Building a Budget

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Session Objectives

• Develop an understanding of the role of the budget

• Understand the principles that guide the development of acceptable budgets

• Obtain the tools to develop accurate budgets
Today’s Agenda

• Introduction

• PowerPoint link: https://vprgs.msu.edu/presentations

• Why do budgets matter?

• Resources and tools needed to prepare a budget

• Budgeting tips
Introduction

Question and Answer Opportunities

Assessing Participant Interests

Flow of Proposal Process:
How to work with your Pre-award Office

• Notify your contact as soon as you decide to work on the proposal (as early as possible)
• Send the solicitation to your contact and also read it yourself
• Let your contact know the names of all project personnel...who are the PIs and co-investigators? Is it collaborative? Who is the lead? Are there subawards? With whom?
• COMMUNICATE!!!!
Why is the budget relevant to you?

• The budget helps to guide the scope of your project.

• If your budget is too low for the amount of work you are proposing, your proposal may be too ambitious for the funding available.

• If your budget is too high, then your funding request may be perceived as unreasonable.

• The budget should not be a distraction.
Guiding Principles

2 CFR Part 215: Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education

Federal cost principles provide that costs charged to a federal grant or contract must be:

• Allowable
• Reasonable
• Allocable

Typical Budget Categories

• Personnel
• Equipment
• Travel
• Other Direct Costs
  • Supplies
  • Publication Costs
  • Consultant Services
  • Subcontracts
  • Graduate student tuition
  • Animal costs
  • Services
Personnel

Personnel should reflect the people and time needed to complete the scope of work.

Who will be *key personnel*?

- PIs and Co-Investigators, Consultants

Who will be *other personnel*?

- Post docs, graduate students, technicians, research assistants, undergraduate students

How much time will be needed to do the work?
Budget Development Tools – MSU Personnel

Step 1: Contact your preaward contact for assistance.

Or

If you do not have preaward support, learn how to use Kuali Coeus to find salaries and fringe benefits for current MSU employees and for To Be Named personnel.
Budget Development Resources for Kuali Coeus (KC) – User Education Materials

https://ra-project.vprgs.msu.edu/budget-development
Budget Development Tools – KC Demonstration

Log into EBS with two factor authentication:
www.ebs.msu.edu

Click on “Create Proposal”
Budget Development Tools – KC Demonstration

• Complete 7 fields to save proposal development document
• After you save the proposal development document, write down the Proposal Number from the Description field for future reference. This can be your “sandbox proposal” to calculate salary and fringe benefits when needed.
Budget Development Tools – MSU Personnel

• Click on the budget versions tab.
• Enter a name for your budget (example Luyendyk salary) and click “add”
• Click “open” to access the budget tools.
Budget Development Tools – MSU Personnel

- Click on Personnel tab
- Click on “Employee Search” and type in last name in Last Name field and click “search”
- Click box next to desired results and click on “return selected,” then click on “save” at the bottom of the screen.
- Select person’s name under Personnel Detail tab, *Person. Then select an Object Code Name, such as Faculty (Salaries and Wages) for academic year time. Click on “add.”
- Enter 100% in the Effort field and 100% in the Charged field.
- This will give you the base salary, and total fringe benefits which can be calculated as (calculated fringe/requested salary) = fringe rate.
Budget Development Tools – TBN Personnel

- Click on Personnel tab
- Click on “To be named” and then click “search” You will have a number of positions to choose from. Research associate is for a post doc.
- Click box next to desired results and click on “return selected,” then click on “save” at the bottom of the screen.
- Enter a salary in the *Base Salary field for the research associate then save at the bottom of the screen.
- Select Research Associate under Personnel Detail tab, *Person. Then select an Object Code Name, such as Research Associate (0-36 months). Click “add.”
- Enter 100% in the Effort field and 100% in the Charged field.
- This will give you the base salary, and total fringe benefits which can be calculated as calculated fringe/requested salary = fringe rate.
Budget Development Tools - Personnel

• HR Resources – technical support staff:

  Job Classification Search:
  • [https://jobclassifications.hr.msu.edu/application/jobClassificationSearch.jsf](https://jobclassifications.hr.msu.edu/application/jobClassificationSearch.jsf)

  Salary Ranges:
  • [https://www.hr.msu.edu/ua/recognition/support-staff/pay-ranges.html](https://www.hr.msu.edu/ua/recognition/support-staff/pay-ranges.html)
Budget Development Tools - Personnel

HR Resources – Post Docs:
NIH NRSA Suggested Stipend Levels:

Budget Development Tools - Personnel

HR Resources – graduate students:
Graduate student stipend ranges:
https://www.hr.msu.edu/employment/graduate-assistants/stipend-ranges.html

Graduate student tuition and health costs:
https://www.cga.msu.edu/PL/Portal/DocumentViewer.aspx?cga=aQBkAD0AMwA4ADIA
Scroll down to Fringe Benefits, then proceed to link to Grad Summary Chart (pdf) near the bottom of the page.
Questions - Personnel
Ten Minute Break
Equipment

Federal Cost Principle:

- Equipment is an item costing at least $5,000 with a useful life of one or more years. Items that cost less than $5,000 are not considered equipment, and are assessed F&A (indirect costs) and belong in the supplies category of the budget.
Travel and Demo of MSU Travel Website
http://www.ctlr.msu.edu/cotravel/

• Budget foreign travel using U.S. air carrier rates
• Look for required travel to be budgeted from the RFA
• Be as detailed as possible with your travel plans in the budget justification
• International travel – consider unique costs
Budget Development Tools – International Travel

International Sponsors

https://www.cga.msu.edu/PL/Portal/DocumentViewer.aspx?cga=aQBkAD0ANAAXxADcA#int-travel

Additional Information and Tools for International Projects:

https://cga.msu.edu/PL/Portal/DocumentViewer.aspx?cga=aQBkAD0ANAAyADEA
Other Direct Costs

Materials and Supplies:

• Laboratory supplies
• Printed materials needed for the project
• Sampling kits

Supplies that are often unallowable that require additional justification:

  – Computers
  – Toner, paper, pens and pencils, general office supplies
  – Food, meals
Other Direct Costs

Consultant Services

- If included in the budget, consultants may not usually be an MSU employee
- Specify an hourly rate for services – a reasonable rate is required for the services being rendered
- Paid consultants are usually paid individually and not through institutional salary
Subawards

• Subawards are used to include and fund collaborators from other institutions in a proposal as key personnel.

• The subaward budget usually includes direct costs such as salary, travel, and supplies, and F&A (indirect costs).

• Budget requirements from the solicitation or sponsor also apply to subawardees.

• Please be aware of required documentation for subawards.
Questions
Direct vs. F&A (indirect costs)

- **Direct Costs** – Specifically identifiable to your project
  - Ex. Salaries, fringe benefits, tuition remission, consultants, equipment, supplies and materials, travel, and subawards

- **F&A Costs** – **NOT** specifically identifiable to your project
  - Ex. Buildings, utilities, administrative support (OSP)
  - Check your solicitation for the amount that should be charged to your project.
MSU’s Federally Negotiated Indirect Cost Rate

- Our federally negotiated rate uses the MTDC base, which excludes grad tuition and fees, equipment, participant support cost, subcontract payments over $25k, and other costs.

- If your project is more than 50% off campus, you should use the 26% off campus rate.
Federally Negotiated Rates

The Facilities and Administrative (F&A) rates for the period beginning July 1, 2015 and ending June 30, 2019 have been negotiated with the Department of Health & Human Services (DHHS), under an agreement dated June 26, 2015. Unlike our past agreements, MSU’s current agreement includes an increase in the research rate during the second year of the four year agreement. This is displayed in the table below.

<table>
<thead>
<tr>
<th>RATE APPLIES TO:</th>
<th>Current Rates 7/1/16 - 6/30/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research (MTDC)</td>
<td>55%</td>
</tr>
<tr>
<td>Other Sponsored Activities (MTDC)</td>
<td>36%</td>
</tr>
<tr>
<td>Off-Campus (MTDC)</td>
<td>26%</td>
</tr>
<tr>
<td>Fee-for-Services (TDC)</td>
<td>26%</td>
</tr>
</tbody>
</table>

*See the definitions section for explanation of MTDC and TDC.

The current rate agreement will continue to be used until a new rate agreement is established. For additional information on how the rates are calculated, as well as historical rate information, please go to the F&A General Information and Historical Rates page.

Federal Cognizant Agency

When completing agency forms you may be asked for our Federal Cognizant Agency information.

Agency Name: DHHS; POC Name: Matthew Dito; Phone Number: 214-767-3261.

Off-Campus Determination

To determine whether the on or off campus rate applies, review the budget categories to identify where the expenses will occur. The following budget categories are excluded from this analysis: equipment, space rent, subcontracts, and F&A. If the majority of the expenditures are incurred and/or used off-campus, then the off-campus rate applies to the full project.
Give an early deadline to people providing you with documents needed for the proposal

These documents include…
- Biosketches for key personnel
- Letters of Support
- Subaward documents

This will allow time for corrections or requests for more information.
The Budget Justification

• Will highlight, explain, and provide rationale for each budget category entry, and how the PI arrived at certain cost estimates

• Used to justify the expenses included in the detailed budget

• Watch for page limitations - check your solicitation

• Stay away from including dollar amounts for categories unless the sponsor requires it

• 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 more effort than what you are budgeting
Budget Justification – Examples

- Personnel – may be expressed in person months or in percentage of time (one example is in person months, the other is in percentages)

- Numbers may or may not be used depending on the sponsor requirements – if possible it is best to use a description and a total rather than subtotals
Cost Sharing

Cost sharing is that portion of the project costs that are paid from sources other than the sponsor.

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 merits 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.
Cost Sharing

Cost sharing requires approval from the source of funding prior to submission.
Budgeting Tips

1. Look for requirements in your solicitation
   - Budget Caps
   - Limits to F&A
   - Required travel
   - Required cost share (match)

2. Start with salaries

3. Subawards? Get budgets early!
Questions

Thank You