

Developing a Budget



Laura Cook, College of Education
Mike Litteral, Office of Sponsored Programs
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Today's Agenda

- ✓ **Direct vs. F&A Costs**
- ✓ **Budget categories**
- ✓ **The importance of your budget justification**
- ✓ **Budgeting tips**
- ✓ **Budgeting resources**



Direct vs. F&A costs

- **Direct Costs** – Specifically identifiable to your project
 - Ex. PI effort, project specific supplies, necessary travel
- **F&A Costs** – **NOT** specifically identifiable to your project
 - Ex. Buildings, utilities, administrative support (OSP)



The Budget – Line by Line

✓ Salaries and Wages

- For University professional and research staff, graduate and undergraduate students, and casual or part-time workers.
- Salary figures should be based on the percentage of effort by each individual on the project applied to his/her annual salary.
- Person months vs. percentages of effort
- Be careful with overload pay
- Salary budget builder
- Grad Stipend Ranges



The Budget – Line by Line

✓ Fringe Benefits

- Faculty and Staff – Specific Identification (SI) method; Faculty summer salary is 7.65%.
- Research Associates (Post Docs) – Have a reduced SI rate and aren't eligible for the retirement benefit for the first three years of employment.
- Student labor – No fringe benefits if the student is enrolled full time. When taking less than a full load they are assessed 7.65% for FICA.
- Graduate Assistant – A flat dollar amount is charged for health and tuition/fees. See the grad fringe chart for the proper amounts to budget.
- How to budget for the new Affordable Care Act regulation?



The Budget – Line by Line

✓ Equipment

- An item costing at least \$5,000 with a useful life of one or more years.

✓ Travel

- Budget foreign travel using U.S. air carrier rates
- Look for required travel to be budgeted in your RFA
- Be as detailed as possible with your travel details in the budget justification

✓ Supplies

▪ Computers

- Purchased for a person employed 100% on the project
- Necessary for fieldwork to accomplish the scope of work
- Specialized computer with functions that aren't included in a standard laptop purchase, but are necessary to accomplish the scope of work



The Budget – Line by Line

✓ Other Direct Costs

- Subcontracts for collaborative projects with other universities/organizations should be included in this line-item (include subcontractor budget and letter of intent)
- Consultants – include rate and qualifications in the justification
- Animal care costs
- Copying costs
- Food costs – typically unallowable on federal grants.
- Participant Costs - Subject pay / incentives
- Grad Student Tuition and Fees



The Budget – Line by Line

✓ Facilities and Administrative Costs

- Use the full applicable MSU rate, publicly mandated or statutorily capped rate.
- Types of F&A bases – Modified Total Direct Costs (MTDC), Total Direct Costs (TDC), Salaries and Wages (S&W)
- Our federally negotiated rate uses the MTDC base, which excludes grad tuition and fees, equipment, subcontract payments over \$25k, and other costs.
- If your project is more than 50% off campus you should use the 26% off campus rate.





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Our Office Location:

Hannah Administration
426 Auditorium Road
Room 2
East Lansing, MI 48824
Phone (517) 355-5040
CGA Fax (517) 353-9812
OSP Fax (517) 432-3337
Hours M-F 8-12 & 1-5

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Current Facilities & Administrative Cost Rates (Posted: 11/10/2010 Revised: 4/24/2013 By Cook, Katherine)

- [Current Rates](#)
- [General Information](#)
- [F&A Waiver/Reduction Protocol](#)

The Facilities and Administrative (F&A) rates for the period beginning July 1, 2011 and ending June 30, 2015 have been negotiated with the Department of Health & Human Services. The date of the current negotiated rate agreement, necessary for some federal agencies, is June 23, 2011. The rates, which are charged against all direct costs **except** equipment, the amounts in excess of the first \$25,000 of each subcontract, and graduate tuition & fees, (see MTDC definition below) are as follows:

Project Nature	Current Rates	Past Rates				
	7/1/11 - 6/30/15	7/1/08 - 6/30/11	7/1/04 - 6/30/08	7/1/03 - 6/30/04	7/1/02 - 6/30/03	7/1/01 - 6/30/02
Research	53.5%	52%	51%	49.50%	49%	48.50%
Other Sponsored Activities	36%	41%	40%	38%	38%	38%
*Off-Campus	26%	26%	26%	26%	26%	26%
Testing	26%	15%	15%	15%	15%	15%

See the attached file below for a copy of the actual F&A Agreement dated 6/23/11 (Agency Name, POC Name, and POC Phone Number: DHHS, Arif Karim, 214-767-3261)

The Budget Justification

- ✓ Used to justify the expenses included in the detailed budget
- ✓ Watch for page limitations – NSF cap of 3 pgs
- ✓ Stay away from including dollar amounts for categories
- ✓ Be very detailed when justifying certain categories of expense such as foreign travel and consultants
- ✓ Watch for agency rules on justifying effort – percentages vs. person months
- ✓ Don't include voluntary cost share!



Cost Sharing

✓ Include only when required

- Many federal agencies that previously required cost sharing have reduced or eliminated the requirement and instead are basing their funding decisions on the technical merit of the proposal.

✓ Mandatory vs. Voluntary

- Mandatory cost share is a requirement of the solicitation. Voluntary cost share is NOT a requirement of the solicitation, but is a quantifiable amount identified in the proposal that we are not requesting the sponsor to pay for.
- Our federally negotiated rate uses the MTDC base, which excludes grad tuition and fees, equipment, subcontract payments over \$25k, and other costs.
- If your project is more than 50% off campus you should use the 26% off campus rate.



Budgeting tips

1. Look for requirements in your solicitation

- Total vs. direct cost cap
- Limits to F&A
- Required travel
- Required cost share (match)

2. Use round numbers

3. Start with salaries

4. Subcontracts? Get budgets early!



Budgeting tips

5. Use caution with the following categories:

- Administrative support
- Laptops, printers, scanners, etc.
- Office Supplies
- Meals and entertainment





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Hannah Administration
426 Auditorium Road
Room 301
East Lansing, MI 48824-2612
Phone (517) 355-5040
Fax (517) 353-9812
Hours M-F 8-12 & 1-5

RESOURCES

Office of Sponsored Programs (OSP) & Contract and Grant Administration (CGA)

News

New Subrecipient & MSU Commitment Forms

The Office of Sponsored Programs is excited to announce the creation of a Subrecipient Commitment Form and a MSU Commitment Form.

[The Subrecipient](#)

[More...](#)

COI Preaward Business Procedure Information

The Office of Sponsored Programs would like to introduce a new link on our website where you will be able to find information on revised preaward business procedures related to MSU's new Conflict of Interest (COI) policy. This link can be found at

[More...](#)

OSP Reminder on Late Proposal Submissions

The Office of Sponsored Programs would like to remind everyone of two documents on the OSP / CGA website that are helpful to PIs and Research Administrators involved with proposal submission. Recently we have been experiencing an increase in the number of last minute submissions which has affected

[More...](#)

Events

Check Out Events at MSU »

Focus

New AVP for Research and Graduate Studies: Twila Fisher Reighley

We are pleased to welcome Twila Fisher Reighley, the new assistant vice president of Research and Graduate Studies with responsibility for the Office of Sponsored Programs (preaward) and Contract and Grant Administration (postaward).

Ms. Reighley, who joined us in early March, was serving

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