

Budgeting for Sponsored Projects

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Two main Goals

- Be able to prepare proposal budget using the ORSO recommended budget template
- Understand background behind proposal budget preparation for Sponsored Projects, including federal, state and university guidelines and/or regulations



What are Sponsored Projects?


- University projects funded or 'sponsored' by an outside agency
- Projects designed to accomplish a public good versus furthering a commercial gain
- Examples of 'sponsors': Federal and state governments, foundations and private industry



What you need to know to create a Budget for grant proposals


- Request for Proposal (RFP) or Guidelines for preparing the application and budget
- OMB Circulars/ Uniform Guidelines (UG)
- ORSO Guideline 2 and University regulations
- Cost accounting standards
- Direct Costs (DC)
- Facilities & Administrative Costs (F&A, IDC)
- ORSO Budget Template






Types of Budgets and Budget Justifications


- Broad Categories: Personnel, Supplies, Travel, Indirect Costs
- Detailed: Itemize each individual component of the budget
- Modular: Total request for direct costs and indirect costs






Where to begin?


- Be familiar with the rules and regulations and where to find them
- Review the Request for Proposal (RFP)
 - Determine if there are funding limits
 - Determine if F&A is allowable and what rate
 - Determine if there are unallowable items
- Determine broad budget categories and overall project goals





Where to begin?


- Work with the Principal Investigator (PI)
 - Identify what personnel will be working on the project
 - Is travel necessary
 - Is it allowable by the agency
 - Is it foreign or domestic
 - Determine if equipment and supplies are necessary and allowable for the project
 - Are there subcontracts
 - Will funding meet subcontractors needs for their portion of project



Where to begin?


- How do I know if costs are allowable?
 - Would they be considered REASONABLE by a financially prudent person
 - Are the costs ALLOCABLE: beneficial to both parties and advance the work under the sponsored project
 - Are the costs TREATED CONSISTENTLY: are estimates for like items similar, are they normally treated as direct or indirect costs
 - Are the costs ACCEPTABLE to funding agency: RFP and Agency guidelines will dictate this. READ THEM CAREFULLY


*Make sure budget allows for enough funds to cover all expenses, but do not Pad the budget



Understand the typical budget categories


- Salaries (00)
- Wages (01)
- Benefits (07)
- Goods & Services (03)
- Travel (04)
- Capital Equipment (06)
- Stipends, Fellowships, Participant Support Costs (08)
- Subcontracts (sub-account created at account set up) (14)
- Facilities & Administrative Costs – F&A (13)





Salaries, and wages

- Who can be paid on a grant
 - Principal Investigators (PI and CO-PI'S)
 - Professional Associates
 - Graduate Research Associates
 - Time Slip Employees

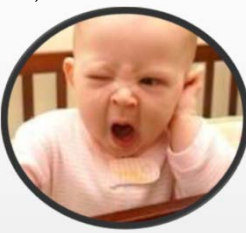


* Administrative Staff are not typically allowed to be paid on a grant UNLESS they work for a Major Project or deemed allowable under the RFP. Page 5 of the Guideline 2 addresses this in more detail, also see [CFR 200.413](#).

Benefits (Plus QTR & Health for students)

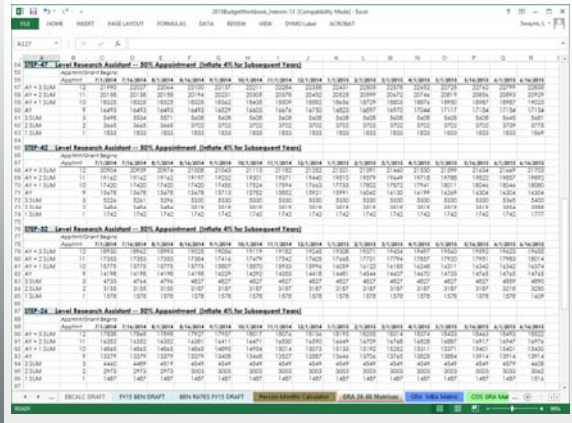
- Annual Benefits Calculations by Employee Type, given that FTE >= 0.50**
 $(OASI\% + Medcr\% + Retmnt\% + Unempl\%) \times \text{Salary}) + (\text{Med Aid } \$ \times \text{FTE} \times \text{Term}) + (\text{Health Ins. rate} \times 12)$
 Classified Benefits = $(0.191 \times \text{Salary}) + (36.31 \times \text{FTE} \times \text{Term}) + 10080$
 Exempt Benefits = $(0.1653 \times \text{Salary}) + (36.31 \times \text{FTE} \times \text{Term}) + 10080$
 Faculty Benefits = $(0.1653 \times \text{Salary}) + (36.31 \times \text{FTE} \times \text{Term}) + 10080$
 Graduate Benefits = -0- + $(36.31 \times \text{FTE} \times \text{Term}) + 1908$ (+ 10890 if QTR)
- Estimated Benefit Percentages by Employee Type**

	FY 14	FY 15	FY 16
Civil Service	42.5%	38.7%	46.2%
Bargaining Units	41.1%	39.4%	47.1%
Exempt	33.2%	29.4%	33.2%
Faculty	28.6%	26.2%	28.7%
Weighted Average CS/BU/EX/FAC	34.4%	31.5%	36.1%



*This information can be found in the ORSO budget workbook and the WSU Benefits website

Benefits (Plus QTR & Health for students)



Grad-student salaries will Vary from college to college. Please make sure you use the correct step for your grad as well as your area


Benefits (Plus QTR & Health for students)

QTR will vary from college to college, please make sure you are using the correct matrix for your area

Calculating salaries and benefits

- Salaries inflated 4% each July 1
- QTR inflated 7% per year (until further notice)
- Health insurance inflated 4% per year
- It is suggested that all other costs (examples: Goods and Service, Consultant fees, etc.) be inflated at 4% per year


<http://www.ogrd.wsu.edu/guidelines.asp>



Goods and Services


- Only goods and services that directly relate to the project
- Remember that it needs to be reasonable, allocable, consistent and acceptable to the agency
- Avoid 'suspicious' items such as:
 - General Office Supplies
 - Lunch for lab meeting
 - Gifts

* This is the area to budget for research/survey incentives



Goods and Services

- How do I know if I am estimating costs in a reasonable, allocable, consistent manner
 - Internet searches 'Google it!'
 - Vendor catalogs
 - Service center price lists
 - Colleagues, collaborators and others with experience developing budgets





Travel

- Only charge for travel that is directly related to the project
- Must be reasonable, allocable, consistent and acceptable by the agency
- First/Business class is usually prohibited
- Must follow the 'Fly America' Act
 - Required by all federal agencies regardless of cost
- Whenever possible use state or federal government contract rates for airfare, hotels, auto rentals, etc.



What costs are included in travel?

- Mileage reimbursement for personal vehicle
- Per Diem
- Air Fare
- Hotel
- Rental Car Cost
 - Fuel charges maybe included for rental car only



Travel Resources

- WSU BPPM/WSU Travel Website for domestic & foreign per diem rates, mileage rates, etc.

<http://www.wsu.edu/travel/>

<http://www.gsa.gov>

- Internet sites (such as <http://www.kayak.com/> or <http://www.tripadvisor.com/>)

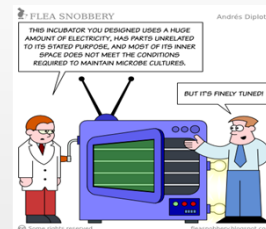
- Travel agencies



Use state or federal government rates for hotels, airfare, and auto rental whenever possible

What is Capital Equipment?

- Any one piece of equipment which initial cost is \$5,000 or greater
- Fabricated equipment which all parts and pieces equal over \$5,000 (check with department equipment coordinator to determine if fabricated equipment meets requirements for capital outlay >\$5K)
- Has a life span of at least one year
- Identity does not change with use
- These items need tracked and inventoried
- See ORSO Guideline 2, BPPM 40.12 and BPPM 20.50 for reference
- The new uniform guidance (UG) will ask for screen shots or documentation for three vendors on all items over \$3K. At this time it does not appear to effect budgeting practices.





CFR 200.306: Cost sharing or matching

1. Under Federal research proposals, voluntary committed cost sharing is not expected;
2. Unrecovered indirect costs, including indirect costs on cost sharing or matching may be included as part of cost sharing or matching only with the prior approval of the Federal awarding agency;
3. Values for non-Federal entity contributions of services and property must be established in accordance with the cost principles.



CFR 200.306: Cost sharing or matching

Cost Sharing or Matching (portion of project or program costs not borne by the Federal Government) must be:

1. Are verifiable from the non-Federal entity's records;
2. Are necessary and reasonable for accomplishment of project or program objectives;
3. Determined to be Necessary and Reasonable;
4. Are allowable;
5. Are not paid by the Federal Government under another Federal award, except where the Federal statute authorizing a program specifically provides that Federal funds made available for such program can be applied to matching or cost sharing requirements of other Federal programs;
6. Are provided for in the approved budget when required by the Federal awarding agency;
7. Conform to other provisions of this part, as applicable.



Accounting for Facilities and Administrative Costs (F&A)

- A percentage of direct costs, that are real costs indirectly associated with doing research, but not specific to any one research project.
- Determining whether project will be facilitated ON or OFF Campus.
- Exceptions to using the Federally Negotiated rates.
- Noting F&A percentage at the bottom of your summary budget with consideration to MTDC (B40) or TDC (B02).
- [Sps.wsu.edu](https://sps.wsu.edu) > F&A Documents > F&A Rate Agreement



F&A Calculations Continued

- Total costs [TC or total award (TA)] : F&A is calculated on the sum of total direct costs and F&A altogether.
- How to convert TC to TDC: $TDC = TC / (1 - TC)$
 - TC rate is 30%: $.30 / .70 = 42.857\%$
 - TC rate is 10%: $.10 / .90 = 11.11\%$
- \$150,000 awarded, what are direct and indirect at 15%TC?
 - $.15 / .85 = 17.647\%$ for TDC
 - $150,000 / 1.17647 = \$127,500$ - $127,500 * .17647 = 22,500$
 - Check it: $150,000 * .15 = 22,500$
- Keeping F&A in mind for your subcontracts.
- - We have to calculate F&A on the first \$25K of the subcontract. If our prime agreement allows for F&A on direct charges.



Subcontract Budgeting

- A collaborative agreement where there are substantive programmatic efforts and may include publication rights.
- A line item in your prime budget should include a subcontract allocation (restricted object 14).
- Make sure all the appropriate materials are submitted to ORSO:
 - Scope of work;
 - Budget, including their appropriate institutional F&A rate;
 - Letter of Support or Intent.
- Term date for subcontractor is prior to prime term date.
- Distinguishing between a subcontract and a consultant.



Consultants (Personal Services) vs. Subcontracts:

- Consultant - Specific needs of the SOW that cannot be completed by personnel within the institution, IF allowable by the agency/organization's RFP
- Subcontract - A collaborative arrangement in support of a research project in which some portion of the programmatic activity is carried out through a formalized agreement between the grantee and one or more other organizations.
- Must be appropriate for the project and scope of work, in collaboration or cooperation with a peer at another organization/institution/agency

Useful links:

- ORSO: <https://orso.wsu.edu/>
- SPS: <http://sps.wsu.edu/>
- Guidelines: <https://orso.wsu.edu/ws-u-policies-guidelines/>
- F&A Documents: <http://sps.wsu.edu/FandA.html>
- Benefits Models: <http://budget.wsu.edu/budget-policies/>
- ORSO Quickguide/FAQs: <https://orso.wsu.edu/frequently-required-information/>



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