How to Develop a Budget for Your Proposal
(www.coastal.edu/grants/budgetdev.html)

- First, you will need to prepare expense worksheets:
  http://foundationcenter.org/getstarted/tutorials/shortcourse/budget.html

- A Budget Narrative is usually required:
  http://foundationcenter.org/getstarted/tutorials/shortcourse/narr.html

- Provide support and revenue statements if the project has already received funds or if it is expected to produce funds:
  http://foundationcenter.org/getstarted/tutorials/shortcourse/support.html

- Site with tips for writing a grant proposal
  - Guide for Writing a Funding Proposal by Dr. S. Joseph Levine

- Make your budget realistic (Do not inflate your budget)

- Ask someone else in your organization to review your budget

- Check with the agency to see if it has required budget categories for you to use in your proposal
Basic Budget Elements

- **Salaries and Wages** – determine total salaries and wages and list the amount of time spent by each person on project. Project raises/cost of living increases into the budget; if these are not accounted for at the beginning, funds will have to come from elsewhere in the budget to cover those costs. Salaries should be prorated to represent the amount of time each of the staff expects to spend on the project. Graduate assistant and student salaries also need to be included in the budget if they are being charged to the project. To calculate a faculty salary, for example, a PI with a 9 month appointment whose salary of $75,000 expects to devote 20% effort to the project during the academic year would request $15,000 for that time from the funding agency ($75,000 \times .20 = $15,000). If the same individual will be working full time for 2 months during the summer, an additional $16,666 ($75,000/9 months \times 2 \text{ months} = $16,666).

- **Fringe Benefits** – direct cost to a sponsored project based on salaries and wages to be paid. Fringe benefits must be charged in proportion to the salary requested; for example, if 20% salary is requested, the same 20% of fringe benefits must be requested as well. Current fringe benefit rates are posted: [http://www.coastal.edu/grants/fringes.html](http://www.coastal.edu/grants/fringes.html)
Basic Budget Elements

- **Consultants** – provide consultation, advice, assessment or guidance on the project design, implementation or performance. The essence of the difference between a consultant and a subcontractor: subcontractors are responsible for performing a portion of the scope of work, while consultants provide guidance and advice. Under IRS regulations, consultants may **not** be individuals who work at your institution. Some sponsors do not permit payments to consultants, so check the guidelines or contact the program officer to determine the policy on allowing consultants.

- **Subcontracts** – transfer a portion of the scope of work to the awardee to another individual or organization. This work is described in the original proposal, and a separate budget details the costs the subrecipient will incur in carrying out its portion of the project, normally included in the proposal. The subawardee budget should include the F&A costs allowable under the sponsor’s guidelines, or the subrecipient’s negotiated rate.
Basic Budget Elements

- **Capital Equipment** – an article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost of $5000 or more per acquisition. OMB Circular A-21 defines equipment “means an article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost which equals or exceeds the lesser of the capitalization level established by the organization for financial statement purposes, or $5000.”

- **Expendable Equipment and Supplies** – supplies are the disposable resources needed to carry out the project. These are items costing less than $5000. Normally, a research project will consume expendable supplies such as laboratory items, teaching aids, computer software, and office supplies. A reasonable amount should be budgeted for these items.

- **Participant Costs** – typically found in training grants, to support costs such as travel, tuition, supplies for project participants, such as teachers, or undergraduate students. In federal awards when these costs are rebudgeted to another line item this action will typically require written sponsor approval.
Basic Budget Elements

- **Publication Costs** – Budget the anticipated cost of publishing the results of the research, keeping in mind that page charges may vary from journal to journal. Consider both page charges and reprint costs.

- **Travel** – travel expenses are the costs expected to be incurred getting to and from services sites, field locations, professional meetings, etc. The travel costs estimated in a proposal should be consistent to the institution’s travel policy. If foreign travel is anticipated it must be specifically delineated in the budget and justification to ensure sponsor approval of the request.

- **Computer Time** – Computer time costs should be included as a budget item, if appropriate. If non-sponsor-funded computer time is needed, arrangements must be made in advance with your academic department or research unit.

- **Other Elements** – Consider, as appropriate, costs for copying, long-distance telephone calls, postage, reference books and materials, tuition and required fees for participating graduate students, equipment maintenance, and contracted services. Revision of OMB A-21 relevant to office supplies, postage, local telephone costs, and memberships: The principal investigator needs to justify the need for these items in relation to the project.
**F&A Costs (aka Indirect Costs)**

- **Facilities and Administrative Costs (Indirect Costs)** – are the institutional expenses that cannot be directly associated with a project, such as the expenses of the building, utility and space use, general operating expenses such as office supplies, copiers, janitorial services, libraries, administrative efforts, including senior administrators, department and sponsored project effort, in addition to a variety of other costs. They must be:
  - Allowable (as described by federal cost principles in OMB Circular A-21);
  - Reasonable (what a prudent person would spend);
  - Allocable (limited to that portion of expenses directly benefiting the project and consistently treated as direct charges).
  - F&A costs represent a reimbursement for expenses already incurred. All F&A costs recovered are deposited as unrestricted funds (unrestricted meaning not confined to a set budget).

**Why Are F&A Funds Important to You?**

Whatever we call them, indirect costs are real. The University is dependent upon the recovery of F&A costs in order to maintain the infrastructure necessary to continue to support sponsored projects. Faculty, staff and students involved in research and sponsored programs experience the benefits of the F&A cost recovery every day when they turn on the lights, when they request a research assistant, when they use the telephone or the library and when they use the Internet, and so on.
Cost Share and Matching Funds

- **Cost Share** – the project costs that are not funded by the sponsor. This can be an institutional commitment of funds or resources, or it can be the commitment of resources to a project by a third party. A voluntary commitment of resources on a project when they are not required by the sponsor is a voluntary costshare commitment. Costsharing expenditures must be documentable, allowable and required for the project.

- **Reassigned time** – OGSR will consider two types of reassigned time: a) any employee’s time and effort allocated to a project/grant for which a funding agency sponsor reimburses CCU, and b) any employee’s time and effort allocated to a project/grant but not charged to the sponsor and for which the University pays (hard matching/cash contributions).

- **Advance reassigned time** - Reassigned time can be budgeted for any employee, not just faculty members. Advance reassigned time from normal duties can only be accounted during the academic year. Any reassigned time budgeted by a faculty member on an external funding program/grant must be in accordance with policy. Considering that CCU is financially responsible for the payment of salaries & fringes of an employee’s reassigned time, any such reassigned time allocated to a program/grant shall be considered as “Hard match” or actual cash match from a department’s own general operating funds.

- **Additional compensation** – Additional/supplemental compensation can only be paid if allowed by the Funding Agency/Sponsor and approved by the department in accordance with policy.
Cost Share and Matching Funds

- **Summer time** – Summer time can only be budgeted by faculty members/employees with 9 or 10 months appointments. A faculty member/employee may dedicate his/her summer time to a project/grant as in-kind as long as the department is not responsible for any salaries during the summer term. In the event the department is financially responsible for the payment of any funds to a faculty member for any time dedicated to a project/grant during the summer, said payment shall be given the same treatment as advance release time and shall be considered as cash match from the department general operating funds.

- **Other Direct Costs** – Any other direct costs that are paid for from sources other than the funding agency/sponsor and directly attributable to support of the project shall be accounted as actual cash match from a department own general operating monies. (i.e. project-related travel not charged to the project/grant; existing or newly purchased equipment and/or supplies need for the project, not being charged to the project/grant; and contracted consultants who will provide expertise to the project but whose expenses aren’t eligible for grant funding).

- **In-Kind** - In-kind contributions are non-cash contributions in the form of goods or services that can be given a cash value. Examples include the fair market value of project supplies, transportation, and services.

- **Unrecovered Facilities & Administrative (Indirect) Costs** - Some funding agencies limit the amount of F&A cost recovery. Any difference between the CCU's F&A cost rate and the funding agency's limited F&A cost rate (unrecovered indirect costs) may be used as a matching commitment if the Funding Agency/Sponsor agrees. Unrecovered F&A costs will be counted as “Soft match” (i.e. an expense related to the project but not charged to the project).
Budget Justification

- The budget justification explains the basis for the costs requested in the budget, delineating how many, how much, what it is for, why we need it and serves as the opportunity to provide written documentation for your budget.

- **Sample Budget Justification**

  a. **Personnel:**
  
  Funding in the amount of $XXX is requested to defray the costs of Professor XXXXX who will serve as Principal Investigator. Prof. XXXXX be responsible for general oversight of the project, including organizing and coordinating all interviews, travel and training of the students involved in the project. He/she will dedicate 11.11% of his/her time on this project during the academic year (September-May) and 33.33% of his/her time during the summer term (June-August).

  Funding in the amount of $XXX is requested to defray the costs of Professor XXXXX who will serve as Co-Investigator. Prof. XXXXX be responsible for assisting the Principal Investigator in the project coordination, travel and training of the students involved in the project. He/she will dedicate 5% of his/her time on this project during the academic year (September-May) and 50% of his/her time during the summer term (June-August).

  Funding in the amount of $XXX is requested to support two graduate students participating in this project. Graduate students will (add information/task).

  b. **Fringe Benefits:**
  
  Fringe benefits for the salaries of the personnel listed above equal $XXX and were calculated at a rate of 21.74% and 1% for student personnel.
Sample Budget Justification

c. Travel:
   Two roundtrip tickets, plus 5 days housing and per diem for each traveler at a rate of $XXX.

d. Small Equipment Purchase:
   Funding in the amount of $XXX is requested for

e. Materials and Supplies:
   Funding in the amount of $XXX is requested for office supplies including, basic supplies, assays, etc.

f. Communication:
   Funding in the amount of $XXX is requested for Communication/Postage.

g. Other:
   Funding in the amount of $XXX is requested for the development of a web page.

h. Consultant:
   Funding in the amount of $1,500 is requested for Ms. (XXX) who will assist the PI and CO-Investigator in their trip to Lima, Peru. Ms. (XX) will consult with the investigators...

i. F&A Costs:
   In accordance with the grant guidelines, Facility and Administration costs totaling $16,383 for CCU at the rate of DHHS Approved Rate of 50% of salaries, wages and fringe benefits.

j. In-Kind/Matching:
   The College has agreed to provide matching funds in the amount of $XXX in support of this project for...
Modular Budget, Fixed Price Agreements and Pre-Award Costs

- **Modular budgets** – a funding agency sets a fixed amount for the grant proposal budget, such as $25,000 and all projects costs are included in this amount.

- **Fixed price agreements (also contracts or subcontracts)** – agreements in which a set amount estimated by the awardee is given and no other costs can be incurred to complete the project.

Modular budgets and fixed price agreements should still have a budget as the foundation for their costs; CCU requires a budget to be submitted with both funding mechanisms.

- **Pre-Award Costs** - Most agencies allow pre-award costs 90 calendar days prior to award or more than 90 calendar days with the prior approval of the federal awarding agency. You must determine by checking the guidelines or contacting the program officer if these costs are allowed.

  All pre-award costs are incurred at the recipient’s risk. CCU does not allow risk accounts.