

# Budgeting 101

*for Sponsored Projects*

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# Learning Objectives



Purpose of  
Proposal &  
Award  
Budgets



Common  
Terminology



Rules & Regs  
Impacting  
Project Costs



Internal Tools,  
Resources, &  
Guidance



# PURPOSE OF PROPOSAL & AWARD BUDGETS

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PROPOSAL BUDGET VS AWARD BUDGET

WHO IS RESPONSIBLE?

WHAT RULES APPLY?



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# What is a Proposal Budget?

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A proposal budget created for external funding submissions is an estimate of the costs associated with a sponsored project *at the proposal stage*, broken out to identify specific **expected** costs over a specified time period.

## Key Points:

- ❑ Estimate of future expenses (guide for expenditures)
- ❑ Connected to a proposed statement of work (SOW)
- ❑ Promise to perform for a specified price

**YEAR R&R DETAILED BUDGET (Always change cell A1 to equal the number of project years for this budget)**

EPCS#	27039								
						Start	1-Jul-19	1-Jul-20	1-Jul-21
						End	30-Jun-20	30-Jun-21	30-Jun-22
PI DEPT: DAVID JOHNSON / MSI Chemistry									
University of Oregon									
UO PERSONNEL									
		SALARY	Yr 1	Yr 2	Yr 3				
Summer salaries for 9-mo. appts.		Eclass	BASE	%	%	%			
David Johnson	9 Month Faculty/Staff (SU)		51,975	0.03	0.03	0.03	1,559	1,597	1,635
GE III (3 Credit Hours per Term)		SALARY	Yr 1	Yr 2	Yr 3				
GE AY effort			43,207	0.46	0.46	0.46	19,875	20,591	14,221
GE summer effort		-leave blank-		0.46	0.46	0.46	6,625	6,864	7,111
		Total Academic Terms		3	3	2			

# Internal Budget Template

<b>TOTAL PERSONNEL</b>							38,732	40,508	32,444	111,684
<b>SUPPLIES</b>										
Consumables, supplies, and small equipment										
							6,000	6,000	6,000	18,000
						<i>Total Supplies</i>	6,000	6,000	6,000	18,000
<b>TRAVEL</b>							-	-	-	-
Meetings										
							1,500	1,500	1,500	4,500
National labs										
							1,400	1,400	1,400	4,200
						<i>Total Travel</i>	2,900	2,900	2,900	8,700
<b>OTHER</b>										
<b>GRADUATE TUITION &amp; OFF-SITE FACILITY RENTAL (F&amp;A Exempt)</b>										
Academic Year Graduate Tuition										
							4,871	4,900	3,286	13,057
Total F&A Exempt Other										
							4,871	4,900	3,286	13,057
Analytical Services - CAMCOR										
							3,500	3,600	3,700	10,800
						<i>Total Other</i>	8,371	8,500	6,986	23,857
<b>TOTAL DIRECT COSTS (includes Total Subcontracts Costs)</b>							56,003	57,908	48,330	162,241
<b>MODIFIED TOTAL DIRECT COSTS (MTDC)*</b>							51,132	53,008	45,044	149,184
- Enter Applicable F&A Rate Below-										
<b>Facilities/Administrative (Indirect Cost) Rate:</b>		<b>Research: on campus</b>					47.5%	47.5%	47.5%	
<b>Facilities/Administrative Costs (Indirect Costs) of MTDC</b>							24,288	25,179	21,396	70,863
<b>TOTAL COSTS</b>							80,291	83,087	69,726	233,104

# What is an Award Budget?

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An award budget is a spending plan, approved by the sponsor, and broken out by specific **expected** costs over a specified time period.

## Key Points:

- Sponsor approved estimate of future expenses
- May require prior approval to deviate
- Connected to a proposed research plan or a statement of work
- Commitment** to perform for a specified price

*Often the award budget is identical to the proposed budget.*

# SUMMARY PROPOSAL BUDGET

Award No. 1905185

Person MOS	cal	acad	sumr	Funds granted By NSF
A. (3.00) Total Senior personnel	0.00	0.00	0.30	\$4,791
B. Other Personnel				
1. (0.00) Post Doctoral associates	0.00	0.00	0.00	\$0
2. (0.00) Other professionals	0.00	0.00	0.00	\$0
3. (3.00) Graduate students				\$75,287
<b>Total salaries wages and fringes (A+B+C)</b>				<b>\$80,078</b>
D. Total permanent equipment				\$0
E. Travel				
1. Domestic				\$8,700
2. International				\$0
F. Total participant support costs				\$0
G. Other direct costs				
1. Materials and supplies				\$18,000
2. Publication costs/page charges				\$0
3. Consultant services				\$0
4. Computer (ADPE) services				\$0
5. Subawards				\$0
6. Other				\$23,857
Total other direct costs				\$41,857
H. Total direct costs (A through G)				\$162,241
I. Total indirect costs				\$70,863
(For information on the rate used, please refer to the award notice)				
J. Total direct and indirect costs (H+I)				\$233,104
K. Fee				\$0
L. Amount of this request (J) or (J+K)				\$233,104
M. Cost sharing				\$0

# External Award Budget

# How are Budgets Used?

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- ❑ To establish a fund to track expenses on a sponsored project
- ❑ On invoices and expense reports, to compare actual costs to planned expenses
- ❑ To determine at what point sponsor approval is required for spending variances
- ❑ The proposal budget should not be confused with the award budget regarding actual expenditure reports
  - **Proposal Budget ≠ Award Budget**
- ❑ During annual review and close-outs, expenditures are reconciled to the award budget



# Who is Responsible for a Budget?



## The Principal Investigator (PI)

- is responsible for determining who and what is needed for a project.

**The PI is also responsible for approving all expenditures on their award.**



## The Department Grant Administrator (DGA)

- assists in translating the PI's list of needs into expense estimates.

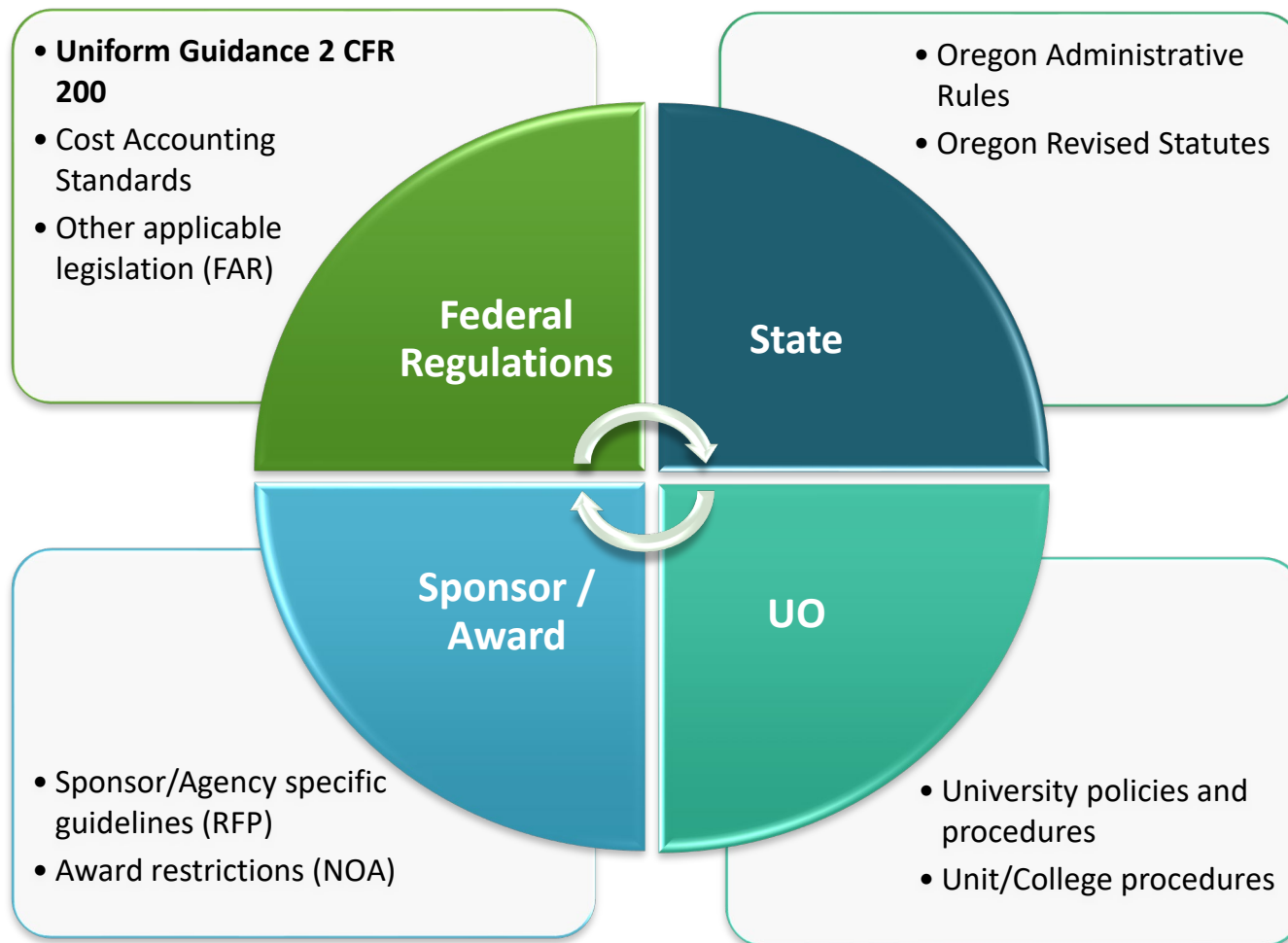


## The Sponsored Projects Administrator (SPA)

- reviews the proposal budget for statutory and regulatory compliance and assists with the technical and administrative issues related to the preparation and submission of the budget to the project sponsor.
- SPA reviews and approves proposed project budget



# What Rules Apply to a Sponsored Budget?



# What Rules Apply to Specific Costs?

Term	Definition
Allowable	Items not restricted by federal regulations or the <u>specific grant requirements</u>
Reasonable	Goods or services acquired and amount involved reflect an action/amount that a prudent person would agree with
Allocable	Directly benefits the project that was charged
Treated Consistently	Like costs in similar instances need to be treated consistently throughout the Institution
Necessary	Goods or services are required to complete the scope of work

# TERMINOLOGY

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DIRECT COSTS VS INDIRECT COSTS

COST SHARE VS INSTITUTIONAL SUPPORT

CONSULTANTS VS SUBAWARDS



# Terminology: Direct Costs vs. Indirect Costs

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## Direct Costs:

Costs that can be identified specifically with a particular sponsored project or that can be directly assigned to an activity relatively easily with a high degree of accuracy. - ***Charged as actual cost.***

## Indirect Costs:

Costs that are incurred for common or joint objectives and therefore cannot be directly attributable to a specific project or activity. - ***Charged as F&A.***

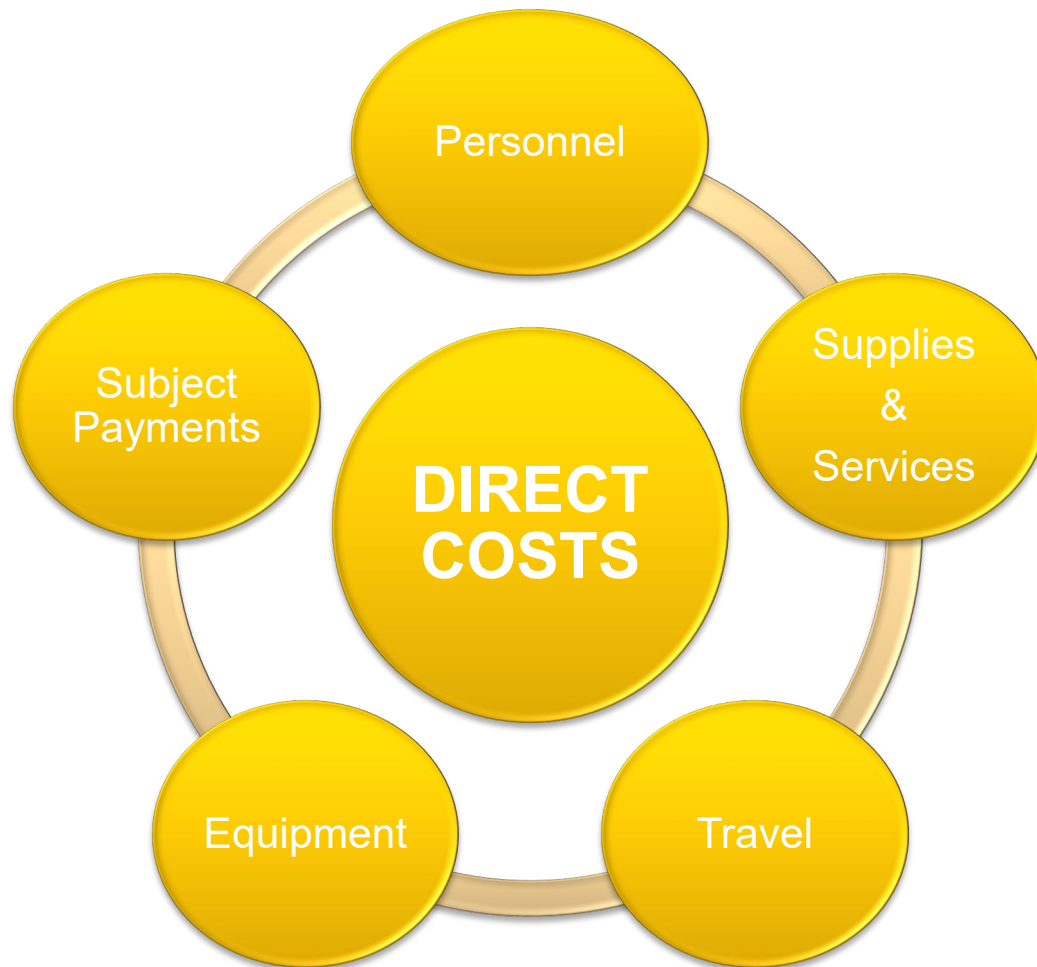
In all cases, the distinction between direct and indirect is **how it is used.**

# Terminology: Direct Costs vs. Indirect Costs



# Terminology: Direct Costs

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2 CFR 200.413

# Terminology: Indirect Costs



2 CFR 200.414



# Terminology: Cost Share Vs Institutional Support

## COST SHARE

Budget?

- Show in budget
- Show in budget justification

Document?

- Condition of the award
- Quantified proposal and Tracked in Post Award

Voluntary  
Committed

- Not required
- Legally binding

## INSTITUTIONAL SUPPORT

Budget?

- Do not show in budget

Document?

- Narrative, Facilities and Other Resources sections
- Letter of Support uploaded w/ application

Voluntary  
Uncommitted

- Non- Legally Binding
- Not tracked

# Terminology: Cost Share

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**Cost Share** is committed project-related costs that comes from a source other than the sponsor.

- ❑ must be budgeted separately from other spending,
- ❑ are constrained by the same rules that guide budgeting sponsor-funded spending, and
- ❑ **requires special approval** from the VP of Research and Innovation's office *unless* it is listed as mandatory or is otherwise “encouraged” in the sponsor's guidelines.

# Terminology: Institutional Support

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**Institutional Support** is uncommitted cost-share that is not documented or quantified in the budget forms.

- Is support provided for the project beyond what is being requested from the sponsor.
- Is a way of showing additional project support to increase the competitiveness of the proposal without quantifying the amount.
- Will **not** be shown in any budget forms.

# Terminology: Consultants Vs Subawards

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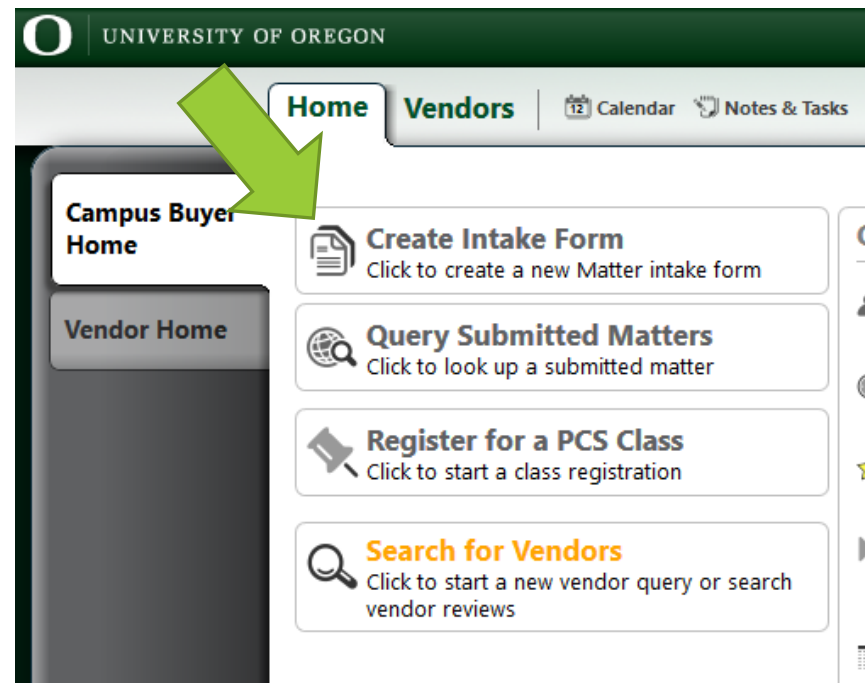
Third party contractors who perform work on sponsored projects should be included in the budget as a direct cost as either:

- ❑ **Consultants** are individuals and organizations performing a specified task as part of their regular business operations, under the direction of the UO PI or other research staff.
- ❑ **Subrecipients** are collaborating researchers given autonomy to complete a portion of the sponsored project, without direct supervision by the UO PI.

To assist with the determination: [Vendor vs. Subrecipient Determination Checklist](#)

# UO Process: Consultants

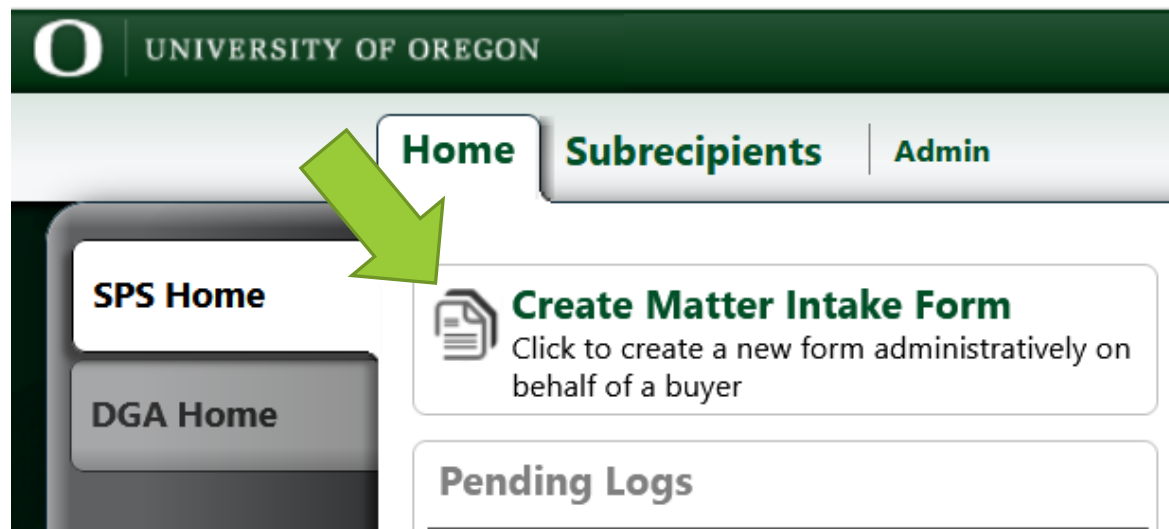
- ❑ *After award*, a Professional Services Contract (PSC) request will be submitted **by the department** to Purchasing and Contracts Services (PCS), through the [UO Purchasing Portal](#), to establish the consultant contract in conformance with the Uniform Guidance.



Additional information can be found on the [Research website](#) and the [PCS website](#).

# UO Process: Subawards

- *After award*, to request issuance of outgoing subaward agreements **the department will submit** the request to SPS through the [SPS Subaward Portal](#) to establish the agreement with the subrecipient in conformance with the Uniform Guidance.



Additional information can be found on the [Research website](#).

# BUILDING A BUDGET

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BREAKDOWN OF COMPONENTS

RULES & REGS IMPACTING PROJECT COSTS



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# Building a Sponsored Project Budget: Components

- Personnel Salary
- Personnel Fringe Benefits
- Supplies
- Equipment
- Travel
- Subawards / Subrecipients
- Participant Support Costs
- Other Direct Costs
- Indirect Costs
- Cost Share



# Building a Budget: Personnel

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## Key Project Personnel:

- Include salary and benefits as a direct cost.
  - Based on the amount of effort spent on the project as a portion of their UO base salary.

## Other Personnel:

### Student Employees

- Regular and work-study student workers are paid hourly and should be budgeted based on expected hours.
- Graduate Employees should be budgeted based on percent effort.
  - include appropriate tuition expenses for the budgeted terms, unless expressly forbidden by the sponsor.

**Only UO personnel, on UO payroll, should be included in this section.**

# Building a Budget: Personnel Fringe Benefits

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- ❑ Must be included for all direct-charged UO personnel.
  
- ❑ Budgeted based on rate information provided by the office of Budget and Resource Planning (BRP).
  - see BRP's [Blended OPE Overview](#), or
  - SPS's Quick Reference Card ([QRC](#)).
  
- ❑ These are federally negotiated rates based on the employee's e-Class and can also be found on the UO's [Federally Negotiated Indirect Cost Rate Agreement](#).

# Building a Budget: Personnel Exception

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The costs of administrative staff are included in the indirect cost calculation, and therefore administrative staff should not be included as direct charges **unless the administrative work is:**

- 1) outside of the regular duties of the employee;**
  - *because of the amount or complexity of the administrative work necessary to accomplish the project work*
- 2) integral to the project; and**
- 3) excluded from F&A recovery and the exclusion is approved by the university.**
  - *such as when a non-federal sponsor limits our F&A rate*

# Building a Budget: Supplies and Equipment

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**Supplies** are goods which costs less than \$5,000 per unit or has a useful life less than 1 year.

**Equipment** covers any good which costs \$5,000 or more and has a useful life of longer than one year.

**General use supplies** are included in the F&A rate calculation and therefore cannot be included as direct costs unless the quantity or quality of items exceeds a reasonable estimate of normal use.



# Building a Budget: Travel

- ❑ Travel needed to complete sponsored work, including disseminating results and findings, should be included as a direct cost in the budget.
- ❑ [GSA rates](#) are used for lodging, per diem, and personal vehicle reimbursement.
  - Airfare should be included at estimated cost.
  - Rates found on [Business Affairs website](#).
  - Details?
- ❑ Special rules apply when traveling internationally on federal award. Contact your post-award team before making arrangements for international travel.



**Differentiate between domestic and foreign travel expenses!**

# Building a Budget: Subawards

Subrecipients (a.k.a. “subawards,” or “subcontracts”) are budgeted under the ***Subcontracts*** budget category on the proposal budget and are contracted through SPS.

**The following documents are required at the proposal stage:**

- 1) Letter of Commitment
- 2) Statement of Work
- 3) Budget
- 4) Budget Justification
- 5) Negotiated F&A Rate Agreement
- 6) [Subrecipient Certification Form](#)



# Building a Budget: Participant Support

## ❑ 2 CFR §200.456 Participant support costs:

Participant support costs as defined in **§200.75 Participant support costs** are allowable with the prior approval of the Federal awarding agency.

## ❑ 2 CFR §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.

**Participants are not UO employees!**

# Building a Budget: Other Direct Costs

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**Non-UO Consultants**  
*(not sub-recipients)*

**Vendor Service  
Agreements**

**Participation Payment  
/ Human Subjects  
Incentives**

**GE Tuition**

**Rental Costs  
of off-site facilities**

**Publications**



# Building a Budget: Application of Indirect Costs

The F&A rate is determined by the sponsored activities and our federally negotiated Indirect Cost Rate Agreement. Per the agreement, the UO's current rates for F&A are as follows:

## □ Research

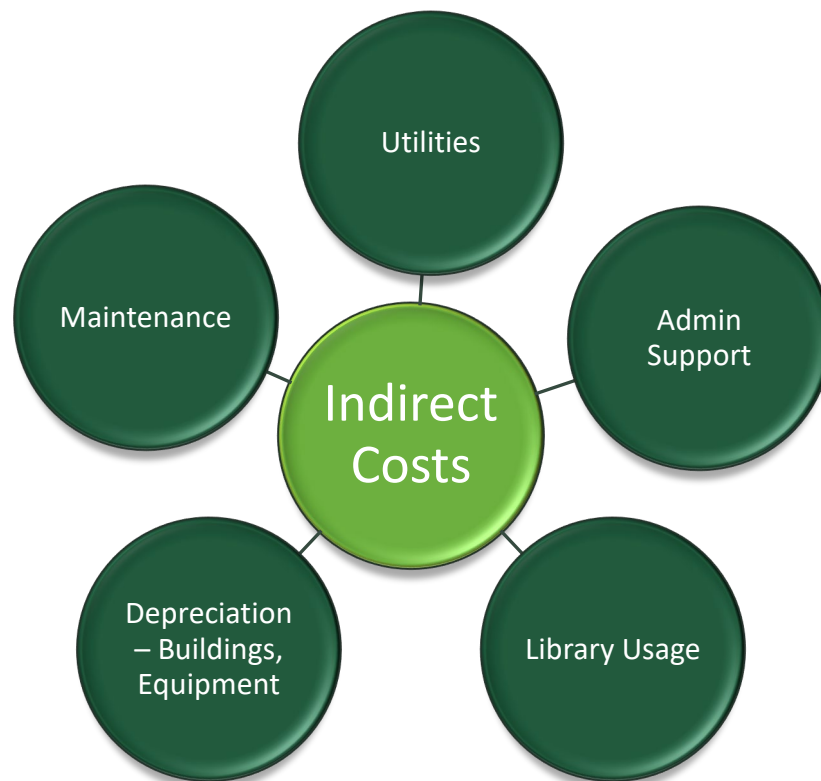
- on-campus rate: 47.5%
- off-campus rate: 26.0%

## □ Instruction

- on-campus rate: 46.0%
- off-campus rate: 26.0%

## □ Other

- on-campus rate: 30.7%
- off-campus rate: 26.0%



# Building a Budget: Application of Indirect Costs

**Sponsor Limited Rates** apply when the sponsor explicitly limits F&A costs to be less than our negotiated rates. These limitations must be documented in writing.

An **off-campus rate** is applicable to those projects:

- 1) Conducted in facilities not owned or operated by the University,
- 2) Which include charges for facility rental as direct expenditure, **and**
- 3) For which more than 50% of the project salaries and wages are for effort conducted in the rental facility.

**Contact your Pre-Award SPA if you think a project may qualify.**

# Building a Budget: Application of Indirect Costs

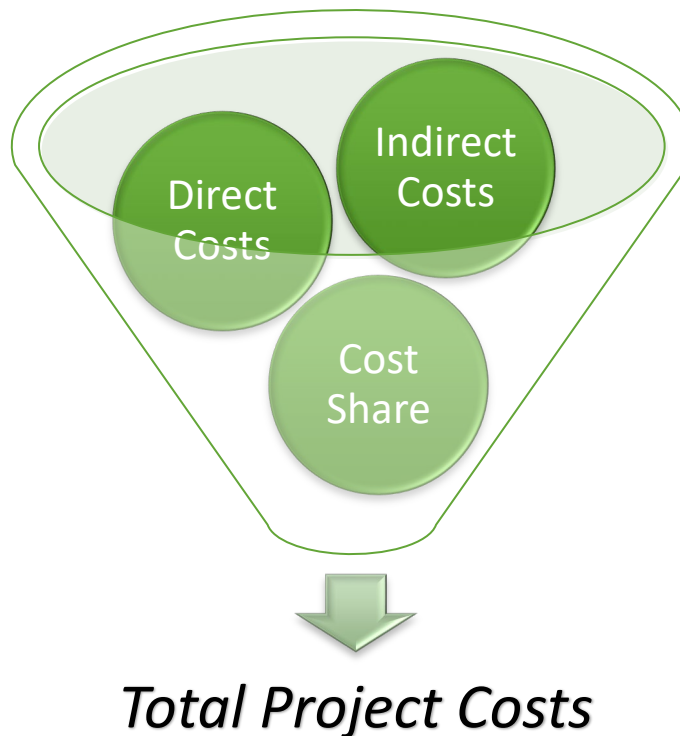
**§ 2 CFR 200.68 Modified Total Direct Cost (MTDC).** MTDC means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each subaward (*regardless of the period of performance of the subawards under the award*).

## Exclusions

- Equipment
- Capital expenditures
- Charges for patient care
- Tuition remission
- Rental costs
- Scholarships / fellowships
- Participant support costs
- Subawards in excess of \$25K

# Building a Budget: **Cost Share**

- Total project costs includes the total award costs (direct and indirect costs), as well as any cost sharing provided by UO or another cooperating entity.



# Building a Budget: Budget Justification

Provides a categorical description of the proposal costs



Must be consistent with the budget



Lists effort commitments as Person Months for Senior Key Personnel



Provides explanation for any uncommon items (*general use / high risk*)



Describes methods used to calculate proration or inflation factors



States the indirect cost rate used & calculation base in which it is applied



Sponsor may have specific formats that must be used

# RESOURCES

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TOOLBOX

BEST PRACTICES

DEADLINES



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# Budgeting Toolbox

- ❑ **[Quick Reference Card](#)**: Provides up to date information about rates and policies for sponsored projects budgeting, updated biannually.
  - Available from the home page of the SPS website.
  
- ❑ **Excel Budget Templates**: Built in formulas and rates based on QRC. *Please download a clean copy each time*, as the templates are frequently updated.
  - Available from within EPCS or from the [Internal Grant Forms](#) web page.
  
- ❑ **EPCS Budget Module**: Allows budget items to be entered into a web-form and automatically transfers into a budget layout.
  - Available from within the EPCS record.
  
- ❑ **Budget Justification Templates**: Written justification of costs.
  - Sponsor proposal templates available within the *Templates and Checklists* section of the [Proposal Writing Resources](#) webpage.



# Best Practices: Budget Process

Have UO formatted proposal budget and justification in EPCS at least 2 weeks prior to external deadline.

- Let your SPA know it is ready for review.

Have final UO and subaward budgets approved by Pre-award SPA in EPCS record at least 1 week prior to external deadline.

- Then have PI finalize the EPCS record.

Complete sponsor budget format **after** proposal budget is approved by SPS.

- Reduces the chances for errors!



# Proposal Deadlines: *Business Days*

FCOI & PI  
Certification

**ASAP**

Must be  
complete  
before  
EPCS  
record can  
be initiated

Subawards

**10 days**

Subaward  
documents  
must be  
send to  
SPS

PI Status

**7 days**

PI status  
must be  
requested  
in advance  
of the  
deadline

Other  
Approvals

**5 days**

Voluntary  
cost share,  
F&A  
Exceptions,  
Off-Campus  
F&A

**Finalize  
EPCS**

**3 DAYS**

**ALL EPCS  
RECORDS  
MUST BE  
FINALIZED  
3 DAYS  
PRIOR TO  
DEADLINE**



# Questions?

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Thank you for coming!

Please complete the online survey!



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# Contact Pre-Award: *We are here to help!*

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**Patti Carey, CRA, CPRA**

Associate Director, Pre-Award 6-8148

[pcarey@uoregon.edu](mailto:pcarey@uoregon.edu)

## **Sponsored Projects Administrators, Pre-award:**

**Teresa Beeler, CRA**

6-8852

[tbeeler@uoregon.edu](mailto:tbeeler@uoregon.edu)

**Jennifer Clark, CRA**

6-5166

[jclark8@uoregon.edu](mailto:jclark8@uoregon.edu)

**Melodie Austin, CRA**

6-5133

[melodier@uoregon.edu](mailto:melodier@uoregon.edu)

**Mindy Kirk**

6-7754

[mkirk@uoregon.edu](mailto:mkirk@uoregon.edu)

**Jen Jacobs**

6-5248

[jjacobs7@uoregon.edu](mailto:jjacobs7@uoregon.edu)

## Additional Contacts:

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### SPS General:

Phone: (541) 346-5131

Email: [sponsoredprojects@uoregon.edu](mailto:sponsoredprojects@uoregon.edu)

### OVPRI Training Inquiries:

Email: [RISE@uoregon.edu](mailto:RISE@uoregon.edu)



### Find Your Pre and Post Sponsored Projects Administrators (SPA):

<https://research.uoregon.edu/about/administrative-units/campus-units-assignment>

### Other Research Administrators (SPS, RDS, RCS, IIT):

<https://research.uoregon.edu/about/staff-directory>