



**Budgeting Externally Sponsored Research
Proposals**



“It's clearly a budget. It's got a lot of numbers in it.”

— George W. Bush (43rd US president)

PLEASE NOTE:

The policies, procedures and rates provided in this presentation are accurate as of September 2015, but are constantly evolving and changing.

If you are considering or have decided to submit a proposal, please contact Dee Myall to notify ORSP of your intent and to verify current budgeting policies.

dee@shsu.edu or 936-294-4032)

Sponsored Research Functions

The Office of Research and Sponsored Programs (ORSP)

Primarily involved with opportunity identification and proposal submission.

The Office of Research Administration (ORA)

Primarily involved after an award is received

Both are located in the Roy Adams House

ORSP Responsibilities:

- Internal Grant Program (\$5,000 – 15,000)
- Identifying funding and collaborative opportunities
- Proposal strategy
- Proposal writing, formatting & proofreading
- Proposal requirements (word/page length, font size, etc.)

- Coordinating proposal process and internal routing/approvals
- Budget development
- Submitting the proposal
 - **PIs are not authorized to submit budgets, proposals, negotiate, or sign contracts on behalf of the university without approval.**

ORA Responsibilities (for external funding)

- Grant expenditures and Financial Management
- Administrative communication with sponsors
- Grant Closure and Audits

Academic Responsibilities (Pre-Award)

- **Principal Investigator** - responsible for the budget, technical content, quality, and preparation of the proposal in accordance with sponsor guidelines.
- **Department Chair** – certifies academic soundness, compatibility with PI's other commitments, & availability of resources. Assures the project is in keeping with University objectives, and concurs that the proposal should be submitted.
- **Dean** - assures project is appropriate within College and University programs, and that resources will be made available.



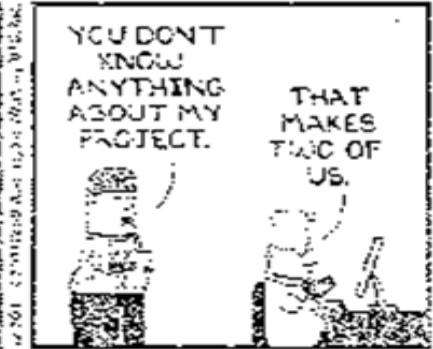
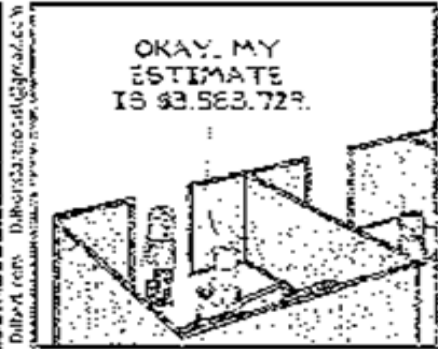
Overlap of duties is inevitable. And desirable.

For example:

Collaborative projects – programmatic vs. “budgetary”

Time Lines – tasks are usually concurrent, not linear

Compliance – IRB, IACUC, Environmental, F&A agreements, Export Controls





Mutual cooperation among ORA, ORSP and PIs will produce the strongest proposal.

- We each have areas of expertise. And weaknesses.
- ORA understands accounting principles and federal requirements, but you know your programs
- How often do you review federal audit standards or OMB circulars?
- Could a proposal from a math professor benefit from the expertise of a journalism major?



After you have decided to submit a proposal, what is the next step?

To Start the Proposal Process, Contact the ORA Proposal Administrator

Dee Myall
936-294-4032
dee@shsu.edu

- Business
- Education
- Humanities & Social Sciences
- Extended Programs
- Criminal Justice
- Arts
- Sciences
- Any other areas

Good things are not done in a hurry.

ORSP should be notified at least 30 days before the due date for typical proposals.

The complexity of your proposal determines when you should contact us, but the sooner, the better.

Common Causes of Delay

External Collaborators/Partners/Subcontractors

Long project period (over 3 years)

High Dollar Amount (\$500K+)

Private Foundations/Sponsors we have not worked with before

Christmas and Summer Periods

Add extra prep time for any of these situations

It all Begins with the
Proposal Notification Form (PNF)
(contact ORSP to receive the blank form via e-mail)

- **Official Notification of your Intent to submit**
- **PI and Co-PI Contact Information**
- **Sponsor & Funding Opportunity/RFA#**
- **CFDA#, if known**
- **Initial Budget Information/Limitations**
- **Project Start/End Dates**
- **Submission deadline**
- **Subcontractor Involvement**
- **Compliance (IRB, IACUC, environmental, etc.)**

ORA will, as needed, provide you with:

- 1. Strategic Timeline (targets)**
 - **Face-to-face meeting time(s)**
 - **Key target dates**

- 2. Other forms, when needed, such as:**
 - **Routing (Approval) Form and Instructions**
 - **Indirect Cost Waiver Request form (only if mandated)**
 - **Cost Share Request form (only if mandated)**

- 3. Registration of PI (e.g. Cayuse, Fastlane, EraCommons)**

- 4. Questions/Comments**



We Focus on the “Business” of Proposals.

Financial Accountability starts with your budget.

Details matter. Your Budget serves as:

- a roadmap that quantifies and justifies the resources you propose as necessary to achieve objectives
- documentation that requested funding is allowable and reasonable, enabling SHSU to:
 - be competitive,
 - obtain grant funds, and
 - keep the funds that have been budgeted

Your proposal budget could become a “real” one!

Budgets must Survive Scrutiny

- GAAP (Generally Accepted Accounting Principles)
- Public/Media
- SHSU
- State of Texas
- Sponsor
- The Solicitation/RFA
- Federal Government
 - OMB Circulars A-21 (Educ), A-133 (Audits), etc.



To create a budget that will be compliant, we must understand some Essential Budget Terms

All Proposed Costs Must be:

- Allowable
- Reasonable
- Allocable
- Consistently Treated

Reasonable Costs

- Reflect costs that a “prudent” person would accept
- Sponsor will have numerous budgets from which to compare

Allocable Costs

- Costs that can be assigned, individually or as a group, to a cost objective in a “reasonable and realistic” proportion.
- Costs are allocable to a proposal when incurred solely for the benefit of the sponsored project

Direct Costs

Costs that clearly result from a specific project or program:

- Personnel - Time & Effort
- Fringes
- Travel
- Capital Equipment: \geq \$5,000
- Materials & Supplies (project specific)
- Other Expenses required to carry out the scope of project

“Indirect Costs” (IDC) and/or “Facilities & Administrative” (F&A)

- Costs incurred for common or joint objectives that can't readily be identified with a specific project (AKA “overhead”)
- FY16 forward: 35.5% Modified Total Direct Costs on-campus; 10.33% off-campus
- Rate negotiated with and accepted by US DHHS as representative of real costs incurred
- The federal government OMB prohibits most administrative costs from being directly charged to grants and contracts, including:
 - Salaries of administrative, secretarial and clerical personnel unless a “major project”
 - General costs such as office supplies, postage, local telephone and membership fees

Modified Total Direct Costs (MTDC)

- Total Direct Costs (TDC) is simply everything in the budget before we add IDC
- Generally, MTDC is TDC less:
 - Capital Equipment/Capital Expenditures
 - Tuition remission/scholarships/fellowships
 - Patient Care
 - Participant Support
 - Rental costs for off-site facilities
 - The portion of any subgrant/subcontract over \$25,000
 - **Sponsors may state what can be included in MTDC**

Unallowable Costs*

- Advertising/Marketing
- Alcoholic Beverages
- Charitable Contributions
- Entertainment
- Fines and Penalties
- Food Costs (when we sponsor banquets, meetings, etc.)
- Overdrafts
- Goods or Services for Personal use

***These items are usually, but not always, unallowable.
This is not a complete list of all excluded items!**

Budget Categories

The categories of allowable, budgeted line items vary only slightly among different sponsors, but the way the line items are combined and the format in which they must be presented frequently varies.

SHSU Budget categories

- A. Personnel & Fringe benefits
- B. Travel
- C. Capital Equipment
- D. Materials and Supplies
- E. “Other”
- F. Sub-contracts

Indirect Costs

Personnel/Salaries (SHSU employees)

- Often the largest and most confusing budget item, therefore often scrutinized by auditors
- Outside Consultants are budgeted as “Contracted Services” in the “Other” category
- Internal SHSU Consultants are budgeted in Personnel, but often not allowed as their contributions should be in F&A
- One-time stipends and hourly pay formats (except for students) are generally not allowed for faculty or staff (per federal requirements)

Salaries (continued)

SHSU Employee Types:

- Faculty:
 - Academic year – buy out in 25% increments
 - Summer months – up to 100% salary if not teaching
 - Only in extremely rare circumstances can salary exceed 100%
 - Salary is calculated by time and effort (i.e. no “flat” pay or stipends)

- Professional Research Staff, Technicians, Other Staff:
 - % of effort must also be documented and certified

- Grad and Undergrad students

Fringe Benefits*

- 32% for Staff and Faculty
 - 6.2% FICA
 - 1.45% Medicare
 - 6.4% TX Retirement System Match
 - 6.5% Other retirement (optional)
 - 11.45% Insurance (estimated; actual % varies)

- 7.65% for Undergrad and Grad students

- Add additional \$192/month worked for Grad students

- % used are estimates for budgeting. Sponsor is charged actual costs.

* Current as of September 2014, subject to change

Travel (for SHSU employees)

- Must comply with university, State and US General Services Administration (www.gsa.gov) policies
- Travel is reimbursed through SHSU; you must include a detailed breakdown
- Provide destination, length of time and when travel will be undertaken
- Allowable reimbursement amount varies significantly by location and/or time of year

Travel (cont)

- May include airfare, ground transportation, lodging (incl. taxes), mileage, parking, meals & incidentals
- Internally, conference registration fees are not travel expenses

Capital Equipment

- A single item or system that costs \$5,000 or more (including accessories, installation and delivery costs) AND has a life expectancy of at least one year
- To include in your budget, you should:
 - Specifically identify item(s) and clearly justify need
 - Confirm that it's not otherwise available
 - Obtain documentation of pricing (including any installation, delivery, training and required accessories)
- If sponsor identifies specific equipment or vendor, it supersedes procurement policies

Equipment

- Special Purpose Equipment - used *only* for proposed research or other technical activities
- General Purpose Equipment - use is not limited only to research, or other technical activities; often not allowed

Consumable/Expendable Equipment and Supplies

- Identify, quantify and justify
- Includes items such as,
 - Small electronic components, most computers
 - Lab supplies
 - Software
 - Specialized/specific to project
 - General office supplies, BUT these are usually covered under F&A costs, unless quantity is significant

Common “Other” Budget Items

- Participant Support Costs/Stipends
- Meeting/retreat Costs (Note: review sponsor guidelines)
- Conference registration fees
- Contracted Services/Consultants, other professional fees
- Non-Capital Equipment (less than \$5,000)

Outside Consultants

- “Contracted Services”
- Sponsor rate caps may apply
- Most sponsors want to see an hourly rate
- Determine if direct contract or if it must be procured
- Letter of Commitment and Statement of Work are required
- Prime sponsor may have additional requirements
- Travel and any other expenses must be itemized and allowable
- Entered in the SHSU Budget under “Other”

Red Flags

- Computers/Laptops/Printers
- Equipment or major purchases near the end of the project
- Routine Office supplies or general purpose equipment
- Charging for Administrative time when minimal

Budgeting Tips

- **Your budget could be awarded exactly as submitted**
- **Sponsor approval of Budget does not ensure allowability of all items**
- **Calculations must be correct & match Budget Justification**
 - Use Excel, not Word
 - Formula errors are hard to detect
 - Beware of the “trickle down” effect when making changes
 - SHSU requires a specific budget format, but sponsor usually requires a different format.
- **Look for each solicitation’s budget limitations & requirements, especially:**
 - Indirect Cost limitations (common for state or private funds)
 - Personnel/Salary (e.g. NSF usually has a 2-summer month max)
 - Consultant rates (most federal funds)

Budgeting Tips (continued)

- **Develop a clear justification of ALL expenses**
- **For multi-year projects, use a reasonable (3-5%) cost escalator for faculty & staff salaries**
- **Use a team approach**
- **Consider prior, related proposals – yours or others**
- **Be diligent, but don't overstress; a Budget is just an intelligent estimate**


Constant Evolution

- Externally, politics, governmental policies and “hot” topics of emphasis are beyond our control
- We monitor, interpret, react and relay these changes to you
- Internal Changes:
 - Fringe Benefits rate revised
 - Indirect Costs rate revised
 - Cayuse424 - a hosted web site for proposal development and submission
 - Banner Financial System implemented



**Change is inevitable –
except from a vending machine.**

-Robert C. Gallagher



Contact ORA early in the proposal process because essentially anything we have just told you could be different next week, next month or next year!



Questions ?

**Thank you for being here today!!
Please let us know if there is anything we can
do to assist you.**

Dee Myall, Associate Director

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