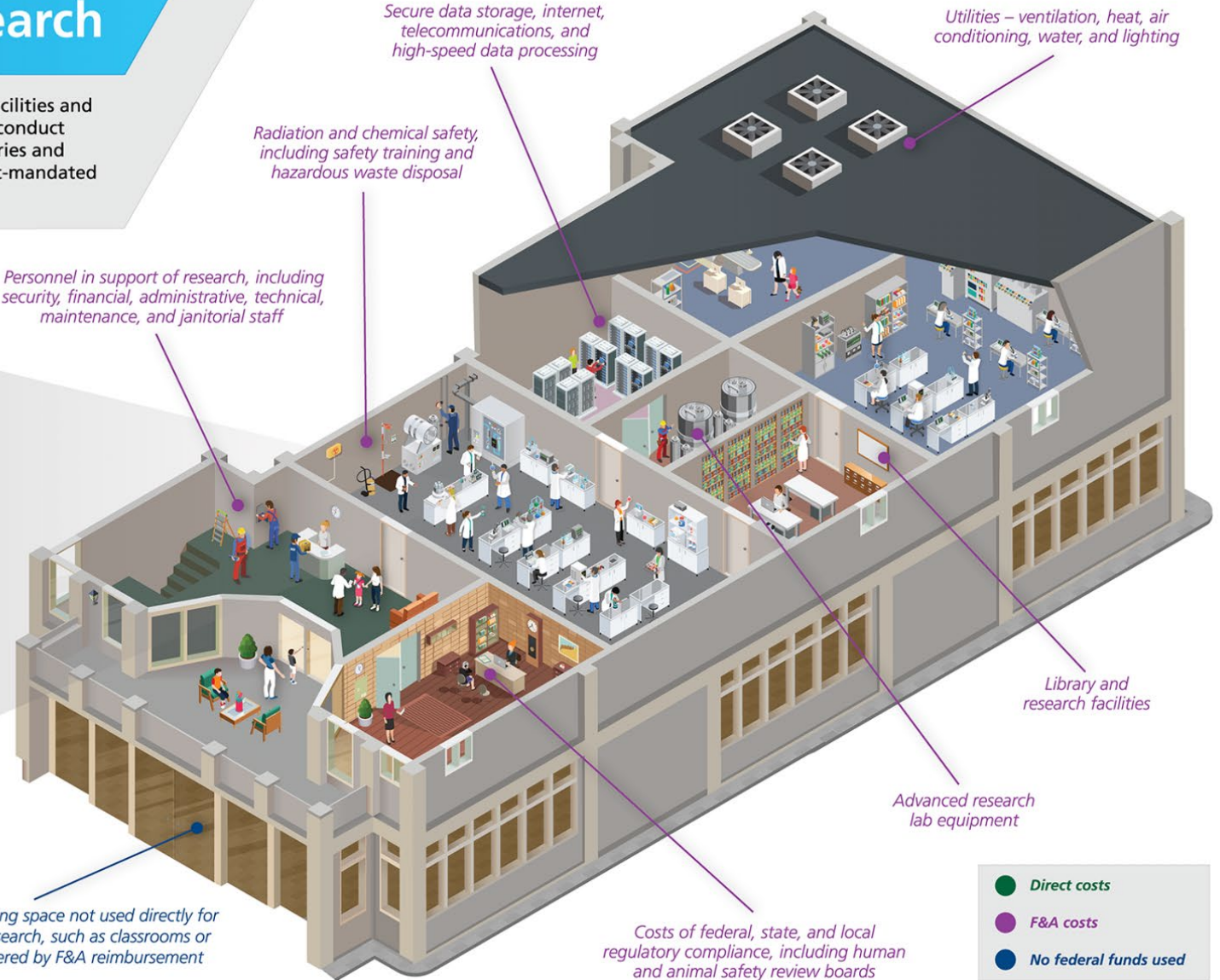
*Upkeep of any building space not used directly for federally funded research, such as classrooms or lobbies, is **not** covered by F&A reimbursement*

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

Facilities & Administrative (F&A) Rates

ASU

Current Rate Agreement date:
[June 15, 2020.](#)

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/sites/default/files/F-and-A-Rate-Agreement.pdf>

NAU

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

Current rates are effective through June 30, 2021.

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:
[June 26, 2020.](#)

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

- 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?

WHAT DO YOU THINK?

This research project will require the effort of a Graduate Research Assistant (GRA).

Which of the following costs must be included in the budget?

- A. Salaries/wages
- B. ERE (fringe benefits)
- C. Consultant Expenses
- D. Participant Support Stipend
- E. Tuition Remission

You will be submitting a **research training** proposal. Your institution's F&A Rate is 53.5% MTDC for Organized Research.

The solicitation's guidance on F&A is as follows: *Indirect Costs (also known as Facilities & Administrative [F&A] Costs) are reimbursed at 8% of modified total direct costs.*

Which rate would you use?

- A. 53.5% MTDC
- B. 8% MTDC
- C. An average of the two rates.
- D. No F&A since the rates conflict.

Generally, which cost base would you use to determine how much Facilities & Administrative (F&A) costs will be for your project?

What cost base would you use? (select all that apply)

- A. Total Direct Costs (TDC)
- B. Modified Total Direct Costs (MTDC)
- C. Total Costs (TC)
- D. None. We only use a cost base to calculate F&A if the sponsor stipulates it.
- E. It depends!

**BONUS POINTS/
HARD MODE**

The sponsor stipulates that indirect costs are allowed at “10% of the project costs”

What is your F&A Rate? (select all that apply)

- A. 10% of Total Costs (TC)
- B. 10% of Total Direct Costs (TDC)
- C. 10% of Modified Total Direct Costs (MTDC)
- D. 11.11% of Total Direct Costs (TDC)
- E. It isn't clear from the stipulation language.

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>
- <https://research.arizona.edu>

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Questions?

- Vince Borleske, UA, vincentborleske@arizona.edu
- Sarah Gates, ASU, sarah.gates@asu.edu
- Shana McClelland, UA, shana@arizona.edu

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Thank you for attending!

- Please don't forget to complete the session survey to let us know how we did.
- You will receive a single Qualtrics survey this evening for all Day 1 sessions.
- The survey will be open until Sunday at 11:59pm and then will automatically close and record any partial responses.