

Preparing Your Budget: Programmatic and Administrative Considerations

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PATIENT-CENTERED OUTCOMES RESEARCH INSTITUTE

Welcome!



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- Review programmatic and administrative budgetary considerations
- Discuss typical budgetary issues
- Describe key elements of the milestone schedule

Sample Detailed Budget

Budget Cost Categories Must Support Work Related to Milestones & Deliverables

Milestones:

Significant events or accomplishments within the project; may have deliverables associated with them



Deliverables:

Measurable and verifiable outcomes or objects that a project team must create and deliver according to the contract terms



What Do We Look At?



A detailed budget is needed for each year of the program. Complete each budget section for the prime applicant and any/each subcontractor.



PCORI's Cost Categories



Personnel Costs

- Programmatic considerations:
 - Ratio of researchers and support roles
 - Effort allocation
 - Right expertise
- Administrative considerations:
 - Clear distinction between Key Personnel and Others
 - All personnel dedicating effort must show on the budget
 - Caps: LOE 100% maximum; Salary \$200,000 maximum
 - Fringe benefit rate policy verification



Staff Loading Chart

Year 1							
	Task 1	Task 2	Task 3	Task 4	Task 5	Total Effort (% FTE)	Total Budget
Person 1			N/A				
Person 2		N/A					
Person 3	N/A			N/A	N/A		
Person 4	N/A			N/A			
Total Effort (% FTE)							
Total Budget							

*Please refer to handout #8



Consultant Costs

- Programmatic Considerations:
 - Tell me more, why are they needed?
 - Why doesn't your infrastructure already support this portion?
 - Are they consultants or decision makers?
 - Is the effort appropriate?
- Administrative Considerations:
 - Consultant costs only apply to individuals who are not employees of the prime organization or under a subcontract organization
 - The names, expected number of hours, hourly rate, total cost of the consultant(s), as well as any consultant fees or travel expenses must be included
 - A letter of support from each consultant must be included



Supply Costs

- Programmatic Considerations:
 - Tell me more about individual items. Why do you need it? How is it benefiting the study? Is it adequate for your study?
- Administrative Considerations:
 - Supplies are directly allocable and allowable to the proposed project and not part of general or administrative use.
 - Costs are categorized and the per-unit cost of each item is indicated and is reasonable.



Travel Costs

- Programmatic Considerations:
 - Where and when are you travelling, and how does it benefit the study?
 - Who is going?
- Administrative Considerations:
 - Travel costs are itemized per trip and are described as either scientific travel or programmatic travel
 - Scientific Travel does not exceed \$10,000 for the life of the project
 - Detail on the number of trips, destinations, the number of people traveling, and the dates or duration of the stay are included



Other Expenses

- Programmatic Considerations:
 - Are the other expenses appropriate and adequate to complete the project?
 - Are the service agreements appropriate for the nature of the work?
- Administrative Considerations:
 - Includes direct costs that cannot be accounted for in other budget categories such as printing, publication, illustration costs, and non-consulting service contracts
 - Costs are categorized and the per-unit cost of each item is indicated and is reasonable



Equipment

- Programmatic Considerations:
 - Why do you need it, and how will it benefit the study?
- Administrative Considerations:
 - Equipment costs include tangible items that have a per-unit cost of \$5,000 or more and a useful life greater than one year
 - Quotes for each item of proposed equipment are included with the Budget Justification



Subcontractor Costs

- Programmatic Considerations:
 - Tell me more about their experience in conducting similar studies.
 - What is the effort and is it appropriate for the work being proposed?
 - Do they have the infrastructure needed for the project?
- Administrative Considerations:
 - The prime organization must issue a subcontract agreement if:
 - The subcontractor PI's effort on the project is calculated as part of his or her "professional time" for his or her employer organization
 - The subcontractor will be using significant resources (e.g., office space, supplies, computer, and personnel) at his or her own organization when working on the PCORI-funded project
 - A detailed budget and budget justification for each subcontractor must be included



Indirect Costs

- Indirect costs are calculated at up to 40% of the allowable direct costs
- If you do not have an audited indirect cost, you may request up to 10% indirect costs
 - Must be noted in the Budget Justification
- Foreign organizations may request up to 10% indirect costs
- You may only assess indirect costs on the first \$25,000 of all consortium/subcontractor costs combined



New Requirement: the use of 10 percent indirect cost rate must be noted in the Budget Justification.



Un-Allowable Costs

- | | |
|---|--|
|  ADVERTISING |  STUDENT HOUSING AND STIPENDS |
|  EXCESSIVE AIRFARE |  IDLE FACILITIES |
|  ALCOHOLIC BEVERAGES |  INTEREST OF BAD DEBTS |
|  ALUMNI ACTIVITIES |  ENTERTAINMENT |
|  BAD DEBTS/LOSSES |  LOSSES ON OTHER GRANTS |
|  DONATIONS |  MEMBERSHIPS |
|  FUNDRAISING |  LOBBYING |
|  PERSONAL EXPENSES |  RENT |



Frequently Rejected Costs

-  DATA PLANS (TABLETS AND OTHER MOBILE DEVICES)
-  DOCKING STATIONS
-  DOUBLE MONITORS
-  ELECTRONICS PROTECTION PLANS
-  OFFICE FURNITURE
-  REPLACEMENT OF ITEMS PURCHASED ON AN EXISTING PCORI AWARD



Justifying Commonly Denied Items

DENIED

You must do the following:

- Provide a detailed explanation for why the purchase of the requested item(s) is required for project completion.
- Include a statement verifying the requested item(s) is not currently available for PI use.
- Include a statement that the requested item(s) will be purchased in accordance to applicable cost principles.



NOTE:

Items purchased under PCORI funded projects are not to be used as incentives to recruit or retain graduate students or other personnel.



Sample Budget with Issues

OTHER EXPENSES (itemize by category) Printing \$150; Postage \$50; Alcohol \$200		400
EQUIPMENT		
Equipment \$5,000		5,000
SUBCONTRACTOR COSTS	DIRECT COSTS	100,000
SUBTOTAL DIRECT COSTS FOR BUDGET PERIOD		\$ 282,525
SUBCONTRACTOR COSTS	FACILITIES AND ADMINISTRATIVE COSTS	40,000
TOTAL DIRECT COSTS FOR BUDGET PERIOD		\$ 282,525
TOTAL INDIRECT COSTS FOR BUDGET PERIOD		\$ 113,010
TOTAL COSTS FOR PROPOSED BUDGET PERIOD		\$ 395,535

Budget Template 1

SUBTOTALS	10,000	1,000	11,000
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Questions?

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Thank You!

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