

# VCU

Office of Sponsored Programs  
Office of Research



Budgeting Discussion  
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# Topics for Discussion

- Budget/Cost Framework
- Relating Costs to Project
- Program Announcements
- Budget Format
- Budget Checks
- Subaward Costs

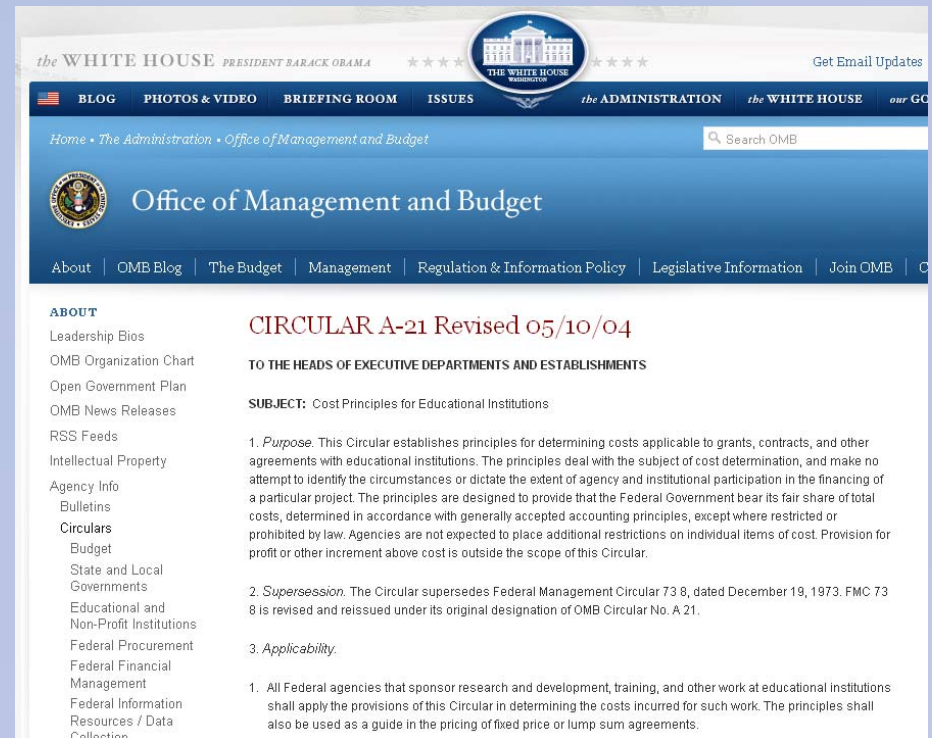
# Budget Should Relate to Project

## Budget development:

- Federally funded project costs conform to OMB Circular A-21, Cost Principles for Educational Institutions, as follows:
  - **Allowable costs:** conform to guidelines and incident to agreement
  - **Allocable costs:** can be assigned to specific project and project benefits from said cost
  - **Reasonable costs:** sensible, prudent, necessary costs
  - **Consistently implemented costs:** must be in line with cost accounting practices and in line with institutional guidelines
- Good practice: determine costs for any project using criteria

## Guidance on costs from OMB circular A-21

[http://www.whitehouse.gov/omb/circulars\\_a021\\_2004/](http://www.whitehouse.gov/omb/circulars_a021_2004/)



# Budget Should Relate to Project

## Budget components:

- **Direct costs:**
  - Salaries, wages and fringe benefits
  - Materials and supplies
  - Equipment
  - Subcontractor/consultant costs
  - Travel
  - Other costs
- **Indirect costs: (F&A)**
- Costs should reflect aims

## Guidance on costs from OMB circular A-21

[http://www.whitehouse.gov/omb/circulars\\_a021\\_2004/](http://www.whitehouse.gov/omb/circulars_a021_2004/)

The screenshot shows the official website of the Office of Management and Budget (OMB). The header includes the White House logo and navigation links such as 'BLOG', 'PHOTOS & VIDEO', 'BRIEFING ROOM', 'ISSUES', 'the ADMINISTRATION', 'the WHITE HOUSE', and 'our GO'. The main content area is titled 'Office of Management and Budget' and features a search bar. Below this, the page is dedicated to 'CIRCULAR A-21 Revised 05/10/04'. The subject is 'Cost Principles for Educational Institutions'. The text outlines the purpose, supersession of previous circulars, and applicability of the principles to federal agencies sponsoring research and development, training, and other work at educational institutions.

**ABOUT**  
Leadership Bios  
OMB Organization Chart  
Open Government Plan  
OMB News Releases  
RSS Feeds  
Intellectual Property  
Agency Info  
Bulletins  
**Circulars**  
Budget  
State and Local Governments  
Educational and Non-Profit Institutions  
Federal Procurement  
Federal Financial Management  
Federal Information Resources / Data Collection

**CIRCULAR A-21 Revised 05/10/04**  
**TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS**  
**SUBJECT:** Cost Principles for Educational Institutions

1. *Purpose.* This Circular establishes principles for determining costs applicable to grants, contracts, and other agreements with educational institutions. The principles deal with the subject of cost determination, and make no attempt to identify the circumstances or dictate the extent of agency and institutional participation in the financing of a particular project. The principles are designed to provide that the Federal Government bear its fair share of total costs, determined in accordance with generally accepted accounting principles, except where restricted or prohibited by law. Agencies are not expected to place additional restrictions on individual items of cost. Provision for profit or other increment above cost is outside the scope of this Circular.

2. *Supersession.* The Circular supersedes Federal Management Circular 73 8, dated December 19, 1973. FMC 73 8 is revised and reissued under its original designation of OMB Circular No. A 21.

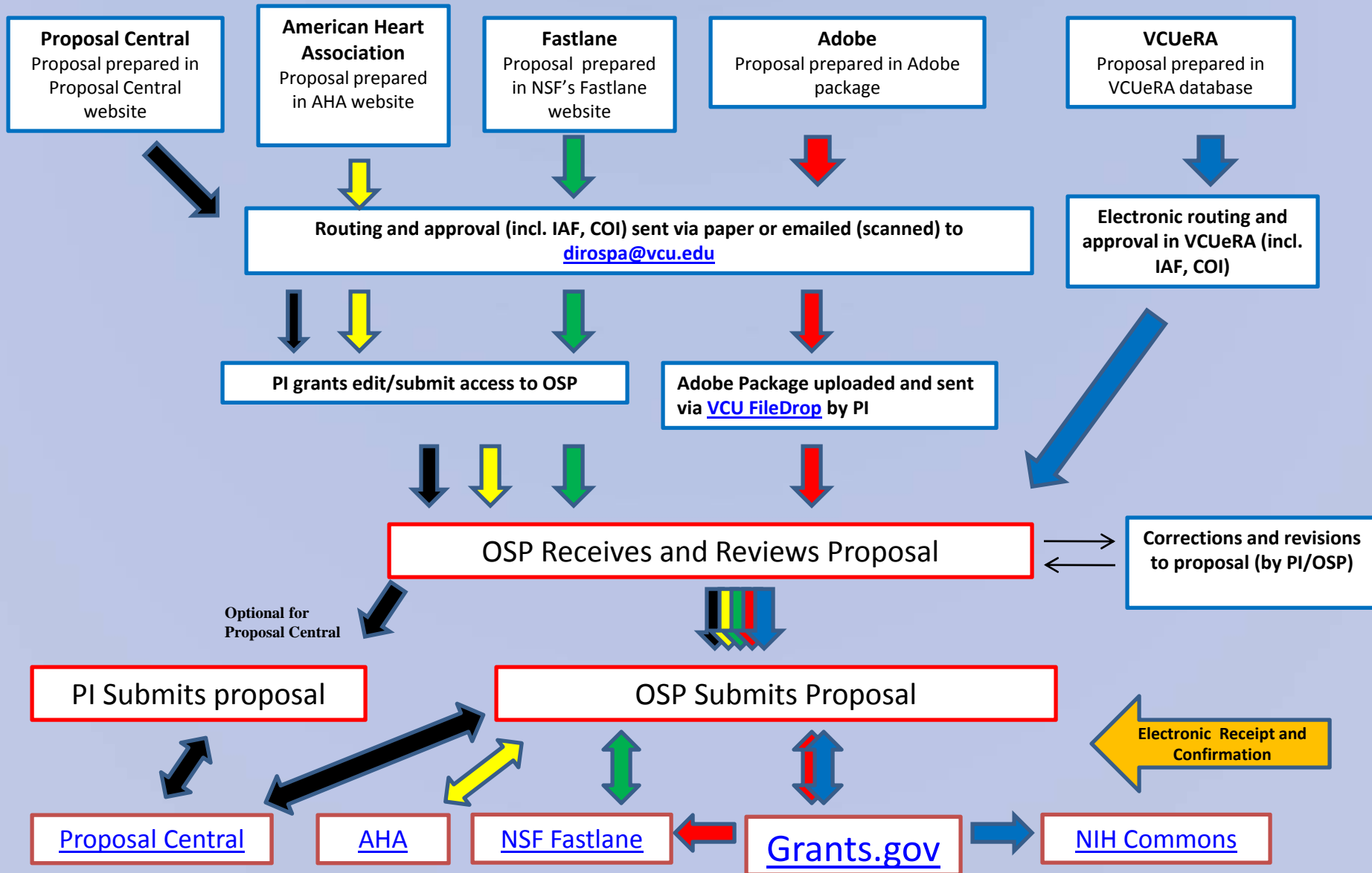
3. *Applicability.*

1. All Federal agencies that sponsor research and development, training, and other work at educational institutions shall apply the provisions of this Circular in determining the costs incurred for such work. The principles shall also be used as a guide in the pricing of fixed price or lump sum agreements.

# Sponsor/Program Information

- Look for limits/caps on:
  - Direct costs
  - Indirect costs
  - Allowable costs
  - Cost sharing/matching requirements

# Electronic Submission Process (VCU)



# Examples

- <http://grants.nih.gov/grants/funding/r01.htm>

## Allowable Costs

- Salary and fringe benefits for Principal Investigator, key personnel, and other essential personnel
- Equipment and supplies
- Consultant costs
- Alterations and renovations
- Publications and miscellaneous costs
- Contract services
- Consortium costs
- Facilities and Administrative costs (indirect costs)
- Travel expenses



# Examples

<http://www.nsf.gov/pubs/policydocs/pappguide/nsf11001/gpgprint.pdf>

<http://www.nsf.gov/pubs/policydocs/pappguide/nsf11001/aagprint.pdf>



## **g. Budget**

Each proposal must contain a budget for each year of support requested, unless a particular program solicitation stipulates otherwise. The amounts requested for each budget line item should be documented and justified in the budget justification as specified below. The budget justification should be no more than three pages.

The proposal may request funds under any of the categories listed so long as the item and amount are considered necessary, reasonable, allocable, and allowable under the applicable cost principles, NSF policy, and/or the program solicitation. Amounts and expenses budgeted also must be consistent with the proposing organization's policies and procedures and cost accounting practices used in accumulating and reporting costs.


A discussion of the budget and the allowability of selected items of cost is contained in both the GPG (from a budget preparation perspective) and in the *Award & Administration Guide (AAG)* (from an allowability and administration perspective), as well as NSF program solicitations. In preparation of the budget, however, proposers are encouraged to consult the AAG to determine whether a certain category of cost is allowable under an NSF award.

Cost principles governing the allowability of costs are contained in OMB Circulars A-21 (Colleges & Universities), A-87 (State, Local, & Indian Tribal Governments), and A-122 (Non-Profit Organizations) and are available at <http://www.whitehouse.gov/omb/circulars/index.html>. Cost Principles applicable to for-profit organizations can be found in the Federal Acquisition Regulations (FAR), Part 31.



# Examples

[http://my.americanheart.org/idc/groups/ahamah-public/@wcm/@sop/@rsch/documents/downloadable/ucm\\_425468.pdf](http://my.americanheart.org/idc/groups/ahamah-public/@wcm/@sop/@rsch/documents/downloadable/ucm_425468.pdf)



www.my.americanheart.org

**8. Budget**

Applicants are encouraged to request the maximum annual amount and the maximum number of years for each award. All budgets for funded projects will require approval from the applicant's institution and the AHA.

- Fellowship Applications  
The budgets on fellowship applications are fixed. The applicant is unable to modify or change it. Please review the program descriptions to determine the budget available for the program. If the fellowship for your affiliate has a sliding scale, the stipend amount will be determined by your years of postdoctoral experience.
- Grant Applications  
The budgets for grant applications may be edited. During the application process, the applicant is only required to enter the proposed amount for PI salary and fringe, project support and indirect costs. Please review the program description to determine limits for expense categories. If the project is funded, the investigator will be asked to submit a detailed budget prior to award activation.

[http://my.americanheart.org/professional/Research/FundingOpportunities/Funding-Opportunities UCM 316909 SubHomePage.jsp](http://my.americanheart.org/professional/Research/FundingOpportunities/Funding-Opportunities_UCM_316909_SubHomePage.jsp)

# Budget Formats

## Basic budget:

- Direct costs:
  - Salaries, wages and fringe benefits
  - Material and supplies
  - Equipment
  - Subcontractor/consultant costs
  - Travel
- Other costs
- Associated IDC costs
- Total cost for project (Direct + Indirect costs)

## Basic Components for budgets:

- Indirect cost rate is applied to “modified DC base,” i.e., modified total direct cost (MTDC)
- Example:

Direct cost (DC)	\$100,000
Indirect cost rate	.495 rate
Indirect cost (IDC)	\$49,500
Total cost	<u>\$149,500</u>

Example of detailed budget form, from NIH 398 guide:

<http://grants.nih.gov/grants/funding/phs398/fp4.doc>

Excel budget sheets available on OSP website:

<http://www.research.vcu.edu/forms/osp.htm>

# VCU Approved IDC Rates

## Indirect cost examples:

- Dr. No has a project that is performed entirely in Harris Hall = on-campus
- Dr. Who has a project in which 70% of the work will be performed on the Eastern Shore of Maryland at a sponsor-maintained site. Dr. Who's office is located on campus = off-campus
- Dr. Zeus has a project that will be performed 50% on-campus and 50% off-campus = on-campus

### F&A rates from OSP website

<http://www.research.vcu.edu/osp/rates.htm>

07/01/09 – 06/30/11

#### Research

On-Campus 49.5%

Off-Campus 26.0%

#### Instruction

On-Campus 34.0%

Off-Campus 26.0%

#### Other Sponsored Activities

On-Campus 30.0%

Off-Campus 26.0%

### Agreement:

<http://www.controller.vcu.edu/pdf/DHHS12.pdf>

On average, which direct cost below represents the largest expense category on a proposal budget?

- (a) Equipment
- (b) Lab Supplies
- (c) Labor/personnel costs
- (d) Publication costs

# Budget Checks

- Are sponsor budget guidelines being met?
- Are any required forms (if any) being used?
- Are there budgetary limits (salary, IDC, equipment)?
- Are correct IDC rates being applied?

# Budget Checks

- Are there any F&A exemptions?
- Are budget justifications included?
- Are categories allowable/not allowable?
- Are subcontracts included with documentation?
- Are effort levels reasonable?

# Subrecipients on Prime/Lead Application

- Subaward (or subcontract) for expertise on project not available in-house
  - Sub contributes to shaping of the science
  - Sub is not a procurement (A/P)
  - Subaward is processed through OSP through a subgrant/subcontract
- Primary award terms apply
  - PI monitors progress and conduct of subaward
  - Relationship and scope of work defined and justified
  - PI follow VCU procedure on establishing/granting sub

# Sub in Budget: Documents at Proposal

- Receive proposal information from subawardee
- Mini proposal (mini package) consists of:
  - Face page (SF424 or PHS398) OR a consortium letter signed by the subawardee's Authorized Official
  - Scope of Work for the subawardee
  - Checklist page or copy of rate agreement
  - Line item budget
  - Biosketches for subawardee key personnel
- If VCU will serve as sub, send mini proposal to prime applicant (OSP review)



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Thank you for your time.