

Budget Development

Office of Sponsored Programs

Today's Agenda

- Importance of Proper Budgeting
- What Governs Budgets?
- OSP Budget Template
- Basic Budget Components
- Personnel
- F&A Basics
- Problem Areas
- Budget Justifications
- Agency Specific Topics
- Faculty Perspective (x2!)

Importance Of Proper Budgeting

At proposal time ...

- Creates proper alignment between scope of work and budget
 - Develop the WHOLE budget
 - What will it take to accomplish the scope of work?
 - If necessary, reduce the scope of work to fit the budget limitations.
 - In a perfect world, build the budget around the project, not the project around the budget.
- Is a tool for the reviewers. How is your project structured and managed?
 - How well planned is your project?
 - How feasible is your project?
 - Reviewers can recognize a padded budget.
 - Reviewers can recognize a budget that's too small.

Examples Of Reviewer Comments

The travel budget for year three dissemination activities is excessive. It is overly ambitious to budget for eight conference presentations in three years.

Insufficient information is provided to determine the reasonableness of costs in relation to achieving project objectives.

Without adequate justification, the proposal appears to request support for resources already in place.

Unreasonable budgets hurt proposals – creates skeptics within reviewer ranks (credibility).

Keep budgets within guidelines in the RFA – they are judged on degree of reasonableness.

Importance Of Proper Budgeting

If funded ...

- Reduces audit risk through
 - Compliance with the Uniform Guidance (2CFR 200)
 - Compliance with UT policies
 - Compatibility with IRIS/DASH
- Reduces need for later modifications
- Reduces risk of expense being deemed unallowable
- Becomes the financial plan used by the funding agency
- Becomes a management tool for the PI and financial/grants staff

What Governs Budgets?

- Uniform Guidance (2CFR 200)
 - SubPart E – Cost Principles
 - § 200.403 Factors affecting allowability of costs.
- IRIS/DASH/Cayuse
- UT Policy
 - FI0205, FI0210, FI0215, FI0220, FI0225, FI0230, FI0235
- Agency Policy
- RFP/RFA
- Award Terms & Conditions
- All costs included should be:
 - Necessary and reasonable
 - Allocable
 - Allowable
 - Consistently treated

OSP Budget Template

- Organization
- Automation
- Conversion to R&R or NSF format
- Conversion to GL for IRIS entry
- Budget Splits
- PSC
- Matching
- Multiple F&A Rates

Basic Budget Components

- Personnel
- Travel
- Materials and Supplies
- Equipment
 - Capitalized >\$5000 per item
 - <\$5000 per item are supplies not equipment
- Subawards
 - F&A Considerations

Basic Budget Components

- Participant support
- Other Direct
 - Contractual services
 - Tuition remission
 - Publications
 - Postage
 - Speaker fees
- Indirect / F&A

Personnel

- Salary
 - Availability of funds/effort
 - Realistic estimate of effort/role on the project
- Consider 9 vs 12 mo appointment differences
 - Summer salary becomes critical for 9 mo employees
- Based on current IBS
- Only UT employees; outside persons should either be included in a subaward budget or included as contractual services
- What happens when grant funding ends?

F&A Basics

What is F&A?

Indirect (F&A) costs means those costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. To facilitate equitable distribution of indirect expenses to the cost objectives served, it may be necessary to establish a number of pools of indirect (F&A) costs. Indirect (F&A) cost pools must be distributed to benefitted cost objectives on bases that will produce an equitable result in consideration of relative benefits derived.

- Examples:
 - Utilities
 - General office supplies
 - Administrative salaries

F&A Basics

- F&A Waivers
 - Mandatory – Requires documentation from the funding agency
 - Voluntary – Requires specific approval from UTIA Administration
 - As cost share – Not allowed unless specifically stated by the agency
- F&A Base
 - Modified Total Direct Costs (MTDC)
 - Total Direct Costs (TDC)
 - Total Federal Funds (TFF)
 - Other

F&A Basics

- Current UTIA Rates – MTDC base
 - Research, on-campus – 46%
 - Research, off-campus – 26%
 - Extension, on-campus – 20%
 - Extension, off-campus – 14.5%
 - Instruction, on-campus – 42%
 - Instruction, off-campus – 26%

Problem Areas

- RECs
- Other UTIA Campuses (including UTK)
- Speaker fees – are NOT participant support costs
- Participant Support Costs
 - Employees of UTIA or any subawardee or vendor are NOT participants
 - Excluded from F&A
 - Stipends (not salary, no work requirement)
 - Travel
 - Materials & Supplies
- Program Income
- Unusual costs

Budget Justifications

- Justify vs explain vs narrative
- Importance during review process
- Importance to accuracy of budget
- Importance to allowability, modifications, etc.
- Balance between sufficiently detailed justification and too much detail
- Who is traveling? (employees vs non-employees who are not participants vs participants)
- Earn the extra review points – make it compelling.

Budget Justification Examples

- \$4000 for out-of-state travel for presentation at professional conferences.
- *\$4000 - Out-of-state travel to*
 - *attend and participate in the Crop Science Society of America Annual Meetings and the Tri-Societies Annual Conference, which would include a project and stakeholder meeting directly related to the objectives of this project,*
 - *attend an on-site project meeting each summer, or attend a summer SCRI meeting.*
 - *In addition, travel funds may be used for travel to attend a project and stakeholder meeting at one of the five University research locations at North Carolina State University, the University of Georgia, the University of Florida, or Texas A&M University.*
- *These travel funds will be used for meeting registration, airline travel tickets and fees, baggage fees, university car rental, hotel, local transportation, parking, mileage, and per diem reimbursement according to university travel guidelines and procedures.*

Budget Justification Examples

- Travel - \$2500: The PI and one student researcher will travel each year to conferences such as International Conference on Animal Science (ICAS) to disseminate project results. Costs include airfare (\$450), lodging (\$150/night x 3 night), conference registration (\$100), per diem (\$50/day x 4 day), and ground transportation/parking (mileage to/from airport: 65 miles \$.575/mile; parking \$50).
- *Travel - \$2500: The PI and one student researcher will travel each year to conferences such as International Conference on Animal Science (ICAS) to disseminate project results. Costs follow standard university travel policies and are estimated at \$1,250 per person and include airfare, lodging, conference registration, per diem, and ground transportation/parking.*

Budget Justification Examples

- \$8500 for field supplies and lab consumables, such as specimen containers and field notebooks.
- *\$8500 - Supply costs are budgeted at \$4,250 per year and include field supplies (\$1,250) for data collection, such as specimen containers, labels, disposable gloves, and field notebooks; and laboratory expenses (\$3,000) for data analysis, such as chemicals, reagents, and glassware. These costs are reasonable based on the PI's experience with prior research projects that have a comparable scope and number of undergraduate students.*

Budget Justification Examples

- \$90,000 for graduate student salaries.
- *\$90,000- The graduate student budget line includes funding for three 0.5 FTE PhD students at 100% effort. One student will be supervised by Dr. Smith and will focus on ecophysiological crop model (ECM) development and implementation. A second student will be supervised by Dr. Brown and will focus on next-gen sequencing data analysis, association statistics and candidate gene discovery analysis. The third student will be supervised by Dr. Green and will focus on gene marker development and QTL analysis.*

Budget Justification Examples

- Total Salaries and Wages requested - \$7,700
 - One Undergraduate Research Assistant (TBN), 700 hours are requested at a rate of \$11/hour for a total of \$7,700.
- *Total Salaries and Wages requested - \$7,700*
 - *One Undergraduate Research Assistant (TBN), 700 hours are requested at a rate of \$11/hour for a total of \$7,700. An undergraduate research assistant will be recruited to supervise and fly UAV aircraft to collect regular digital and thermal imagery at one site in year 1 and two sites in years 2 through 4.*

Budget Justification Examples

- EQUIPMENT: \$8500 for soil probe system.
- *EQUIPMENT: \$8500 for Veris P4000 soil probe system, which will be used to extract soil cores for laboratory analysis and collect EC, insertion force, and near infra-red spectral data for multiple soil profile depths. Dr. Smith's lab does not currently have access to a soil probe system.*

Agency Specific Issues

- Follow the budget instructions in the RFP and other agency guidance. *READ THE RFP.*
- NIFA (F&A limits)
- NSF
- NIH (modular vs detailed; justification)
- DoE (worksheet)
- Private industry

Contact Information

- Hollie Schreiber, Director – hschreib@utk.edu
- Adrienne Blalack, Assistant Director of Proposals – ablalack@utk.edu

FACULTY PERSPECTIVE

Dr. Pat Keyser

Things to Think About

- “In the beginning...” the PI created the budget
 - A proposal is really a budget with a few associated details (like a project narrative, etc.)
 - While you **MUST** have good intellectual capital – and your ideas **MUST** be well expressed/explained/described
 - From a timeline perspective, start on budget **VERY** early in process
 - The narrative is just one more PDF to be submitted with proposal

What Has Driven Me Nuts Through the Years

- If you have multiple co-PIs, multiple RECs, multiple institutions, then...
 - You will have many components to your budget
 - Every co-PI, REC, and institution will be busy
 - will need to find time to develop their respective budget
 - will likely have to do some ciphering to come up with their initial draft budget
 - This will take time, LOTS of TIME

“Plant Your Crops, then Build Your House”

- Solomon understood this, early pioneers understood this...
 - You can lock yourself away somewhere quiet and draft the narrative while the budget “crop” is growing in the background
 - Same with boiler plates (Bio sketches, C&P, C-o-I, etc.)
 - Every time I have had to scramble to get a proposal in on time (and that was ALL of them!) was because I had to beat budgets out of collaborators
 - Keep creative pressure on collaborators to come through – on time

Stretch Goals

- Never over commit yourself, allow enough room in the budget to get the job done, to be able to deliver what you have promised
 - But... recognize that all of us – you and your collaborators – have the capacity to do more than you think
 - This has been called a “stretch goal”
 - Stretch goals are a part of this thing we refer to as “life”!!*

**marriage, parenting, sports, finances, EVERYTHING*

More Things to Think About

- A successful proposal is built sort of like an arrow, or a supersonic missile
 - Every single detail must contribute to the “aerodynamics” of the proposal and its ability to precisely hit its target
 - A proposal CANNOT be a bucket of parts thrown together
 - So, the budget likewise must precisely support objectives – lean and focused on key priorities (i.e., the objectives)

More, More Things to Think About

- Achieving ballistic precision will require you to be a tad abusive to your collaborators (just a tad)
 - Critically review their budget requests
 - You need to have a good sense of what things cost
 - Don't be afraid to push back – repeatedly if necessary
 - But... at the outset make a target budget clear so they do not waste their time
 - May require you to build an initial global budget to calibrate

Death by a Thousand Cuts

- Most agonizing part of this process is the budget justification (plain old evil!)
 - Very early in developing your costs, track how you arrived at them to where you can easily develop the justification later on
 - Find a good template to be able to describe – follow the correct categories, break out at an appropriate level of detail

FACULTY PERSPECTIVE

Dr. Liz Eckelkamp

Journey of 1,000 Miles

- Begins by working backwards
 - What are your non-negotiable costs?
 - Subawards
 - Participant support costs
 - F&A!

Plan, Plan, & Re-Plan

- Baseline budget for you
 - GL codes
 - Current costs
 - Comprehensive sheets for all Co-PIs/RECs
- Don't add it all into your budget

Build With Reporting in Mind

- What will your annual/final report look like?
 - What cost breakdowns are included?
 - Keep in mind, GL codes don't always match federal cost categories
 - Travel = travel, motor vehicle processing, utilities & fuel

Build From a Draft Budget (Recent!)

- Allows you to think about how your costs will be structured
 - Be as clear on costs/reasons as possible!
- Takes F&A into account
- Helps plan budget justification
- Helps fill in Project Narrative Budget

Wish I Knew Then....

- Subawards
 - <\$25,000 = F&A
 - >\$25,000 ≠ F&A
- Don't overload your <\$25,000, be realistic about how many individual subawards may be made

Participant Support Costs

- Must directly support target population's participation in your program

Participant Support Costs	Not Participant Support Costs
Registration fees paid to or on behalf of a program participant	Registration fees paid for project personnel
Travel costs paid to or on behalf of a program participant (including a travel allowance or reimbursement) to attend training/workshop	Costs for program providers (including honoraria, travel, and accommodations for guest speakers)
Stipend for program participants to attend training/workshop	Program incentives paid to participants (including research subjects)
Manuals or training materials for participants (including take-home materials)	Materials and supplies necessary to present the program

What If It's Still Wrong?

- Breathe!
- Budget re-justification
 - Be aware of ledger expenditures
 - Be pro-active! Ensure all project personnel are accounted for
 - Contact OSP/SPA early

Questions?